

# **Creating a commitment continuum through the development of shared values in the banking sector**

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## **ABSTRACT**

Research is undertaken into the correlation between shared values and organisational performance. The issue of commitment continuity as a pre-requisite for improved financial and operational performance is investigated in detail.

Emphasis is placed on the theories and nature of growth and sustainability; sustainable change within the organisation; and employee commitment emphasising aligned commitment as well as elements constituting the aligned commitment equation. The role of management has been identified as a determining factor that underlies the commitment of employees in an organisation. It is found that organisations should change their definition of “growth” from actual profits to the management of talent within the organisation in order to realise the benefits of sustained commitment.

Literature studies into concepts such as shared values and shared vision and how these concepts can be inculcated into organisations through the implementation of effective change management processes is done. Should these concepts be universally accepted throughout the organisation, it will lead to organisational commitment which will eventually evolve into a commitment continuum. The presence of a commitment continuum will inevitably lead to the achievement of sustainable growth and a high performance culture within the organisation. To ensure the process is credible it should at all times adhere to both the spirit and letter of prevailing legislation and regulation as well as accepted norms of good practice.

The impact that the concepts such as Knowledge, Information, Empowerment, Performance Strengthening and Shared Values have on the attainment of aligned commitment was examined. Also discussed were the comparisons between the South African and Namibian operations of the financial organisation.

This research study was approached from a human perspective and should contribute towards the attainment of a commitment continuum within the organisation, through the aforementioned concept, with specific focus on Shared Values. The study includes both literature and empirical research.

The study covers a numbers of disciplines that, when seen together, provides better understanding as how these constructs interact with one another in the attainment of sustained commitment and the presence of a commitment continuum. This, in turn, will lead to improved financial performance on the part of the organisation. The study has practical value in the sense that the newly adapted questionnaire and equation framework should enable organisations to measure the degree to which the influential constructs contributing to aligned commitment, already exist.

The results show that a commitment continuum can be established in the financial services sector through aligned organisational commitment, the introduction and development of a shared values system and the establishment and acceptance of a shared vision. Coupled with organisational commitment, this will furthermore lead to growth and sustainability and a high performance culture being attained within the organisation.

**Key words:** employee commitment, banking sector, knowledge, information

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# TABLE OF CONTENTS

<b>CHAPTER 1:</b>	<b>NATURE AND SCOPE OF THE STUDY</b>	<b>1</b>
1.1	INTRODUCTION	1
1.2	BACKGROUND AND RATIONALE FOR THE STUDY	4
1.3	CAUSAL FACTORS	6
1.4	PROBLEM STATEMENT	7
1.5	PURPOSE OF THE STUDY	8
1.6	RESEARCH OBJECTIVES	8
1.6.1	Primary objective	8
1.6.2	Secondary objective	8
1.7	RESEARCH METHODOLOGY	8
1.7.1	Literature Study	9
1.7.2	Empirical Research	9
1.7.2.1	Primary data gathering	9
1.7.2.2	Secondary data gathering	9
1.8	LIMITATIONS	10
1.9	PROPOSED LAYOUT OF MINI-DISSERTATION	10
1.10	CHAPTER SUMMARY	11
<b>CHAPTER 2:</b>	<b>LITERATURE STUDY</b>	<b>12</b>
2.1	INTRODUCTION	13
2.2	GROWTH AND SUSTAINABILITY	14
2.2.1	Sustainable change	15
2.2.2	Structural and cultural elements	18
2.3	Triple Bottom Line	19
2.3.1	The “Fourth P”	21
2.4	ORGANISATIONAL COMMITMENT	22
2.5	COMMITMENT CONTINUUM	24
2.6	CHANGE MANAGEMENT WITHIN ETHICAL AND LEGISLATIVE NORMS	26
2.7	SHARED VALUES	28
2.7.1	Nedbank Ltd	34

2.7.2	Standard Bank of South Africa Ltd	35
2.7.3	ING Banking Asia	36
2.7.4	Accenture Business Services	37
2.7.5	Unilever Brazil	37
2.7.6	Volvo Trucks International Division	38
2.8	HIGH PERFORMANCE CULTURE	39
2.9	SHARED VISION	42
2.10	GOVERNANCE	45
2.10.1	Corporate governance	45
2.11	TRAINING AND DEVELOPMENT	48
2.12	CONCLUSION OF THE LITERATURE STUDY	48
2.13	CHAPTER SUMMARY	49
 <b>CHAPTER 3: EMPIRICAL RESEARCH</b>		<b>51</b>
3.1	INTRODUCTION	51
3.2	RESEARCH DESIGN AND METHODOLOGY	51
3.2.1	Target and sample population	53
3.2.2.1	Sample design	54
3.2.2.2	Sample size	54
3.3	STATISTICAL ANALYSIS	55
3.3.1	Descriptive statistics	55
3.3.1.1	Demographic Information	56
3.3.1.2	Analysis of questionnaire results	61
3.3.1.3	Respondents experience and opinion	61
3.3.1.4	Construct analysis	62
3.4	RELIABILITY AND INTERNAL CONSISTENCY: CRONBACH'S ALPHA COEFFICIENT	65
3.5	CORRELATION	68
3.5.1	T-test	68
3.5.2	Group statistics	69
3.5.3	Spearman's Rank correlation coefficient	70
3.6	ORGANISATIONAL RESEARCH - BARRETT VALUES SURVEY	72
3.6.1	Explanation of the Barrett model	73

3.6.2	The seven levels of consciousness	74
3.6.3	Distribution of consciousness	75
3.6.4	Seven levels of personal consciousness	76
3.6.5	Seven levels of organisational consciousness	77
3.6.6	Business Needs Scorecard	78
3.7	CONCLUSION	81
3.8	CHAPTER SUMMARY	81
 <b>CHAPTER 4: CONCLUSION AND RECOMMENDATIONS</b>		<b>83</b>
4.1	INTRODUCTION	83
4.2	LITERATURE REVIEW CONCLUSIONS	83
4.3	EMPIRICAL RESEARCH CONCLUSIONS	84
4.3.1	Gender	85
4.3.2	Country of residence	85
4.3.3	Home language	85
4.3.4	Highest level of education	85
4.3.5	Job role	86
4.3.6	Age	86
4.3.7	Work experience	86
4.4	CONSTRUCT ANALYSIS	86
4.4.1	Namibia	87
4.4.2	South Africa	87
4.4.3	Namibia versus South Africa	88
4.4.4	Organisational research - Barrett Values Survey	88
4.4.5	Training and development	89
4.5	CONCLUSIONS ON THE PRIMARY RESEARCH OBJECTIVE	89
4.6	CONCLUSIONS ON THE SECONDARY RESEARCH OBJECTIVE	89
4.7	LIMITATIONS	90
4.7.1	Limitations of the literature review	90
4.7.2	Limitations of the empirical research	90
4.7.2.1	Questionnaire limitations	91
4.7.2.2	Sample population limitations	91
4.8	RECOMMENDATIONS	91

<b>4.8.1</b>	<b>Recommendations for further research</b>	<b>91</b>
<b>4.8.2</b>	<b>Recommendations for the organisation</b>	<b>92</b>
4.8.2.1	Shared values	92
4.8.2.2	Other constructs	94
4.8.2.3	Training and development	95
4.8.3	Recommended action plan	95
<b>4.9</b>	<b>CHAPTER SUMMARY</b>	<b>96</b>
<b>REFERENCES</b>		<b>98</b>
<b>ANNEXURE A:</b>	<b>QUESTIONNAIRE</b>	<b>111</b>
<b>ANNEXURE B:</b>	<b>FREQUENCY ANALYSIS</b>	<b>116</b>
<b>ANNEXURE C:</b>	<b>DESCRIPTIVE STATISTICS</b>	<b>121</b>
<b>ANNEXURE D:</b>	<b>LETTER FROM LANGUAGE EDITOR</b>	<b>125</b>



## **LIST OF TABLES**

Table 2.1:	Eight Stage Process – Sustainable Change	17
Table 3.1:	Questionnaire Likert Scale	52
Table 3.2:	Age in Years	60
Table 3.3:	Work Experience	60
Table 3.4:	Descriptive Analysis for Constructs	63
Table 3.5:	Cronbach's Alpha Values for Constructs	66
Table 3.6:	Descriptive Analysis for Two Groups	69
Table 3.7:	Independent Samples Test	70
Table 3.8:	Construct Spearman's rho's and "P" Values	71
Table 3.9:	Barrett Score versus Organisational Performance	80
Table 4.1:	Aspirational Values versus Limiting Values	93

## **LIST OF FIGURES**

Figure 2.1:	Strategic Trap	16
Figure 2.2:	Action Steps for Learning and Growth	42
Figure 3.1:	Gender	56
Figure 3.2:	Country of Residence	57
Figure 3.3:	Home Language	58
Figure 3.4:	Highest Level of Education	59
Figure 3.5:	Job Role	60
Figure 3.6:	Construct Mean	64
Figure 3.7:	Construct Standard Deviation	65
Figure 3.8:	Cronbach's Alpha Values for Constructs	67
Figure 3.9:	The Seven Levels of Consciousness	75
Figure 4.1:	Constructs	94
Figure 4.2:	Shared Values	95

## LIST OF EQUATIONS

Equation 3.1:	Cronbach's Alpha	66
Equation 3.2:	Standard Error of the Mean	69

# **CHAPTER 1**

## **NATURE AND SCOPE OF THE STUDY**

### **1.1 INTRODUCTION**

The driving force behind the concept of shared value creation is that the relative success of an organisation and the health of the community within which it operates are mutually dependant. The concept of shared value has been broadened beyond the scope of Corporate Social Responsibility as it places greater focus on the nature of capitalism and markets by emphasising the inherent social nature of markets. It has the power to unleash the next wave of global growth (Porter & Kramer, 2011:5). The Corporate Social Responsibility of an organisation can be described as the social good it creates for the community within which it operates as well as the world at large (McWilliams, Siegel & Wright, 2006:1-18).

The relationship between individual and organisational performance and the greater good it brings to society in general has been under discussion since the beginning of recorded history. Vastly divergent views and theories have been put forward. On the one extreme there has been the socialistic view that organised business existence and sole purpose are purely for the benefits it brings to society in general. On the other extreme there has been the hard-nosed capitalist view that businesses' only purpose is to maximise profits (Friedman, 1970:10; Husted & Salazar, 2006:75-91).

There are many similarities between the characteristics of generally accepted modern organisational socially responsible behaviour and the defined virtues as postulated by Aristotle, Plato, Confucius and The Buddha (Scheider *et al.*, 2005:39). Socially responsible behaviour can be defined as the decisions individuals make as well as the activities they engage in within organisations which are aimed at improving social well-being. It is essential, however, that the conflicting needs and demands of all stakeholders are taken into account (Scheider *et al.*, 2005:10).

It can therefore be said that there should be a balance between conflicting shareholder needs and the common good of society. In accordance with the balance

theory of wisdom, people instinctively know the extent to which they are able to work toward achieving common good. They can achieve this by utilising their knowledge, experience and creativity whilst at the same time taking into account how their own needs and interests should be balanced against the needs and interests of others and the needs and interests of the organisation and other stakeholders over the long term. Through the introduction and acceptance of shared values they have the power to build and shape the environment within which they operate (Sternberg, 2004:245).

The concept of Triple Bottom Line accounting practices has become increasingly popular over the past two decades. The idea behind the triple bottom line mindset is that the success of an organisation should not only be measured in terms of financial returns and profits, but also by what impact it has on society and the environment at large. Supporters of the triple bottom line concept contend that an organisation's duty to communities, employees, customers, suppliers, and others should be measured, audited and reported in the same manner as financial results are measured, audited and reported. Triple bottom line accounting requires traditional financial reporting practices to include social and environmental contributions in the annual financial reports of organisations (Norman & MacDonald, 2004:243-262). Further development of the triple bottom line concept has led to the so-called "Fourth P" principle. The Fourth P business model suggests that the triple bottom line reporting method will be expanded in future to contain four elements, namely people, planet, purpose and profit (Marnewick & Labuschagne, 2005:144-155).

Until as recently as the 1960s, there were many that believed that the main purpose of organisations was to contribute to the better good of society. In the 1970s managers applied traditional business theory and strategies when confronted with social responsibility issues. By the 1980s business and social issues became increasingly intertwined and organisations started paying closer attention to the needs of their stakeholders. During the 1990s the concept of social responsibility became universally entrenched and when the 2000s arrived, it had grown into an important strategic issue which is increasingly being enforced and monitored by legislation and regulation (Moura-Leite & Padgett, 2011:528-539).

The early acceptance of this business philosophy is illustrated by the following quote attributed to Cleo F. Craig, the President of AT&T from 1951-1956: "For us in business, I can see only one sure course to follow, call it common sense, call it policy, call it anything you like. To my mind, industry must aim for, exist for and everlastingly operate for the good of the community. The community cannot ride one track and business another. The two are inseparable, interactive and interdependent" (Stephenson, 2008:1).

Friedman had widely divergent views on this topic and appeared to follow the more hard-nosed capitalist view and created somewhat of a furore with his 1970 publication wherein he decried the concept of corporate social responsibility as fundamentally subversive. He expressed the opinion that the only social responsibility of any organisation was to use all its resources for one purpose only; that is to increase and maximise its profits as much as possible whilst staying within the constraints of the law. His dissenting voice brought into focus the widely differing views around the reason why organisations exist and what role they should play in society, if any (Friedman, 1970:10; Husted & Salazar, 2006:75-91).

Whilst it is an undisputed fact that organisations are in business to generate profits, organisations are indispensable members of society insofar as them being drivers of employment, investment and wealth creation. There is a symbiotic relationship between social progress and competitive advancement. This relationship implies that both business decisions and social policies must follow the principle of shared value (Stephenson, 2008:1).

The values (also known as core values) of an organisation consist of the behaviours, habits and belief systems that management wish to inculcate within the organisation in pursuit of its goals. If an organisation succeeds in ingraining these desired values into its corporate culture, such core values form the mantra by which the organisation conducts business. At such value-driven organisations executives lead from the front; visibly living the values while employees are held accountable for acting in accordance with the stated values (Thompson *et al.*, 2012:75-76).

Great organisations have values that mirror that of their outstanding leaders and such shared values have been known to sustain itself for decades. The most important force in implementing organisational change is individual and

organisational values. Rapid change can be achieved if the values of the people in the organisation are aligned to those of the organisation. Such values alignment is not just an integral part of organisational change strategies; it could well be the very foundation on which organisational change depends (Branson, 2008:276-383).

The values and behaviours of the individuals of an organisation determine the culture of that organisation. If leaders are not seen to be living the shared values, organisational change and the creation of the desired organisational culture is unlikely to be sustainable (Barrett, 2006:34).

A strong organisational culture is fostered when individual behaviour is driven by inputs created by the alignment between their value system and the organisational value system. Once organisations achieve such strong cultures, they operate like well-oiled machines. They seemingly operate on auto-pilot with only minor tweaking required in respect of prevailing processes and procedures. In addition these organisations enjoy operational and financial excellence. There is a direct relationship between shared values and culture, and organisational performance (Sweeney & McFarlin, 2001:173).

Organisations can change successfully only if the behaviour of that of the leaders of that organisation changes. Organisations do not change, but people do (Barrett, 2006:70).

## **1.2 BACKGROUND AND RATIONALE FOR THE STUDY**

Toward the end on 2003, one of South Africa's four big commercial banks was about to report annual Headline Earnings of only R55 million, down 98% on the previous year. Its Return on Equity was only 4% and all the major financial indicators followed a downward trend, as opposed to its other three competitors which all followed upward trends. The bank had to be bailed out through the introduction of secondary capital by its parent company and additional primary capital had to be raised through a rights issue. Market sentiment at the time was negative as a result of the poor financial performance which was exacerbated by the appointment of a new Chief Executive Officer who was, at the time, not highly rated. Their share price tumbled by a further 6% when his appointment was announced. In addition the bank was in the

midst of a complicated merger having agreed to bail out a smaller, financially distressed competitor. The merger involved not only aligning people, cultures and values, but was becoming more costly the longer it took to implement and the real “savings” were not being realised.

At the heart of the new Chief Executive Officer’s planning was the establishment of a revised group strategy and a clear direction for the Group brand campaign and values.

One of the commercial bank’s key challenges was the breaking down of silo behaviour. Silo behaviour can be defined as a sophisticated form of “turf protection” where members of a particular department or division of an organisation make decisions that benefit their own department or division without considering the impact of other departments or divisions. Such impact can sometimes be detrimental to the other departments or divisions and ultimately, the organisation (Spanyi, 2004: 3). To encourage unity one set of values were developed – values that were shared by staff in all the departments and divisions. Buy-in from the general staff body was ensured through their input in the selection of the values.

In order to track alignment of employees’ personal values compared to existing organisational values and desired organisational values, the Chief Executive Officer enlisted the help of Richard Barrett. The implementation of annual Barrett Surveys has seen the number of respondents increase from 1827 (or 20% of employees) in 2005 to 18206 (or 63% of employees) in 2012. Moreover, the number of matches of values (between current values and desired values) steadily increased from 3 matches to 6. This indicated an organisational shift in a positive way, aligning what employees wanted to see from organisational culture and values, to what they actually experienced within the organisation.

Another important element of the Barrett Survey is that of the measurement of Entropy, which is a measurement of the degree of dysfunction within an organisation’s culture and values (Barrett, 1998:167). A less than 10% Entropy value represents a healthy functioning organisation. The best employers have the lowest Entropy and the employers with the lowest Entropy also have the highest financial returns. In 2005 the Entropy value, which measures the degree of dysfunction within an organisation’s culture and values, at this particular bank stood at 25%. This

meant that there were significant problems requiring attention. By 2012 this had reduced to 10%, which is indicative of an improvement in staff morale.

Over the same period the bank's financial fortunes have improved significantly and much of this turnaround is ascribed to it becoming a values driven organisation.

### **1.3 CAUSAL FACTORS**

The banking industry in general has become very competitive. Over the past three decades there have been a large number of amalgamations, take-overs and bail-outs which have resulted in the South African banking industry being dominated by four major players. Due to strict regulatory controls South African banks have been largely unaffected by the recent global financial crises. Traditionally local banks grew their balance sheets on the back of consumer debt. The lending activities of banks are now moderated by newly introduced regulation such as the adoption of the global Basel III convention which limits the extent to which banks can lend to the size of its capital base. The purpose of this regulation is to ensure that commercial banks are solvent, well capitalised and safe from failure. In addition the promulgation of the National Credit Act no 34 of 2005 has further curtailed lending activities by banks (SA, 2005). The purpose of this act is to eliminate reckless lending practices by banks which, in turn, will prevent individuals to become over-indebted and the victim of irresponsible borrowing.

The speed at which information is decimated and the rapid rate at which information technology has enhanced age old processes and procedures, is forcing bank employees to operate at ever increasing levels of productivity. New entrants to the market are managing to make huge inroads into the traditional banks business as they do not have to bother with out-dated legacy Information Technology and are able to build tailor-made, fit-for-purpose systems from scratch. This is creating further pressure on the employees of the traditional banks to be even more productive as banks now also have to compete on price and the speed at which new products are brought to the market.



To compound matters the demands by shareholders and financial analysts for ever increasing improvements in profits cause managers to become increasingly cost conscious. As salaries remain the largest component of bank expenses there is constant focus on headcount and ensuring that each employee delivers maximum performance and productivity. Employees feel the pressure from management, who in turn have to satisfy the demands of shareholders and financial analysts.

The above can lead to employee dissatisfaction and high staff turnover or attrition. This can be disastrous for organisations as the employment of replacement employees invariably comes at a greater cost which, coupled with a period of low productivity and performance brought about by inexperience and lack of knowledge of systems and procedures on the part of the new employee.

#### **1.4 PROBLEM STATEMENT**

Whilst the commercial bank under discussion's financial performance has improved dramatically since 2005, is it correct to assume that such improvement can be ascribed to the implementation of an aligned values system alone? Entropy levels remain high in certain divisions with few matches between desired and actual organisational values being experienced.

At the same time financial performance of certain business units remain below par with no meaningful improvement in the results or increase in market share. On the contrary market share is steadily decreasing in certain market segments.

Why does the financial performance of these underperforming business units not mirror that of the greater organisation? Why do the results of the annual Barrett Surveys in certain business units reflect an opposite trend to that of the bank itself? Is there a relationship between the results of the Barrett Survey and organisational performance, or are there other factors at play?

Whilst it is acknowledged that the concept of aligned commitment as a contributor to organisational success has been comprehensively documented, it is important that its contribution should be tested within the confines of the singular financial institution being researched.

The findings of the research will provide an understanding of the concept of shared values in a financial institution and how this contributes toward growth, improved performance, improved operational excellence and the creation of employee commitment and in the process also improve the institution's level of triple bottom line reporting in a sustainable manner.

In addition the research findings will reveal the organisational as well as individual factors that influence the establishment of shared values within a financial institution and will investigate the impact that organisational culture, the use of technology, processes and procedures, leadership, vision and overall strategy has on the establishment of shared values.

Based on the findings a model will be developed that a financial institution can use to create a commitment continuum through shared values resulting in the enhancement of its organisational performance.

## **1.6 RESEARCH OBJECTIVES**

The research study has both primary and secondary objectives.

### **1.6.1 Primary objective**

The primary objective is to discover how a commitment continuum can be created through the development of shared values in the banking sector.

### **1.6.2 Secondary objective**

The secondary objective is to discover whether the development of shared values will lead to the enhancement of organisational performance in the banking sector.

## **1.7 RESEARCH METHODOLOGY**

The research methodology will take the form of a literature study and empirical research.

### **1.7.1 Literature study**

The literature study will be made through the gathering of information from academic peer reviewed journals, articles and books. Information will also be obtained from audited annual financial statements prepared by corporate companies listed under the financial services sector of the Johannesburg Stock Exchange.

The objective of the literature study is to do a detailed investigation into the role shared values and culture plays in organisational excellence as well as the factors that impact on the commitment to such shared values.

### **1.7.2 Empirical research**

The empirical research will involve the gathering of data from both primary and secondary sources.

#### **1.7.2.1 Primary data gathering**

Primary data is original data that will be collected for the purposes of achieving the research objectives outlined above. A questionnaire was developed with a view to determine the current perceptions of organisational values and culture as well as to identify other challenges or factors that impede personal and organisational performance. The values and culture related questions will entail quantitative methodologies as it will seek to identify actual personal values as well as perceptions as to how personal values match organisational values. Questions will be drafted in such a way as to encourage participation and unambiguity of the answers. The questionnaire was handed to a convenience sample drawn from the existing staff complement of the organisation.

The answers to the quantitative questions will be measured on a 4-point Likert Scale and the questionnaire itself will be tested and assessed for validity and reliability.

#### **1.7.2.2 Secondary data gathering**

Secondary data will be collected from the Marketing Department records of the financial institution. The data pertains to the existing results of the annual Barrett Surveys conducted since 2005.

## **1.8 LIMITATIONS**

The study may be negatively influenced by the following limitations:

- The vast distances between respondents and differences in ethnicity, culture and localised demographics.
- To have a large enough number of willing respondents to obtain a credible amount of data.
- Data cannot always be trusted when it is dependent on respondents implicating themselves with poor values or performance.
- The creation of an aligned commitment continuum is a vast theme which can negatively affect the demarcation of the research theme.
- The use of more than one measurement instrument and more than one sample group may cause the scope of the study to become too wide.

## **1.9 PROPOSED LAYOUT OF MINI-DISSERTATION**

The mini-dissertation consists of four chapters of which each chapter focuses on different areas of importance. Each chapter is divided as follows:

### **Chapter 1: Nature and scope of the study**

The purpose of the first, introductory chapter is to explain the background of the research study, to place it in context and to highlight the relevance and importance thereof in a practical setting.

Furthermore the problem statement is formulated which explains the reason for the research being conducted. The primary and secondary research objectives are explained together with the proposed research methodology and the limitations of the study.

### **Chapter 2: Literature study**

The second chapter serves as a vehicle to present the outcome of an in-depth literature study on the concepts of shared values and organisational performance. The study itself provides a detailed understanding of the concepts by defining and highlighting the nature of commitment continuity and the factors that drive commitment.

### **Chapter 3: Empirical study**

The third chapter describes the research methodology used during the empirical study as well as the results obtained from it. The design of the questionnaire is explained together with how the sampling and data collection was done. The way in which the data was analysed and evaluated is discussed. The findings of the empirical research are compared to the findings of the literature study. The comparison and correlation in the findings are analysed and discussed.

### **Chapter 4: Conclusions and recommendations**

The fourth chapter contains the conclusions that are drawn from the literature study and empirical research conducted in chapters two and three respectively. Final conclusions are drawn and recommendations made based on the conclusions. The recommendations put forward are aimed at assisting a financial institution to create a commitment continuum through shared values resulting in the enhancement of its organisational performance.

## **1.10 CHAPTER SUMMARY**

The purpose of chapter one was to provide the backdrop against which the research into the correlation between shared values and organisational performance takes place. The elements that give rise to the problem statement regarding the absence of commitment to shared values between employees and the organisation are highlighted. The research objectives, research methodology and layout of the study were discussed. Literature and empirical studies will be done to address the research problem statement. The issue of commitment continuity as a pre-requisite for improved financial and operational performance was investigated in detail.

# **CHAPTER 2**

## **LITERATURE STUDY**

### **2.1 INTRODUCTION**

Sustainable growth and continuously improving financial and organisational performance is attainable through shared commitment, which, in turn, is achieved through the creation of shared values. The actual growth, sustainability and organisational performance will be measured by means of a framework derived from the aligned commitment model developed by Coetsee (2011:30). The variables that will be examined in the derived framework will be:

- Growth and sustainability;
- Triple Bottom Line;
- Organisational commitment;
- Commitment continuum;
- Change Management within Ethical and Legislative Norms;
- Shared Values;
- High Performance Culture;
- Shared Vision; and
- Governance.

The variables mentioned above do not only influence aligned commitment but can also be deemed to contribute toward the achievement of sustainable growth and improved performance within an organisation. Even though each of the variables is important in its own right, it should be noted that the creation of shared values and an aligned value system is equally important for the achievement of the sustainable growth and improved performance of society at large (Porter & Kramer, 2011:5).

People instinctively know the extent to which they are able to work toward achieving common good. They can achieve this by utilising their knowledge, experience and creativity whilst at the same time taking into account how their own needs and interests should be balanced against the needs and interests of others and the needs and interests of the organisation and other stakeholders over the long term. Through the introduction and acceptance of shared values they have the power to build and shape the environment within which they operate (Sternberg, 2004:245).

Over the past few decades, the behaviour of organisations and its employees have been modified through the introduction of legislation such as the Sarbanes-Oxley Act (also known as SOX) and regulations such as the King Report on Corporate Governance in South Africa (also known as King III). In South Africa the behaviours of organisations and its employees within the banking sector have been further modified through adherence to the global Basel III convention as well as the promulgation of the National Credit Act no. 34 of 2005 (SA, 2005). Collectively these interventions have curtailed the lending activities of banks. The intention of the interventions was to prevent both the banks and its customers from becoming financially over-committed. This was necessary as financially over-committed individuals have so much debt that they can no longer afford to service it, they fall into arrears on their payments, and often face expensive legal action which adds further expenses and can result in such individuals being “blacklisted” with credit bureaux and even having their estates sequestrated. Obviously such defaulters also cause the banks financial stress as unrecoverable debts have to be written off against their profits which can result in both reputational, liquidity and sustainability risks to the bank.

## **2.2 GROWTH AND SUSTAINABILITY**

Growth is defined as the progression from a less important, relatively insignificant status to a more important and significant status by the Chambers Concise Dictionary (2013). In the business world growth is measured in financial terms and can be expressed in concepts such as increased market share, profitability, and more when compared to industry peer groups. Carbaugh (2007:14) further defines

economic growth as the increase in the productive capabilities of individual organisations involved in an economy. Organisations can increase their productive capabilities, that is, produce more goods, by making use of improved technology and increasing their resources' supply base. For any such growth to be meaningful, it should not be short lived but should be sustained.

According to the Chambers Concise Dictionary sustainability is derived from the verb: "to sustain" and can be used to describe the following: "to maintain", "to prolong", "to keep up", "to support", and "to keep alive". Sustainability also means the ability to survive against all odds and to be durable or resilient (Filho, 2000:11). The concept of sustainability has been the determinant of all life since the formation of the planet earth as all life forms are genetically driven to keep its species alive and to continuously evolve and adapt itself to changing circumstances (Jollands, 2006:27).

Organisations therefore have to continuously adapt to the changing business environment in order to remain relevant.

In order to achieve sustainable growth and maintain their competitive advantage, organisations through its management will have to first un-learn, and then to re-learn new ways of innovative thinking and the implementation thereof (Hall & Vredenburg, 2003:62). Innovation can be defined as an idea, process or product that is deemed to be different from convention and therefore new or ground-breaking (Lee, 2004:235). Such innovation will improve the productive capability of an organisation if it is aimed at making use of improved technology and increasing their resources supply base (Carbaugh, 2007:14-15).

Sustainability is the core requirement for survival as it refers to coping mechanisms for the changing rules of engagement on which life itself depends (Orr, 1992:83). Organisations, economic systems, cultures and society are all living systems which require understanding as to how each of them interacts with one another. A culture of shared values could provide such understanding (Senge *et al.*, 2004:5; Sterling 2004:44). Full understanding of this concept will allow managers to adequately and timeously respond to the underlying needs, values and cultures of their employees in an effort to align it to the organisational needs, values and cultures.



The attainment of sustainable financial growth and stability requires a thorough understanding of the level of shared commitment that is required for this to happen. Shared values are considered to be a significant contributor to shared commitment (Mckeown *et al.*, 2006:9).

As the quest for sustainability requires organisations to continuously adapt to changes in the business environment, managers must ensure that any organisational adaptation of change is sustainable.

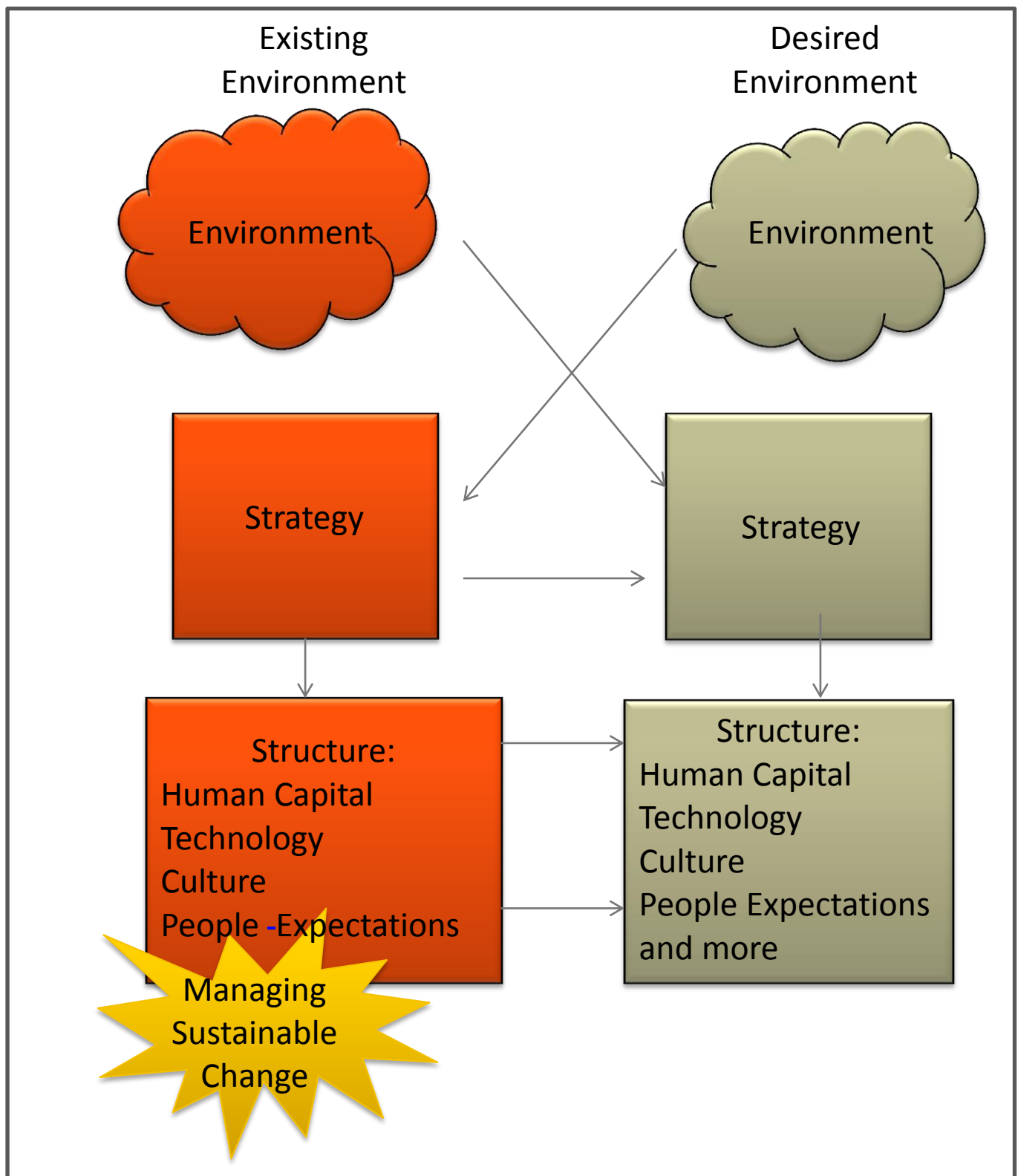
### **2.2.1 Sustainable Change**

In order to embed sustainable change, researchers point to a number of variables that are required to execute change. Strong leadership, a well communicated and understood mission, the organisational strategy, the organisational culture, policies and procedures and organisational commitment are all requirements for organisational change (Burke, 2008:136). The attainment of commitment from every employee, from top executive management right down to entry level staff, is a critical requirement for the achievement of sustainable change in an organisation (Bertels, Papania & Papania, 2011:12).

A theory has been developed to illustrate areas that require special attention to avoid the so-called “strategic trap” that may arise if these areas of concern are not adequately addressed (Booyse, 2011:12).

Managing sustainable change has to take into account the different dynamics underlying the existing versus the desired environment and what strategies must be implemented to ensure people and employee buy-in. Any organisation has a *modus operandi* or blueprint that determines the environment within which it operates, which is, in turn, supported by its strategy, structure and human capital. When an organisation embarks on implementing sustainable change these supporting functions should be aware of this ‘strategic trap’.

**Figure 2.1: Strategic Trap**



Source: Adapted from Booyse, 2011:12.

The strategic trap can be described as the challenge of changing technology, culture and people expectations in the implementation of sustainable change. Failure by

organisations to address this trap properly may lead to misalignment between people expectation and the required change in environment which will almost certainly cause the sustainable change management process to fail. The strategy implementation should therefore be people friendly and flexible (Booyse, 2011:13).

Research into sustainability often expands into organisational culture concepts and organisational culture topics are often covered by literature studies into sustainability (Linnenruecke & Griffiths, 2010:357). Such studies also refer to Kotter's (2007:149-167) eight-stage process of creating major, sustainable change:

**Table 2.1: Eight Stage Process – Sustainable Change**

A sense of urgency must be established. This can be done through the critical analysis of existing market and competitive realities the organisation is faced with. Potential as well as real threats must be identified and examined together with opportunities.
A leadership team must be put together to drive the change. They must be sufficiently empowered to achieve their objective and should work together as a tightly knit group.
A vision must be created and communicated to focus the change effort. Suitable strategies must be developed and implemented to achieve the vision.
Every possible opportunity, resource and channel must be utilised to continuously communicate the new vision and strategies. The leadership team driving the change should lead by example. Their behaviour around change should act as role model for that what is expected from the rest of the employee body.
Change agents and employees must be empowered to change existing systems, structures, processes and procedures that can undermine the change effort. Risk taking through the acceptance of non-traditional ideas, and actions should be encouraged. Obstacles must be eliminated.
Incremental, short-term, even invisible, improvements in performance should be celebrated and rewarded. Individuals responsible for creating these improvements or “wins” should be openly recognised and rewarded.

Incremental, short-term “wins” must be consolidated to enhance credibility and to act as a catalyst for creating further change. Increased credibility will encourage further change in systems, structures, processes and procedures that do not support the change vision. Existing employees must be developed and new employees recruited to further implement the change vision and to re-energise the process through the introduction of new projects and themes.

A constant change approach must be embedded in the culture of the organisation. Organisational performance must be improved through appropriate changes in customer-centric and productivity orientated behaviour. The quality of leadership and management must be improved. New focus must be placed on continuous leadership development. An effective succession plan must be put in place for the leadership team to ensure that the momentum of change is maintained.

The successful implementation of sustainable change therefore requires the adoption of a well-planned process aimed at covering all the identified areas of importance. To ensure that this process is properly executed requires on-going, rigorous monitoring and management as well as continuous leadership development.

### **2.2.2 Structural and Cultural Elements**

Sustainability can also be achieved by embedding the following structural and cultural elements within the change management process:

- 1 Observable organisational structures and processes, which include the organisation's language, products and/or creations, technology, and myths and stories, also known as artefacts;
- 2 Strategies, goals and philosophies that guide the organisation's actions and behaviours (espoused beliefs and values); and
- 3 Unconscious, taken-for-granted beliefs, perceptions, thoughts and feelings, which become basic, strongly held assumptions within a group and which

constitute the essence of culture within an organisation (Linnenruecke & Griffiths, 2010:363).

Research into theories of how organisations evolve to ensure sustainability suggest that cultural change is often limited to behavioural change and the incorporation of societal values into the existing organisational culture. Progress toward sustainability does not need to be rapid, the slower, systematic and on-going development of shared commitment, organisational awareness as well as improvement to policies and procedures create the incremental change that is required (Harris & Crane, 2002:215; Dunphy, Griffiths & Benn, 2007:262; Epstein & Buhovac, 2010:306).

People-management is the main driver of future growth and sustainability and strong focus on staff is required to ensure shared commitment as commitment is required throughout the entire organisation to ensure sustainable growth. As effective people-management holds the key, stakeholders such as customers, suppliers and even communities need to be engaged (Conradie, 2010:55; Steenhuisen: 2012:25).

## **2.3 TRIPLE BOTTOM LINE**

In addition to the traditional concept of financial performance, modern organisations are also expected to give feedback on their societal performance. Societal performance can be defined as the effective translation of an organisation's social goals into practice, in line with accepted social values. This has led to the trend of organisations issuing Triple Bottom Line reports. These reports cover the following three areas that impact on society (Norman & MacDonald, 2004:243-262):

- Economic Reporting, which includes financial reporting;
- Ecological Reporting, which includes the environment; and
- Social Reporting, which includes corporate social responsibility.

Increasingly, managers are being held accountable for the environmental, social and economic impact the organisation has on society at large (Mintz, 2011:26-27).

Recent corporate failures and the global financial crisis, deemed to have been caused by unscrupulous banking practises, resulted in the need for accountability and transparency in organisational conduct and reporting (Waddock, 2004:316). Research indicates that the number of organisations that issue reports on their economic, environmental and social performance have increased significantly over the past decade. There is further evidence that the number of stand-alone, non-financial reports being published is increasing rapidly (Skouloudis, Evangelinos & Kourmousis, 2009:299).

The triple bottom line concept is increasingly being associated with financial sustainability. The concept itself is aimed at quantifying the costs and benefits of sustainable practice. As such, scholars argue that Triple Bottom Line Accounting offers nothing new and that it does not necessarily add to existing social corporate responsibility initiatives (Hacking & Guthrie, 2008:75). The financial impact of the initiatives is usually spelt out in detail, but the actual, physical impact on society and the environment is not always clear. In order to counter this, organisational sustainable development should take place in such a manner that it addresses the holistic needs of society. This can only be accomplished if organisations truly seek to understand the needs of the end user within its social, environmental and economic context (Melles, De Vere & Misic, 2011:153).

Organisations engage in environmental programmes and social practices to support its triple bottom line effectiveness. This includes activities such as recycling, environmental certification and the improvement of employee working conditions. Research shows that, whilst internal environmental programmes usually have a positive impact on all three of the triple bottom elements, social practices have a positive impact on only two of the elements; social and environmental performance. Most organisations have yet to gain positive financial performance from their social programmes (Gimenez, Sierra & Rodon, 2012:149).

Managers therefore have to take account of the potential negative impact social practices may have on their operational cost. For this to be achieved close collaborative relationships must be formed with their supply chain partners (Gimenez *et al.*, 2012:149).

Triple Bottom Line reporting has been blamed for causing conflict as it can be used as a smokescreen behind which organisations can hide to avoid true social and environmental performance. They can attempt to legitimise themselves by individually deciding which social and environmental characteristics to measure, using their own standards and metrics. These practices do not fall within the spirit of the triple bottom line concept (Brown, Dillard & Marshall, 2006; Norman & MacDonald, 2004:244). The concept of triple bottom line, at its core, has honourable ambitions. It is aimed at the use of bottom lines to measure sustainability and social activity that enhance the financial bottom line. Triple bottom line reporting should therefore be done in an orderly fashion, grounded on a foundation which is generated by a process rather than a structure. The organisational triple bottom line reporting's goal should simply be to state its main contribution in each of the elements, and not to obscure the truth behind reams of data (Tullberg, 2012:323).

A KPMG (2008) survey reveals that organisation's sustainability reports are largely left unread as respondents believed that there were better ways to gather information about an organisation's environmental and social performance. In spite of this an increasing number of organisations are publishing triple bottom line sustainability reports. The reason for this is that all manner of corporate responsibility reporting is now expected of organisations. Organisations which do not publish such reports are frowned upon (Sherman, 2012:679).

### **2.3.1 The "Fourth P"**

The "Fourth P" business model suggests that the triple bottom line reporting method will be expanded in future to contain four elements, namely people, planet, purpose and profit. It holds that, in the future, organisational performance will be determined by how effectively organisations manage to attend to the needs of the four elements exactly in the order in which it is listed above. It therefore prioritises the attainment of financial goals after the attainment of social and environmental goals and will require that the organisations also report on the purpose of their existence. This development will move existing perceptions of social responsibility and good

corporate citizenship to an entirely new level (Marnewick & Labuschagne, 2005:144-155).

## **2.4 ORGANISATIONAL COMMITMENT**

If an organisation is deemed to have commitment, it will have a significant competitive advantage as it is perceived to place considerable value on the ability of individuals within the organisation to perform to their maximum. Such organisations often have highly respected performance management, employee recognition, compensation, reward and communication policies and practices (Roca-Puig *et al.*, 2005:2079).

Organisational commitment impacts greatly on employer–employee relationships and the importance thereof cannot be over-emphasised (Mohammed, Taylor & Hassan, 2006:512). Organisational commitment is defined as an overwhelming belief in, and acceptance of the prevailing organisational goals and values on the part of employees, coupled with the willingness to expend maximum effort and energy on behalf of said organisation by such employees together with an overwhelming need by the employees not to have their employment terminated (Yousef, 2003:134; Porter *et al.*, 1974:164).

Organisational commitment can be described as the level to which an employee can relate to the organisation in terms of value, effort and retention. The employee therefore has to believe in, and accept the goals and values of the organisation. In addition the employee must be willing to sacrifice personal time and effort for the benefit of the organisation and must furthermore be eager to remain a member of that organisation (Lambert *et al.*, 2006:59).

Organisational commitment is also defined as shared values, ownership, being part of, being passionately attached to and co-creating. Shared commitment implies that all members of the work team are aligned in their commitment (Coetsee, 2011:28). This relationship can be expressed in the following equation:



Aligned Commitment = Knowledge x Information x Empowerment x Performance  
Strengthening (Rewards & Recognition) x Shared Vision (Shared Goals & Values)

It must be understood that the aligned commitment formula is a multiplication equation and not an addition equation. This means that if one element (for example, Shared Vision) is not present, the product will be zero. The absence of Shared Vision will therefore result in a product of zero, irrespective of how strong the impact of the remaining four variables is (Coetsee, 2011:30).

In practice, however, it is unlikely that aligned commitment will ever be zero, given the various factors that make up the aforementioned elements. As knowledge, information and empowerment and performance strengthening are created through the interaction of at least two components, the provider and the recipient, the value is unlikely ever to be zero. The absence of Shared Vision should therefore not nullify the other four elements and the above formula can be adapted as follows:

*Aligned Commitment = Knowledge x Information x Empowerment x Performance  
Strengthening (Rewards & Recognition) ± Shared Values.*

Whilst organisational commitment pertains to the emotional connection an employee has to organisational goals and values, it also encompasses the following aspects (Steenhuisen, 2012:25):

- Visionary and transformational leadership (Nguni, Slegers & Denessen, 2006:145);
- Corporate citizenship (Gautam, Van Dick & Wagner, 2005:301);
- Work/Life balance (Huang, Lawler & Lee, 2007:735);
- Work-related stress (Oi-ling, 2003:337);
- Role Clarity (Pousette *et al.*, 2003:245);
- Societal Status (Fuller *et al.*, 2006:327); and
- Fairness (Bagdadli, Roberson & Paoletti, 2006:83).

The aspects or values mentioned above is deemed to be society based values which can differ depending on geographic location. Organisations need to take account of such values as, whilst organisations are becoming increasingly similar globally, the behaviour of employees within those organisations is not giving up its cultural uniqueness (Barrett, 1998:94).

## **2.5 COMMITMENT CONTINUUM**

The Oxford Dictionary (2012) defines a continuum as a continuous sequence in which adjacent elements are not perceptibly different from each other, but the extremes are quite distinct. It is a continuous series of events that blend into each other so seamlessly that it is impossible to tell where one ends and the next begins. Other words that convey a similar concept are “continuation” and “perpetuity”.

A continuum can thus be described as a continuous unit, albeit being made up of separate parts. A continuum is something that changes gradually and has no clear dividing points or lines, although its extremes are quite different. Consider the way that colours in a rainbow continue, or blend, into one another, forming a continuum of colour. Continuum can also be used to describe a series or range of events in one straight line (V2 Vocabulary Building Dictionary, 2013).

If commitment can be viewed in terms of a straight line, a commitment continuum will reflect the one end of the line indicating low commitment and the opposite end, deep commitment. Employees who are passionate, driven and involved will find themselves at the deep end of the line whilst employees who are only there because they have to be, will be on the lower end of the line. Unconditional commitment is required for the establishment of a high performance culture (Herscovitch & Meyer, 2002:281). Managers should seek to move employees along the continuum from low commitment to deep commitment.

Coetsee (1999:219) describes the deepening of commitment as a series of resistance and acceptance incidents as employees move along the line from low to deep levels of commitment.

The steps leading to the deepening of commitment has been identified as follows:

- Involvement (aligned vision, goals and values);

- Becoming part of (being);
- Sustained enthusiasm (ownership); and
- Passionately attached and involved (psychologically merged) (Coetsee, 1999:219).

These resistance/acceptance incidents can be achieved through the use of Ulrich's (1998:21) ten tools for developing commitment. These tools are:

- Communication (candidly and frequently share information with employees);
- Challenging Work (provide employees with stimulating work that encourages new skills development);
- Training and Development (ensure that employees have the skills to do their jobs well);
- Control (enable employees to control decisions on how they go about doing their jobs);
- Collaboration and Teamwork (create teams to get the job done);
- Shared Gains (compensate employees for work accomplished);
- Work Culture (establish an environment of celebration, fun, excitement and transparency);
- Strategy or Vision (offer employees a vision and direction that encourages commitment);
- Concern for People (ensure that each individual is treated with dignity and that differences of opinion are openly debated); and
- Technology (provide employees with the technology to make their work easier).

The four steps leading to the deepening of commitment should be combined with the ten tools for developing commitment to ensure a continuous, seamless range of events that, if successful, will culminate in a commitment continuum (Coetsee, 1999:217-219; Ulrich, 1998:21).

At all points along the line there will be goals, which might suggest that the continuum is not continuous. At lower levels of commitment employees may not necessarily see themselves as one with the ultimate organisational goal, but some

degree of employee identification with the ultimate goal will always be required (Klein, Molloy & Brinsfield, 2012:133). In an ever-changing workplace environment the drive towards commitment to multiple, evolving goals is paramount to the creation of a commitment continuum (Klein *et al.*, 2012:146).

## **2.6 CHANGE MANAGEMENT WITHIN ETHICAL AND LEGISLATIVE NORMS**

In order for organisations to remain relevant and retain their competitive edge, change within the business environment is inevitable. The need for change in business environments has been necessitated by the massive technological advances over the past few decades. In addition new initiatives brought about by an increasingly competitive business environment have led to increased expectation from customers and shareholders. In order to rise to these new challenges organisations have to change merely to keep up with their competitors (Bradford & Warner, 2010:11).

Change do not always have the intended outcomes, however, and as a result, fill individuals with apprehension. To overcome this managers have learnt to use recognised change management strategies and procedures to ensure that change is successfully implemented in the manner intended (Phillips, 1999:184). Change management is defined as the utilization of principles, skills, processes and tools to assist with the management of people that will have the desired effect of moving or shifting the organisation from its current state to its future desired state (Bradford & Burke, 2005:6).

In order to effectively introduce change over the medium to long term, managers are required to embrace change and manage it pro-actively and effectively. It is critical that change is managed persistently to ensure effective performance management practices. The objective of change management is to improve organisational performance and the achievement of organisational goals and objectives (Louis, 2004:46).

Consequently, change management is closely related to performance management. Performance management can be described as the behaviours, activities and processes that drive employee performance toward the achievement of organisational goals on a consistent, sustainable basis. It is essential that such behaviours, activities and processes are carried out efficiently and effectively (Aubrey, 2004:95).

Effective performance management focuses on employees and processes and its goal is to contribute towards the achievement of organisational goals and objectives through the improvement of the overall efficiency and effectiveness of employees and processes (Bradford & Warner, 2010:18).

The implementation of change management through the use of performance management interventions often cause managers to be faced with ethical dilemmas. The presence of ethical dilemmas can seriously negatively impact on the organisation's quest to achieve its goals and objectives (Aubrey, 2004:23). Change management based on the rationalisation of resources, for example, could lead to job losses. Managers may prefer, however, to attain the required change by motivating existing employees to become more productive and to do things differently. Typically the latter option of adaptive change will achieve the organisational goals and objectives over a longer period of time (Cokins, 2009:61). Other dilemmas that managers may have to confront are the dilemma of structural versus cultural change (Bradford & Burke, 2005:38).

Organisational change is essential and should not only be entrenched in the organisational structure, but it should impact the organisational culture with equal urgency. Actual structural change should be incremental and managed to be in step with cultural change. Once structural and organisational change is aligned, there should be limited resistance to the change management effort and ultimate success with the achievement of organisational goals and objectives is highly likely (Bradford & Burke, 2005:38).

A further ethical dilemma that managers sometimes have to contend with comes about as a result of conflicting social and financial goals and objectives. For

performance management to be effective it must have the correct balance between the social and financial goals of the organisation (Aubrey, 2004:80). If the balance is not correct, any growth achieved is unlikely to be sustainable as performance may very well improve in the short term, only to fall away again in the long term.

It is important for managers to ensure that all decisions that are made in addressing the social versus financial dilemma should nevertheless ultimately be for the benefit of the organisation. These benefits should be: highly motivated employees, bottom-line financial growth, procedural improvements and tighter management control (Phillips, 1999:188; Bradford & Warner, 2010:49).

In addition to the issue of ethical dilemmas the process and consequences of change management should adhere to prevailing legislation. In terms of the South African Constitution legislation must be in place to prevent or prohibit unfair practices and discrimination in the workplace. The Promotion of Equality and Prevention of Unfair Dismissal Act no 32 of 2000 (SA, 2000a) and the Promotion of Administrative Justice Act no. 3 of 2000 (SA, 2000b) were specifically enacted to comply with the aforementioned Constitutional obligation. The Labour Relations Act no. 127 of 1995 (SA, 1995) was enacted to give effect to and regulate the fundamental rights conferred onto employees by the Constitution.

## **2.7 SHARED VALUES**

Values can be defined as the rules for living. Values are deeply embedded beliefs that certain behaviours and outcomes are preferable to others. Organisational values make a clear statement as to how it expects every one of its employees to behave, irrespective of where they may find themselves in the organisational structure or hierarchy. The strength of an organisation depends on the stated commitment of its employees to live by the rules (values). In the absence of shared values there can be no sense of community or unity within the organisation (Barrett, 1998:110).

Successful managers strive for balance between satisfying the aspirations of organisations and its employees and satisfying the aspirations of the communities

and society within which they operate. Organisational change starts with a change in the values and behaviours of its managers. Organisations do not have the ability to change, but the individuals within that organisation do. To ensure sustainability, organisations must develop a values-driven culture which will exist independently of its corporate identity. For an organisation to achieve sustainable performance it must strive to reflect the joint values of all its employees (Barrett, 1998:5).

According to Covey (1999:18-20), principles can be defined as tenets that are integral to human consciousness. Organisational and personal achievement can be attributed to organisational and personal ethics. These ethics become the vital principles that determine organisational effectiveness and serve as foundation of high performance. Principles are not obscure practices or impenetrable values but have a global application.

The seven levels of human (and employee) consciousness are:

1. **Survival Consciousness.** The first basic need of an employee is financial security. They need to know that their jobs are safe and rely on their monthly salaries.
2. **Relationship Consciousness.** This refers to the need for friendship and camaraderie amongst fellow employees.
3. **Self-Esteem Consciousness.** Employees seek respect and well-being.
4. **Transformation Consciousness.** This happens when employees take responsibility for the status quo. They start making conscious choices which is not driven by fear, but by trust. They start to develop their own personal vision.
5. **Organisation Consciousness.** These employees seek for meaning through their work. They no longer consider their job a career but see work as a vehicle to give meaning to their lives.
6. **Community Consciousness.** These employees aspire to making a difference in the world. They have expanded their work responsibility to incorporate their local community.
7. **Societal Consciousness.** These employees focus on service and take a world-wide view. They keep in touch with developments globally and are very

concerned about ethics. Their lives are filled with meaning and they are visionary (Orme-Johnson, 2000:16).

Individuals very seldom focus on only one particular level of consciousness. They are more likely to align to three or four adjacent levels. Emphasis is usually aimed at the lower three levels (self-interest), the upper three levels (common good), or transformation. The fear for survival has a significant impact on the level of employee consciousness and the centre of emphasis tends to move toward the lower three levels during uncertain times or periods of financial stress (Barrett, 1998:66).

Value based leadership, together with organisational commitment and sustainable performance can be created using the Seven Levels of Consciousness detailed above. The introduction of values assessment processes will compare the distribution of the manager's own organisational values with that of his/her colleagues and other employees, according to the seven levels of consciousness. It will also compare the manager's top ten organisational values with that of his/her colleagues and other employees. It will highlight the extent to which the manager's values are focussed on self-interest, transformation, or the common good. It will also measure the degree of alignment between the manager's and the organisation's desired values and identify the behavioural changes required for the manager to grow his/her leadership abilities (Barrett, 1998:76).

The outcome of the above exercise will determine the necessary focus areas required for the alignment of organisational, societal, team and personal values. Organisational values encompass concepts such as learning and innovation. Societal values encompass ethics and justice. Team values cover respect and co-operation and personal values include honesty and integrity (Barrett, 1998:79).

In addition to the role of effective, visible leadership, the existence of a shared value system is a condition for the effective creation of a motivating climate. Values can be described as the principles or standards by which an individual judges what is important. To crystallise, values are defined as:

- Conscious desires and needs of individuals that guide the way in which they operate;
- Consistent beliefs of what really matters;



- A group, society or an organisation's beliefs about what it means to do the right thing;
- Something which is passed on through generations and which is sustained through communication, education, organisations and communities;
- Being different from attitudes. Values can mould our attitudes (Coetsee, 2011:77).

Values can be universal (respect, integrity, trust), cultural (law and order, philosophy, language, social convention, status symbols) as well as individual (personal relationships, personal preferences and needs). Universal values are timeless because it remains relevant over time. Cultural values cannot be deemed either "right" or "wrong" as societies' and organisations' cultures can differ greatly. Individual values are the result of conditioning, socialisation and life experience (Coetsee, 2011:78).

Organisations that are focussed on the creation of aligned commitment through the creation of shared values are more successful than organisations that are control orientated. Managers of control orientated organisations seek to control their employees through the use of rules and regulations. The main reason for such behaviour is the lack of trust. Within such organisations it is the norm to discipline and punish employees that do not adhere to rules and regulations and to reward those that comply. Whilst it is impossible to do away with all rules and regulations, there should be a shift away from rules and regulations towards values. Shared values are more effective at positively influencing the behaviour of employees than the carrot and stick method of rules and regulation (Coetsee, 2011:79).

As shared values are part and parcel of the concept of aligned commitment, all members of an organisation must know what the values are and understand what it means. They must accept these values and modify their behaviour accordingly. Shared values determine how things happen within a particular organisation and include concept such as creativity, respect, accountability, integrity, honesty, trust and being customer orientated (Coetsee, 2011:79).

Successful organisations employ shared value systems that support its strategic direction, goals and objectives. When a given value system is not supported by all employees, the system is said to be dysfunctional. Once a value system is deemed to be dysfunctional, a new value system should be created and implemented. The most relevant and applicable values will be determined by having employees answer the following questions:

- Which values would further our vision?
- Which values describe us the best?
- Which values will motivate us and enhance commitment?
- Which values will assist us in finding true meaning in our daily work?
- Which values will align individual effort to organisational goals and objectives?
- Which values will foster the desired employee attitude and behaviour?
- Which values will enhance ethical practices and discourage corrupt activities?
- Which values will enhance client service?
- Which values will set an environment for creativity and innovation?
- Which values will guide superior people centricity?
- Which values will cause society to view the organisation in a positive light?

As shared values has such a positive impact on employee behaviour, the values must be seen to be lived by all. Reward and recognition should be linked to shared values as part of the organisation's performance management programme (Coetsee, 2011:83).

As employees are likely to support leaders who have strong values, it is very important that management lead from the front and champion the shared value initiative. Management must, however, be aware that their motives and sincerity in living the values will continuously be under scrutiny (Coetsee, 2011:83).

Adherence to shared values, together with organisational rules and regulations, will result in ethical behaviour. Work ethics are determined by organisational values. Work ethics are intertwined with organisational values and can be expressed as the extent to which employees consider the importance of their effort at work. Work

ethics are about individuals' attitude to employment and the level of individual intent and commitment toward their employer (Coetsee, 2011:84). In the workplace, ethical behaviour means behaving in a manner that conforms with the employee's personal value system as well as the accepted shared value system of the organisation. A shared value system can thus be deemed to be the instrument through which sound work ethics come into being (Coetsee, 2011:85; Healy, 2007: 11-26; Corley *et al.*, 2005:381-390).

In the absence of sound work ethics employee behaviour will tend to be disruptive with issues such as low productivity, no commitment, negativity, bad attitudes, uncaring staff and high levels of absenteeism being prevalent. If left unchecked it could further deteriorate into destructive activities such as unprotected strike action and sabotage (Coetsee, 2011:85; Healy, 2007: 11-26; Corley *et al.*, 2005:381-390).

The non-alignment of employee and organisational values is one of the most important problems organisations are faced with (Barrett, 1998:145).

Successful, sustainable organisations are visionary; they care not only about their employees and customers, but also about the community, the environment and society at large. They are serious about social responsibility and have the following traits:

- They nurture powerful value-driven cultures.
- They are committed to learning and constant change.
- They listen to all internal and external stakeholders.
- They form partnerships with all entities in their value chain.
- They do not shy away from risky challenges.
- Their performance management is values based and incorporate financial results, efficiency, productivity, quality, collaboration, learning, self-development, employee fulfilment, organisational cohesion, corporate culture and corporate social responsibility.

The following examples of successful business turn-around can be used as case studies which serve to link organisational performance to the establishment of a shared value system:

### **2.7.1 Nedbank Ltd**

In 2003 Nedbank was on its knees. Their Headline Earnings had plummeted with a Return on Equity of only 0.4%. They needed a large cash injection to remain in business. It was in the midst of a difficult merger which necessitated a huge effort in aligning organisational cultures. The appointment of the new Chief Executive Officer was greeted with dismay with the organisation's share price dropping alarmingly on the day the announcement was made public. The new Chief Executive Officer however, had a dream. This dream entailed a drastic review of how the organisation has been conducting business for more than 100 years. This included the organisational culture and leadership. The starting point was a vision: "To become Southern Africa's most highly rated and respected bank as rated by our staff, clients, shareholders, regulators and communities".

The Chief Executive Officer, as well as the organisation, knew that the vision needed to be underpinned by a sound strategy and a set of values which united. In order to achieve the high performing culture which he craved, it was essential that the chosen set of values were accepted and lived by all employees, and be seen to be lived by the leadership team.

Senior leadership established four of the core values of the organisation during the course of leadership seminars. These core values were aligned with the parent company's values. For the fifth value, employees were asked for their views. The value chosen by the employee body was "people-centred", which mirrored the organisations goal to become more client driven and employee focused.

Since 2005, Nedbank have measured their culture every year by means of an internationally accredited survey. The participation rate of employees participating in the survey has increased every year since its inception – up from 20% in 2005 to

69% in 2010. Over the same period the organisation's share price increased from 6700 cents to 13035 cents (Barrett Values Centre, 2010, Nedbank, 2013).

### **2.7.2 Standard Bank of South Africa Ltd**

By 1999, Standard Bank was struggling to maintain market share and had fallen behind its competitors in terms of technology. It was deemed to have run out of new ideas and was haemorrhaging clients. Its shares were trading at a significant discount and one of its major shareholders, Old Mutual, had become disenchanted and demanded change.

In September 1999 Old Mutual supported another South African bank in which it had a significant shareholding, in approaching Standard Bank with an offer to merge the two organisations. Standard Bank's board of Directors rejected the offer as it was not deemed to be in the best interests of its shareholders.

This rejection led to the largest hostile take-over bid in the history of South African business. As part of its defence Standard Bank employed a new, younger generation Chief Executive Officer who immediately galvanised the Standard Bank employee body against the "attack" on their independence. The employee body found unity under threat and welded together as a united force, aligned in vision, values and goals. This, in turn, garnered much sympathy and support from the public at large as an expensive and energetic battle was fought in the media, backed up by imaginative advertising.

On 21 June 2000 the South African Minister of Finance, Trevor Manuel, ruled against the take-over. In 2000 Standard Bank was named South Africa's Bank of the Year for its "imaginative and constructive defence against the hostile take-over bid" by the authoritative British magazine *The Banker*. Prompted by the case, the South African government subsequently introduced amendments in 2000 to the Competition Act no. 89 of 1998 (SA 2000c).

The consequence of the unsolicited bid was a re-appraisal and re-evaluation of Standard Bank's strengths and weaknesses. By 2005 Standard Bank had again

established itself as the undisputed leader in business and commercial banking in South Africa, a position which it has retained to this day.

The reason for its change in fortunes and continued success can be found in the spirited fight-back of its employee body, joined in vision and aligned in values, during the failed take-over bid of 1999 (Standard Bank Historical Overview, 2009).

### **2.7.3 ING Banking Asia**

In 2004 ING implemented a management tool for employee engagement with the objective of establishing a high performance culture in the organisation. As a region with many countries and nationalities, they needed to find a way to leverage off their inherent diversity and start moving toward a common identity.

Programmes were established for the entire employee body; all country and functional management teams, which were focused on building a value-driven organisation. From the evaluation, it was learnt that follow-up was needed with the senior management team in order to help them link on culture to the realising of business priorities.

The follow-up was five months later. A two-day off-site intervention, initiated and strongly supported by the CEO of the region, focused on how to build a value-driven organisation in the region. Then followed a “lead by example” or “walking the talk” approach. This resulted in meaningful interactions which highlighted which values were required to change employee behaviour and improve financial performance.

Frustrations caused by organisational inefficiencies and the drive for financial performance balanced the desire to move away from survival (fear-driven values) towards creativity, internal cohesion and empowerment (growth-driven values).

The following three values were agreed on and earmarked as crucial organisational priorities, customer centricity, operational excellence, leadership development and employee recognition. A common vision was developed and agreed upon, including a common approach towards cross-regional operations. Each leader also pledged

how they would be accountable for taking the lead on implementation (Barrett Values Centre, 2012a).

#### **2.7.4 Accenture Business Services**

Accenture Business Services is a 4800-person global internal services organisation with a strong commitment to living its values in order to maintain and enhance its culture. The organisation uses aligned values measurements to determine the strength of organisational culture, to identify their areas of competitive advantage and also to identify shortcomings in their Human Resources strategy.

Management elected to adopt a values-based approach in defining the desired culture required to implement organisational strategy and to achieve organisational goals. All this was done in such a way as to ensure that there was alignment with Accenture's core espoused values, which were well-known to all employees. Management viewed the values-based approach as a logical way to define organisational culture. They drew up a plan for aligning their culture, values, leadership and talent development initiatives.

Accenture Business Services now strive to establish shared values and shared vision cultures across all of its geographic locations across the globe. A further initiative is to involve their customers in the process (Barrett Values Centre, 2012b).

#### **2.7.5 Unilever, Brazil**

Unilever Brazil, in existence for more than eighty years, was in serious need of rejuvenation in 2005 when revenues declined dramatically after decades of constant growth. Investigations revealed that their culture was in bad shape and not supportive of organisational goals.

The leadership team consciously set out to create aligned values and culture. They did this by getting personally involved with employee interactions to establish employee well-being. They emphasised the "soft" by issues by discussing matters such as the need for safety and vulnerability. They had to eliminate the prevailing

perceived values of bureaucracy, short-term focus, long hours, caution and excessive cost cutting.

The leadership interventions were successful and by 2010, the transformation was well under way and revenue grew by double digit figures by 2010. This uplift in revenue was not driven by price, but by an increase in market share. From a culture characterised by bureaucracy, short-term focus, long hours, caution and excessive cost cutting, employees now experienced a business with long-term perspective, shared values, teamwork, and a strong orientation toward customer satisfaction and the development of leaders (Barrett Values Centre, 2012c).

#### **2.7.6 Volvo Trucks International Division**

Despite the attainment of strong profitability, during 2008 the management team of Volvo Trucks International Division had to deal with significant internal tension. To address this, the Company President implemented a leadership development program for the leadership team. The programme focussed on the low level of employee satisfaction. Despite this intervention, the level of employee satisfaction reduced even further in 2009.

In 2010 the whole leadership team was brought together in a facilitated intervention which led to the creation of a common culture and values plan. They agreed to consider a set of values which were to be developed by smaller groups later that year. In parallel with the work on the group common values, each team member participated in his or her own leadership values assessment. Subsequently, these values were shared and feedback on these values were provided

The team also began work on their strategy. The vision and mission was revisited and new versions thereof formulated. A multi-functional team was created and a large number of employees were involved in the crafting of the new values based strategy. This new strategy was completed and implemented in January 2011. The process was not pre-determined but on-going decisions about what step to take next, was taken along the way.



All of the effort and energy put into the values and culture journey paid off. There were six values which the employees and organisation were aligned to. Their operating income rose to record levels. The values and culture based strategy model has been adopted by Volvo Trucks in other countries (Barrett Values Centre, 2012d).

## **2.8 HIGH PERFORMANCE CULTURE**

In the absence of clearly identified and communicated goals and objectives, the measurement of performance becomes problematic. This holds especially true for executive management. Organisations that place too much reliance on the attainment of financial performance, which is relatively easily measured, do so at the risk of losing the long-term health, which is very difficult to measure, of the organisation. An example of this is managers tolerating the bad behaviour of otherwise top performing employees as they put financial performance ahead of values related performance such as respect, teamwork and integrity. Managers can exacerbate the problem by failing to develop or properly recognise other employees. When individuals do not have clearly identified and communicated long-term goals and objectives, coupled with a transparent incentive programme, their performance will wane over time (Gibbs, Heywood & Pettigrew, 2012:1).

Executive and senior management should investigate whether the organisation allows people-management processes that will focus on the long term health of the organisation. Organisational long term health should be built into the performance management processes. Management will have to create unique methods for the measurement of long-term organisational health, but the basic principles should be generic for all organisations (Gibbs *et al.*, 2012:3).

The values required to ensure long-term health can be identified, agreed upon and accepted throughout the organisation through a process of open discussion and debate amongst the entire employee body. Measurement metrics can be developed on how well employees respond to the various health-creating values (Gibbs *et al.*, 2012:3).

Paying attention to health-creating values can be very effective in times of financial and economic turmoil. Methods must be introduced to incentivise and reward employees as the general health of the organisation improves. Metrics whereby organisation health is measured should not be overly complicated. A relatively small number of well-considered metrics will be more readily accepted by employees than a detailed, comprehensive formula which may be difficult to attain and measure (Gibbs *et al.*, 2012:6).

Organisational behaviour is central to its strategic and financial success. Whereas the temptation will invariably be there to judge performance purely on revenue generation, organisations must look beyond financially based goals and objectives and identify additional measures that can benefit the organisation. This will lead to an improvement in service quality and new client acquisition. In addition it will allow the organisation to become nimble and flexible to enable it to cope with rapidly changing market conditions (Connolly, 2006:21).

A high performance culture can be inculcated in an organisation through the interaction of the characteristics and values of the organisation with that of the individuals within the organisation. Organisations should collaborate and form partnerships with individuals within the organisation to discuss and reach agreement on issues that affect everyone, such as teamwork, trust, democracy, visible leadership, collaboration, goal-setting, challenges, and more. Doing this will foster positivity and commitment. This in turn, is likely to result in improved performance and productivity. An improvement in any one of the aforementioned organisational issues will result in corresponding improvements in characteristics around work values such as discipline, teamwork, commitment, motivation, and more. In turn, an improvement in any one of the work values will have a positive impact on organisational culture (Joshi, 2001:29).

In order to convert an organisation into one with a high performance culture, transformational leaders should first communicate their vision. Qualitative and quantitative assessments should be conducted to establish the relative strengths and weaknesses of the organisation and its employees (Newman, 2009:30). The leadership and management team must be critically evaluated to ensure alignment

throughout the organisation. Expected and desired behaviours and actions should be widely communicated. Incremental yet significant innovations must be introduced to kick-start the process. An overall plan must be developed and communicated (Newman, 2009:31).

Effective goal setting is crucial to the improvement of performance. Goals and strategies that are not converted and aligned into effective measurements of performance will lead to a lack of focus and co-ordination throughout the organisation. The development of the Balanced Scorecard has provided an effective tool for improving organisational goal and focus strategic alignment (Kaplan & Norton, 2000:75; Thompson & Mathys, 2008:1).

Effective application of the Balanced Scorecard is hampered by the following problems:

1. Lack of proper understanding of processes imbedded within the organisation.
2. Lack of proper understanding of how different items within the scorecard should be aligned.
3. Need for appropriate metrics.
4. Lack of understanding how organisational strategy fits into the scorecard (Thompson & Mathys, 2008:4).

By aligning the metrics making up the measurable variables contained in Balanced Scorecard, an Aligned Balanced Scorecard can be developed that will result in:

- The alignment of goals and objectives across different business units within the organisation.
- The linking of components throughout the value chain (Thompson & Mathys, 2008:1).

The Aligned Balanced Scorecard satisfactorily addresses the problems indicated above. It applies the concept of alignment and the importance of organisational processes as determinants of organisational financial performance and customer satisfaction. Then the Aligned Balanced Scorecard organisational goals and

objectives are translated into strategies as a means to achieve the goals and objectives. These strategies are then further translated into action steps for learning and growth. This process is set out schematically below:

**Figure 2.2: Action Steps for Learning and Growth**



Source: Thompson & Mathys, 2008:5.

This figure shows how learning and growth are aimed at improving internal processes which, in turn, affect issues such as customer satisfaction and improving organisational financial performance.

## 2.9 SHARED VISION

The key critical component of the creation and ultimate realisation of an organisational vision is people. People, in this context, are the entire employee body

of the organisation, from the very top to the very bottom. As the vision of the organisation will be lived out through the behaviours and actions of these people, they are key-critical to the success of the organisation. No matter how good and well intentioned the desired change may be, it is doomed to fail if the people who are expected to implement the new structures, policies and procedures have not bought into the change or do not have the capacity to do so (Mhlongo, 2006:34). Training interventions around motivation and skills development must be budgeted for and provided. Orientation and refresher training must form part of this programme as must exposure training for management (Seibel, 1999:16).

Employees' attitudes, behaviour, skills and capabilities form the foundation for the creation of value in an organisation. Human potential is fostered and further developed through a mix of soft and hard processes, in which the hard processes form the process infrastructure of an organisation. The soft processes form the foundation for the performance management process which creates a shared set of strategic objectives and constantly aligns and realigns the behaviour of every individual to contribute to the organisation's goals and objectives (Gratton, 2003:1).

It is crucial that the entire employee body, management as well as staff, have one single, shared vision should the organisation wishes to achieve its goals and objectives. Teamwork will be necessary for shared commitment to be attained by the organisation. The ultimate success or failure of change will be totally dependent on the inculcation of shared commitment and vision. Shared commitment and vision implies that the entire employee body is completely aligned in its commitment and vision for the organisation to achieve competitive advantage over its competitors. Aligned commitment implies that the entire employee body is fixated on the same goals and objectives and, figuratively, assume ownership for the attainment of such goals and objectives (Kreitner & Kinicki, 1995:302).

An organisation can create future growth through the integration and reconciliation of its values with that of its employees to create mutual understanding. Should an organisation fail to do so and force its own culture on to its employees, it will lead to a high level of commitment to the prevailing culture. In such an environment it will be

difficult to promote learning as little or no information will be adopted from conflicting cultures (Hampden-Turner & Trompenaars, 2000:4; Schwandt & Marquardt, 2002:3).

The integration and reconciliation of organisational and employee values can be orchestrated in two ways; either of which will improve productivity. The values of the organisation can be stated first, and then the values of the employees can be integrated into it, or vice versa. However, it does not matter which method is used but what must happen is that both sets of values be integrated and reconciled (Hampden-Turner & Trompenaars, 2000:6).

Many organisations canonise popular organisational cultural values in such a way that it can appear to be in conflict to the values of other organisations. When cultural values have been canonised, it can result in such values having the power to subliminally influence the incumbent employees. Not many will challenge these values if the incumbent employees, which usually make up the majority within the organisation, have been affected by it through the process of socialisation. In a geographically diverse organisation, the organisation that is entrapped by its own cultural values and perceptions will be unable to learn from or appreciate the cultural values of new generations, ethnic groups or other organisations. In this sense globalisation provides a great opportunity for organisations to learn (Hampden-Turner & Trompenaars, 2000:8).

The attainment of shared values and the adoption of a shared vision are the key elements of a successful change management and change implementation process. Culture can be defined as a set of collective values and beliefs that determine people's behaviour. Generally new employees of a progressive and successful organisation tend to adopt the values and beliefs of that organisation, as well as that of its existing employees (Kok, 2004:6).

Progressive and successful organisations invariably have skilled people at all levels of the organisation. Its leaders create sound strategic visions. Its managers make important value-adding decisions and design efficient business processes. Its managers furthermore train and motivate the employee body (Brigham & Erhardt, 2007:3).

## **2.10 GOVERNANCE**

The objective of governance is to ensure that organisations are enabled to plan effectively with clear knowledge of the prevailing rules of engagement. Should such planning be innovative and visionary and resultant actions are implemented effectively, the sustainability of the organisation is ensured. Governance therefore enables organisations to achieve their goals and objectives. The difference between governance and management is that governance implies regulatory and legislative control by outside governing and regulatory bodies whereas management involves daily decision-making by leaders and managers within the organisation. Governance seeks to protect outside stakeholders whereas management is aimed as benefitting the organisation itself. Collectively governance and management is aimed at the achievement of organisational goals and objective, but with integrity and discipline and not at the expense of others (CISR, 2012; Griseri & Seppala, 2010:246-248; Hanson, 2011:94; Short, Nunno & Caldwell, 2012:3; Solomon, 2010:xix).

The distinct difference in meaning between management and governance is further narrowed down when one examines the root Latin word “gubernare”, from which the word “governance” is derived. “Gubernare” is a nautical expression which meant “to steer.” Governance therefore *steers* management along the path of achieving their goals and objectives (Oxford Dictionary, 2012; Botha, 2012:13).

Governance is also defined as the process which steers and monitors the behaviours of organisations in the achievement of its goals and objectives (Takieddine, 2011:3). In simple terms governance can be defined as the accountability an organisation has towards its stakeholders (Botha, 2012:13).

### **2.10.1 Corporate Governance**

The impact corporate governance measures over the past decades have been massive. The concept of corporate governance have been debated at length and world-wide calls for existing governance measures to be reviewed and tightened up followed severe and well publicised corporate melt-downs and collapses. In the

United States of America the collapse of major corporations such as Enron and Arthur Andersen are popular examples of how corporate greed, unethical behaviour and conflict of interest have caused financial hardship and misery for many. In South Africa the oft quoted examples are the LeisureNet and Fidentia groups and in Europe, Parmalat. No early warning detection processes were in place at any of these organisations. The demise of such large corporations has led to the reform of corporate governance practices globally (Raghupathi, 2007:94; Solomon, 2010: xxiii, xvix, 28, 33 & 40; SA, 2011:2).

The Sarbanes-Oxley act was introduced in the United States of America in 2002 and was aimed at enforcing accurate reporting by organisations. It intended to achieve this through regulation on a “comply or else” basis. The Higgs and Smith reports were published in the United Kingdom during 2009. These reports were not so much instigated by corporate failures, but rather the global financial crises of 2008 and 2009. It was argued that the crises were caused and exacerbated by weak corporate governance practices. In the United Kingdom regulatory authorities have continued with its practice of guiding rather than enforcing good governance practices (Raghupathi, 2007:98; Smith & Lenssen, 2009:17).

In South Africa, the King Report on Corporate Governance in South Africa (also known as King III) was published in 2009. King III was implemented on 1 March 2010 and was met with worldwide acclaim. It is recognised as the foremost authority on corporate governance and is deemed to have the most progressive and visionary approach to governance issues, world-wide. It is aimed at aligning South African corporate governance principles to the Companies Act no 71 which was promulgated in 2008 (SA, 2008). It focuses on sustainability as well and the need to adapt to the on-going changes in corporate governance practices globally (King, 2009:10-18; Solomon, 2010:341).

The Companies Act no. 71 of 2008 (SA, 2008) further seeks to govern the manner in which organisations and its management teams conduct themselves within ethical and morally acceptable norms. It furthermore seeks to eliminate anti-competitive behaviour by specifically forbidding actions such as price fixing and collusion



The intention of King III was not to compel executives to comply with the recommended best practice principles. It followed a principle-based approach and is merely a recommendation for a course of conduct, namely to “apply or explain” the triple bottom-line of corporate governance which accounts for social and environmental, as well as economic and financial issues. By not complying with King III and exercising their duty of care, skill and diligence, a board of directors or individual director would be held legally liable. King III refers to “stakeholders inclusive” when considering the lawful interests and expectations of stakeholders in the best interest of an organisation (King, 2009:10-18; Solomon, 2010:341).

Other statutory regulations applicable to corporate governance in South Africa are:

- The Promotion of Access to Information Act no. 2 of 2000 (mandated by Section 32 of the Constitution) (SA, 2000d0); and
- The Promotion of Administrative Justice Act no. 3 of 2000 (SA, 2000b).

Corporate governance practices, codes and guidelines such as the Sarbanes Oxley Act in the USA and King III in South Africa introduced accountability, mitigated risk, improved corporate agility, fostered ethical behaviour, leveraged technological investments and lifted the bar as to what is regarded as appropriate standards of conduct. Unfortunately, overwhelming governance processes and controls as well as confusion surrounding compliance have led to ineffective governance practices prohibiting many organisations from achieving their strategic objectives (Short, Nunno & Caldwell, 2012:4).

The lending activities of banks are now moderated by newly introduced regulation such as the adoption of the global Basel III convention which limits the extent to which banks can lend by the size of its capital base. The purpose of this regulation is to ensure that commercial banks are solvent, well capitalised and relatively safe from failure. In addition the promulgation of the National Credit Act no 34 of 2005 has further curtailed lending activities by banks. The purpose of this act is to eliminate reckless lending practices by banks which, in turn, will prevent individuals to become over-indebted and the victim of irresponsible borrowing (SA, 2005; Basel, 2011).

## **2.11 TRAINING AND DEVELOPMENT**

Organisational training and development of management as well as employees deliver significant benefits to all stakeholders including individuals, teams, organisations and society at large. Training and development programmes must be designed to address specific training needs. These needs should not only identify gaps in the “hard” areas of knowledge and skills, but should also focus on “soft” issues such as values and social responsibility (Aguinis & Kraiger, 2009:461).

Training is the process of transferring knowledge and skills whilst development is an on-going range of activities aimed at uplifting an individual to a higher level of operational performance or more complex job function. Training and development programmes are however unlikely to motivate individuals to reach their full potential without the assistance of a dedicated resource to provide guidance and inspiration. In modern organisations coaching and mentoring programmes are considered to be essential to develop individuals to reach their full potential (Serrat, 2010:27).

One of the ways in which management can establish a values based culture within their organisation, is through the process of coaching and mentoring. Through this personalised interaction by a respected manager or senior colleague, the importance of shared values can be effectively conveyed to employees. Coaching and mentoring will also influence employees’ behaviours and expectations which will further increase the importance of shared values and encourage the establishment of a culture of aligned values and vision within the organisation (Grojean *et al.*, 2004:223-241).

## **2.12 CONCLUSION OF THE LITERATURE STUDY**

It is established from the literature study above that a commitment continuum can be established in the financial services sector through aligned organisational commitment, the introduction and development of a shared values system and the establishment and acceptance of a shared vision. Coupled with organisational commitment, the introduction and development of a shared values system and acceptance of such shared vision will furthermore lead to growth and sustainability

and a high performance culture being attained within the organisation. A formal change management programme must be implemented to ensure that the above is properly communicated to all stakeholders and the change management programme must ensure that buy-in from all stakeholders is obtained at every step of the process. Incremental outcomes of each of these steps must be measured and remedial action taken where required. In addition, such change management must not only adhere to organisational standards, values and norms, but must furthermore take place within the ambit of all legislative and ethical norms as may exist within the industry or society at large. The adherence to high levels of Corporate Governance as well as societal developments such as the Triple Bottom Line principles is of vital importance for the process to retain credibility (Porter & Kramer, 2011:5; Steenhuisen, 2012:25; Booyse, 2011:12)..

In conducting the literature study, the aligned commitment model of Coetsee (2011:30) was adopted as the framework model to be utilised through the literature study in achieving the goal of meeting the research objectives. Shared commitment implies that all members of the work team are aligned in their commitment (Coetsee: 2011:28).

## **2.13 CHAPTER SUMMARY**

In Chapter 2, the emphasis has been on the theories and nature of growth and sustainability, sustainable change within the organisation and employee commitment emphasising the alignment to commitment (aligned-commitment) and the elements constituting the aligned-commitment equation. The role of management has been identified as a determining factor that underlies the commitment of employees in an organisation.

An integrated approach needs to be followed when growth and sustainability is pursued and sustainable change must be implemented in order to achieve the end goal of the establishment of a commitment continuum.

It was found that organisations should change their definition of “growth” from actual profits to the management of talent within the organisation in order to realise the benefits of achieving sustainability.

This chapter furthermore contains detailed literature studies into concepts such as shared values and shared vision and how these concepts can be inculcated into organisations through the implementation of effective change management processes. Should the concepts be universally accepted throughout the organisation, it will lead to organisational commitment which will eventually evolve into a commitment continuum. The presence of a commitment continuum will inevitably lead to the achievement of sustainable growth and a high performance culture within the organisation. To ensure the process is credible it should at all times adhere to both the spirit and letter of prevailing legislation and regulation as well as accepted norms of good practice.

# **CHAPTER 3**

## **EMPIRICAL RESEARCH**

### **3.1 INTRODUCTION**

This chapter concerns itself with how the study was approached and also reflects the outcome of the empirical research. It describes the research design, research method and statistical analysis that were used in the process of achieving the study objectives. During the course of the theoretical study various factors were identified as being crucial for the attainment of organisational commitment which is required for sustainable growth. These factors are relevant to both the individual and the organisation.

The objective of the empirical research was to establish the extent to which the aforementioned factors influence the attainment of sustainable commitment within a financial institution.

The goal of the statistical analysis was to address the research objective of determining how a commitment continuum within a financial institution achieved, and which individual and organisational factors would influence future growth and sustainability.

### **3.2 RESEARCH DESIGN AND METHODOLOGY**

The objective of the research design is to structure the study in such a way as to enhance the validity of the findings. Data was collected through the use of questionnaires as this method has proven to be the most cost effective when measured in terms of time and other individual and organisational constraints (Brewerton & Millward, 2001:68).

The quantitative data collected in the survey process enables the researcher to measure the extent to which certain individual and organisational behaviour and factors influence growth and sustainability.

The method in which the survey was conducted was by requesting respondents to complete questionnaires. The questionnaires were designed in such a manner as to determine respondents' attitudes and behaviours toward their employer.

The theoretical framework described in the previous chapters was used as a basis in designing the questionnaire. The constructs underpinning the theoretical framework are knowledge, information, empowerment, performance strengthening and shared values. The questionnaires furthermore sought to establish whether these constructs influenced the attainment on aligned commitment within the organisation being researched.

Quantitative research techniques require that data is collected in a manner that makes it possible for such data to be expressed in numerical terms. Being expressed in numerical terms, it can accordingly be measured and compared to other, similarly collected, data. This enables the researcher to determine as how and to what extent each respondent feels or experiences certain issues (Uys, 2003:118, Neuman, 2000:180).

In order to determine the relative strength of responses received from participants to the questionnaires, the use of a four point Likert scale was employed. This scale is shown in the following table:

**Table 3.1: Questionnaire Likert Scale**

Strongly agree	Agree	Disagree	Strongly disagree
1	2	3	4

Respondents were required to indicate the level to which they agreed or disagreed with each questionnaire statement. The option of "neither agree nor disagree" was

excluded from the scale as it has been shown that individuals will be inclined to select such neutral option if it is offered, more so than when it is not offered (Converse & Presser, 1986:35).

The questionnaire (as indicated in Annexure A) was designed in a hard copy A4 sized paper format consisting of five pages. It contained seven questions of a demographical nature followed by 55 statements. The statements were drafted in accordance with the 4-point Likert scale described above. Also included in the questionnaire, there was an introduction explaining the purpose of respondents' participation. The introduction furthermore thanked respondents for their participation and assured them of the confidential nature of the responses.

The various data items contained in the questionnaire were derived from the variables examined during the course of the literature study detailed in Chapter 2. Therefore the data items in the questionnaire were derived from those variables that could potentially influence organisational performance and the attainment of sustainable commitment. This was done to ensure content validity.

### **3.2.1 Target and sample population**

As the objective of the empirical research is to examine the variables that influence organisational performance and the attainment of sustainable commitment within the banking sector, the sample population was drawn from one of the branches of a major South African Bank. In order to compare the results to that bank's Africa division, a similar sample population was drawn from one of the bank's subsidiaries in a neighbouring country.

The purpose and relevance of the research was explained to executives of the bank, both in South Africa as well as the neighbouring country in order to garner not only permission, but also support for the research. In addition the actual questionnaires were vetted and passed for approval by said executives.

### 3.2.2.1 Sample design

Sampling can be defined as the procedure that is used in deciding who will be chosen to participate in the study (Uys & Puttergill, 2003:109).

A quantitative approach was selected as this was considered to be the method that would best achieve the research objectives. The two samples were chosen on the basis of the researcher's personal knowledge of the populations in question. The decision was made to limit the "neighbouring country" sample to the Retail Division of that banking subsidiary as, not only is it the largest division by number of employees, but it is also the most diverse in demographic as well as role definition. The South African sample was limited to the Central Gauteng Business branch of the bank because that branch closely tracks the overall organisational performance of the greater organisation. The population sizes are 179 and 124 respectively. Every employee in the two population groups was targeted with the relevant questionnaire being handed to them.

### 3.2.2.2 Sample size

The sample size and response rate has a meaningful impact on the accuracy, correctness and credibility of the results of the research being done. This is based on the "more is better" approach which can materially affect accuracy regarding significance level and other statistical testing (Brewerton & Millward, 2001:118).

To achieve an acceptably high level of accuracy in respect of small populations the population/response ratio should be in the order of 30% (Neuman, 2000:217). The number of responses received in respect of this study was 52 in respect of the South African study and 44 in respect of that of the neighbouring country. Whilst the number of responses received exceeds the 30% benchmark in respect of the South African sample, it falls short in respect of the neighbouring country. Total responses of 100 exceed the overall benchmark and should be sufficient to ensure an acceptable level of accuracy required for the performance of the statistical analysis to achieve the objectives of the study (Neuman, 2000:217).



The completion of the questionnaires was done on an entirely anonymous basis as well as being entirely voluntary. Names were not requested from, nor provided by participants of the survey.

### **3.3 STATISTICAL ANALYSIS**

Conducting quantitative research requires an analytical approach that results in the examination and description of numerical data. It follows that descriptive statistics are required. In order to achieve the research objective, patterns and trends in the numerical data must be detected and examined. These patterns and trends must then be explored and interpreted (Brewerton & Millward, 2001:143; Neuman, 2000:317).

The following statistical techniques were appropriate to the research objectives and the collected data:

#### **3.3.1 Descriptive statistics**

The different data items collected were summarised through the use of descriptive statistics:

- Frequencies and percentage of frequencies were used to show the number of participants in each category of the different gender, country of residence, home language, highest level of education and job role.
- Means, the number of respondents, the standard deviation and the percentage of distribution on the 4-point Likert scale were used to describe the results of the constructs that were based on the theoretical framework.

The arithmetic mean, or simply the mean, is the most popular measure of central tendency used to show the mid-point in a set of data (Wang *et al.*, 2008:651). It can also be described as the “average” of a set of data. The standard deviation of the data in a sample measures the level of variation in the frequency distribution and it

gives an indication of how close the individual data items are to the mean (Field, 2009:38).

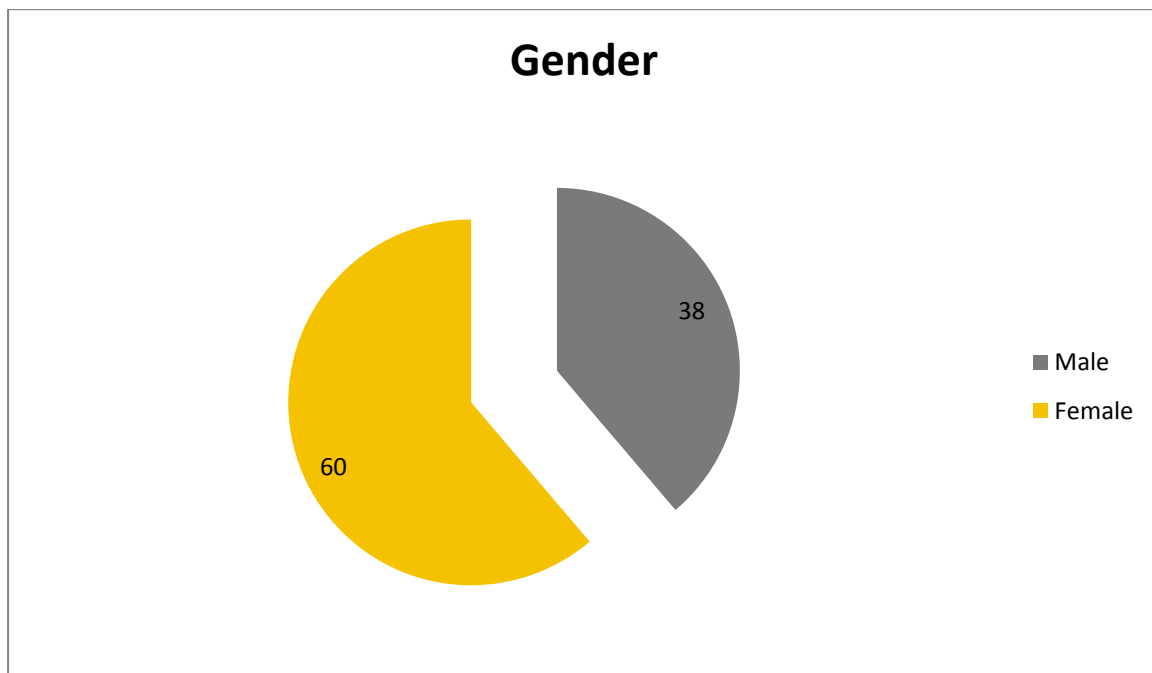
The descriptive statistics provided an overview of factors that influence organisational performance and the attainment of sustainable commitment within an organisation. The descriptive statistics pertaining to the study sample is presented by means of a table which will present the outcomes in the different demographical and organisational categories and will also be broken down in the different constructs measured in study.

### 3.3.1.1 Demographic information

Demographic variables that formed part of this research study include gender groups, country of residence, age, home language, highest level of education, experience in years, and job role.

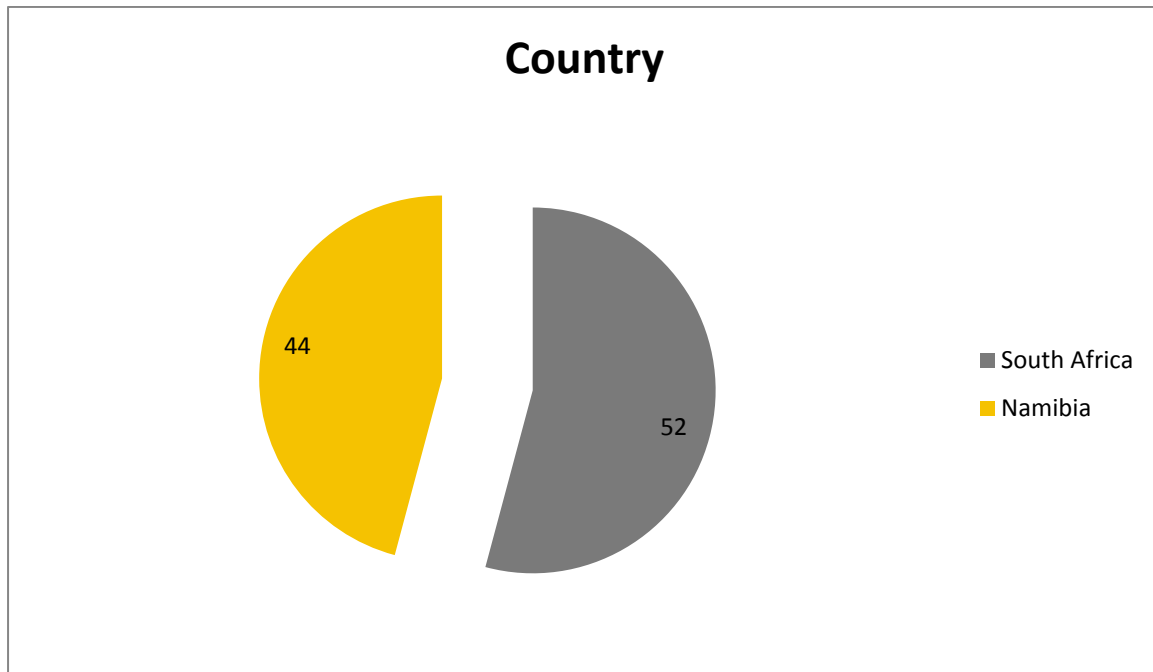
These variables are illustrated as follows:

**Figure 3.1: Gender**



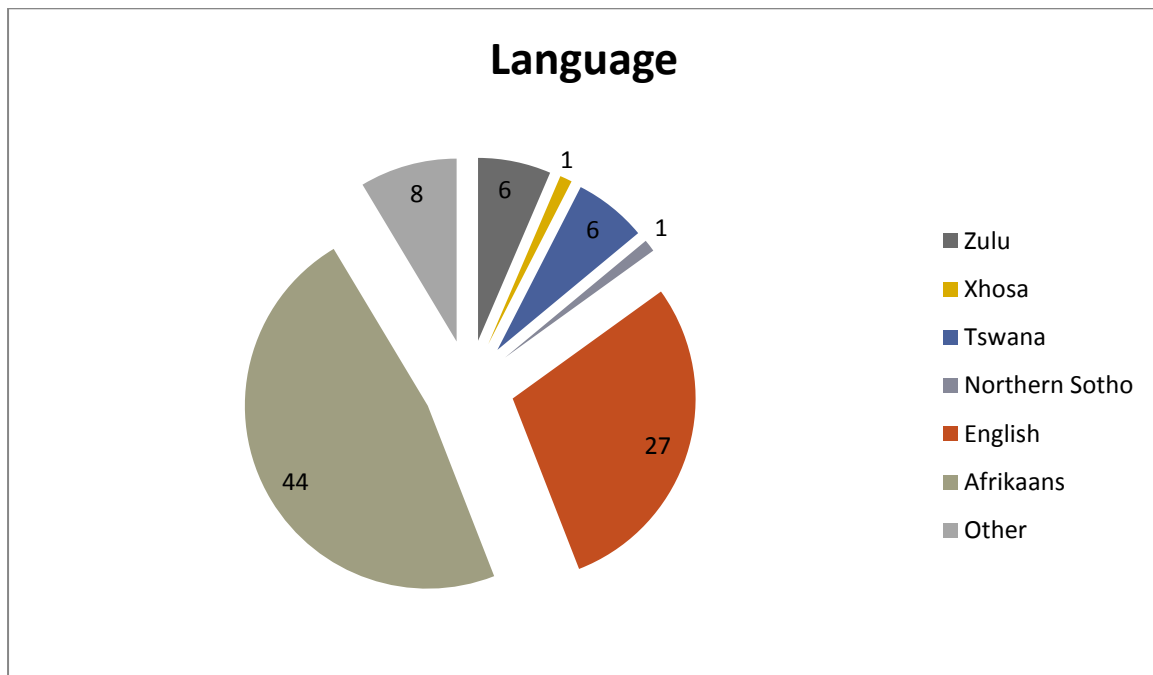
Of the questionnaires returned, 38 were completed by males and 60 by females. The valid percentage split is therefore 38.8% males and 61.2% females.

**Figure 3.2: Country of Residence**



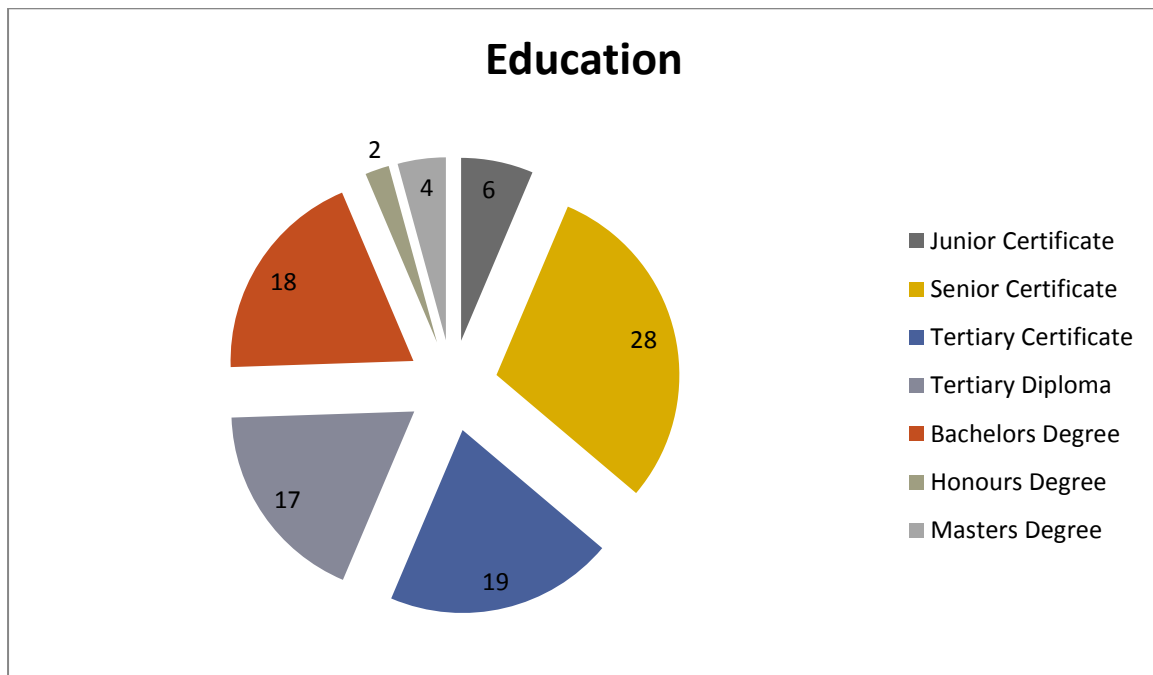
Some 52 of the questionnaires returned were completed by staff members employed in South Africa and 44 were completed by staff members employed in the neighbouring country. This represents a valid percentage split of 54.2% by South Africans and 45.8% by Namibians.

**Figure 3.3: Home Language**



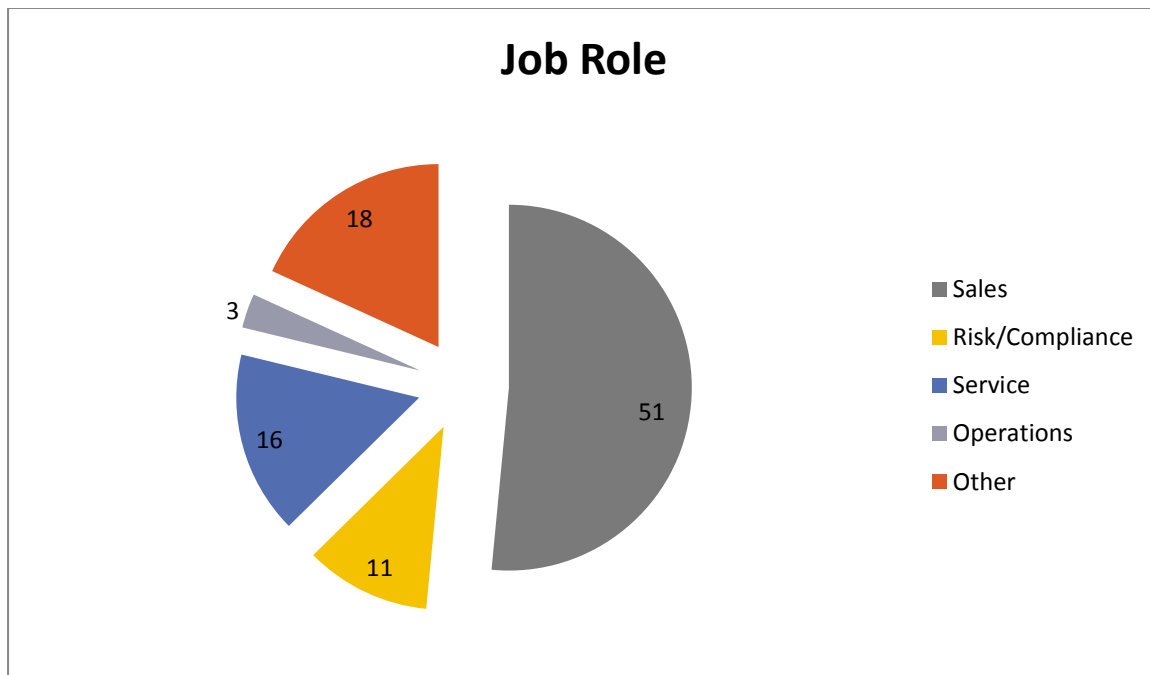
Afrikaans speakers constituted 47.3% with English speakers following with 29%. The balance is made up of Zulu (6.1%), Xhosa (1.1%), Tswana (6.1%) and Northern Sotho (1.1%) with “other” languages accounting for the remaining 8.1%. “Other” languages refer to the indigenous languages spoken in Namibia.

**Figure 3.4: Highest Level of Education**



The highest level of education was Matric in respect of 29.8% of the study population with 6.4% of the population only having achieved a Junior Certificate. Respondents who engaged in further tertiary study after school made up 63.8% of the study sample with 25.5% of the study sample having achieved a Bachelor's Degree or higher.

**Figure 3.5: Job Role**



Some 51.5% of respondents were engaged in sales, followed by Service (16.2%), Risk and Compliance (11.1%) and Operations (3%). A relatively large proportion (18.2%) of the respondents indicated their job roles as “other”.

**Table 3.2: Age in years**

Number of Responses	Youngest	Oldest	Mean Age	Standard Deviation
98	19 Years	65 years	40 years	10,368

The Mean age of the respondents is 40.19 with the youngest respondent being very young at 19 years and the oldest being 65 years. The standard deviation for the study sample is 10.368 which imply that there are no outliers.

**Table 3.3: Work Experience**

Number of Responses	Shortest	Longest	Mean	Standard Deviation
97	1 Year	46 Years	16,21	9,631

The respondent with the least work experience has been employed for only 1 year whilst the respondent with the most work experience has 46 years' service. The sample Mean is 16.21 years with the standard deviation being 9.631. Once again the Spread is so wide and the standard deviation so large as to ensure that there are no outliers in the sample population.

### 3.3.1.2 Analysis of Questionnaire Results

The extent to which the financial institution will improve organisational performance and achieve sustainable commitment is measured by means of a sustainability questionnaire which was designed specifically for the empirical research study based on the theoretical framework model that was derived and examined in chapter 2.

### 3.3.1.3 Respondents' Experience and Opinion

The results of the frequency mean and standard deviation calculations arising from the questionnaire responses are reflected in Annexure B. The questionnaire statements resulting in the highest and lowest calculated mean are listed below:

Statements resulting in the highest mean values in respect of respondents' opinion as to the degree to which they agree or disagree with the statements on individual and organisational behaviour:

- Question K8 (Knowledge): Measures senior employees refusing to share knowledge. Mean 2.50. Standard Deviation 0.803.
- Question E4 (Performance strengthening): Measures employee's perception of being valued. Mean 2.30. Standard deviation 0.77.
- Question P4 (Performance strengthening): Measures employees being rewarded for exceptional performance. Mean 2.28. Standard deviation 0.753.
- Question T7 (Performance Strengthening): Questions organisational commitment to career development. Mean 2.26. Standard deviation 0.678.
- Question T6 (Performance Strengthening): Questions organisational commitment to personal development. Mean 2.26. Standard deviation 0.722.

- Question V22 (Shared values): Questions trust relationship between employees and the organisation. Mean 2.24. Standard deviation 0.730.
- Question V21 (Shared values): Questions trust relationship between employees and management. Mean 2.23. Standard deviation 0.726.

Statements resulting in the lowest mean values in respect of respondents' opinion as to the degree to which they agree or disagree with the statements on individual and organisational behaviour:

- Question V3 (Knowledge): Measures knowledge of organisational values. Mean 1.60. Standard deviation 0.513.
- Question V1 (Knowledge): Measures knowledge of organisational vision. Mean 1.62. Standard deviation 0.508.
- Question V2 (Knowledge): Measures knowledge of organisational mission. Mean 1.65. Standard deviation 0.539.
- Question V4 (Shared values): Measures whether vision is inspiring. Mean 1.67. Standard deviation 0.535.
- Question T9 (Knowledge): Measures existence of clear processes. Mean 1.79. Standard deviation 0.646.
- Question K5 (Knowledge): Measures loss of skills when due to staff turnover. Mean 1.79. Standard deviation 0.646.
- Question K9 (Knowledge): Measures colleagues' willingness to share knowledge. Mean 1.88. Standard deviation 0.561.

#### 3.3.1.4 Construct analysis

For the purposes of this study, the construct analysis methodology was used to examine the concepts underlying the variables covered in the questionnaire. The process whereby the structure underpinning a given set of data is defined is known as construct analysis (Hair *et al.*, 1995:366). This process considers all the diverse variables simultaneously and reduces it to factors known as constructs. Construct analysis therefore obviates the need to analyse the relationship between the large volumes of questionnaire responses by identifying the underlying constructs (Hair *et al.*, 1995:367).



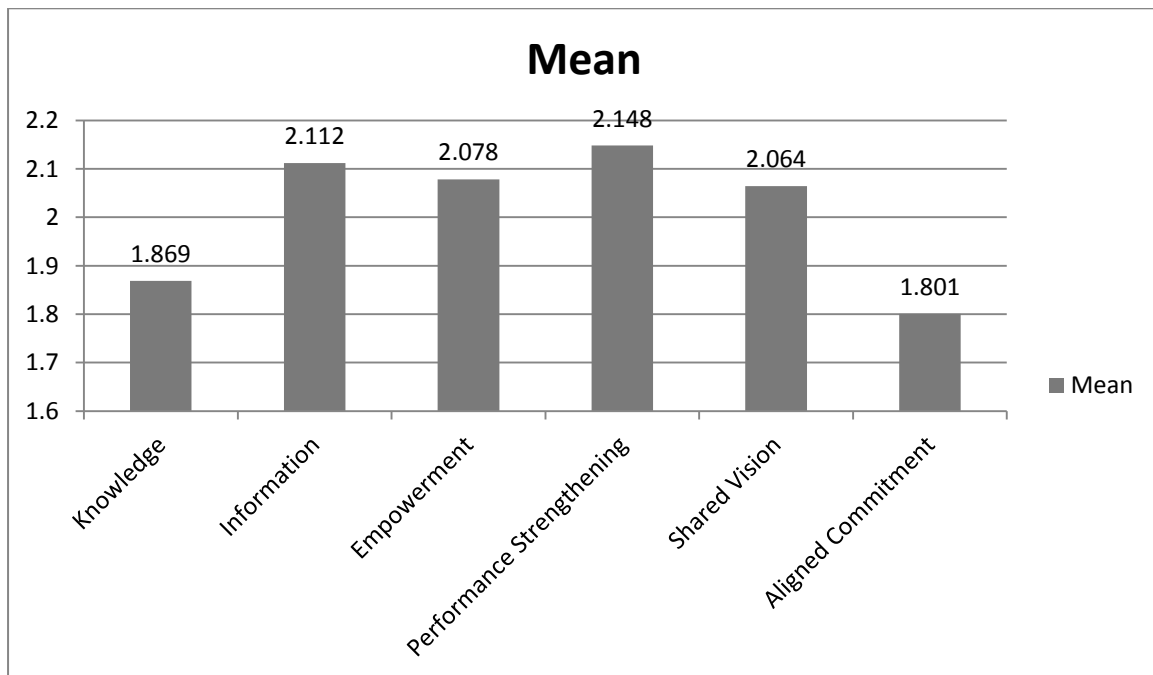
The six constructs examined in this study makes up the different components contained in the derived commitment model framework described in Chapter 2, to wit: Knowledge (construct 1) x Information (construct 2) x Empowerment (construct 3) x Performance Strengthening +/- Shared Values (construct 5) = Aligned Commitment (construct 6). Further statistical analysis regarding these constructs is shown in the table 3.4 below.

**Table 3.4: Descriptive Analysis for Constructs**

<b>Construct</b>	<b>Underlying Concept</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Standard Deviation</b>
Construct 1	Knowledge	1.00	2.56	1.869	0.34713
Construct 2	Information	1.00	4.00	2.112	0.52654
Construct 3	Empowerment	1.00	3.67	2.078	0.54250
Construct 4	Performance Strengthening	1.00	3.71	2.148	0,50785
Construct 5	Shared values	1.00	3.62	2.064	0.49990
Construct 6	Aligned Commitment	1.00	4.00	1.801	0.51643

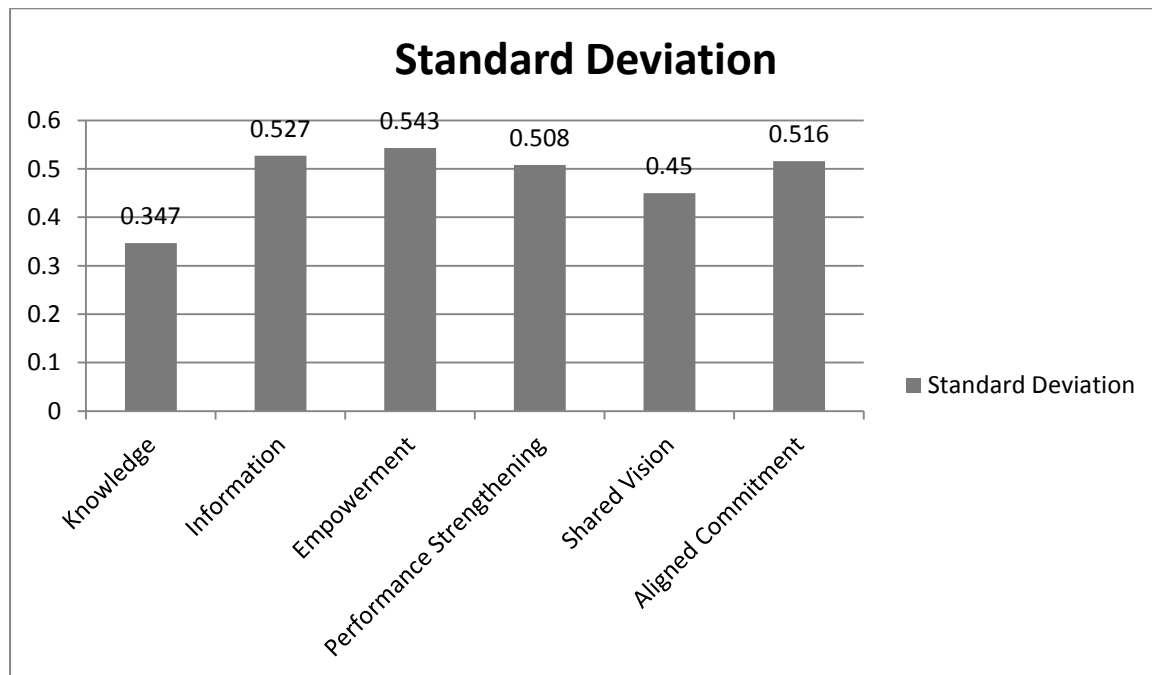
The Mean and Standard Deviation for the six constructs are shown in graph 3.6 and 3.7 below.

**Figure 3.6 Construct Mean**



The data reflected above shows that construct 4: Performance Strengthening achieved the highest Mean ranking at 2.148 whilst Aligned Commitment achieved the lowest Mean ranking at 1.801. For Performance Strengthening the value of 2.148 would place it much closer to the “agree” segment than the “disagree” segment of the Likert Scale. The responses in respect of aligned commitment were more positive with the value of 1.801 placing it between the “strongly agree” and “agree” segments of the Likert Scale.

**Figure 3.7: Construct Standard Deviation**



The level of standard deviation as reflected above shows that there is a relatively small variance in the spread of the results over the 4-point Likert scale, measuring from 0.347 to 0.543, which implies that the data range is normally distributed.

### **3.4 RELIABILITY AND INTERNAL CONSISTENCY: CRONBACH'S ALPHA COEFFICIENT**

Cronbach's alpha is a measure of reliability and internal consistency and determines whether the various items in a measuring instrument are correlated and to which extent it correlates. Cronbach's alpha ( $\alpha$ ) is therefore a coefficient of reliability of items in a survey instrument which concerns itself with the quality of the measurement. If, for example, an instrument such as a questionnaire produces different scores every time it is used under the same conditions, it will have low reliability. A value of  $\alpha > 0.7$  is considered to be acceptable and a value of  $\alpha > 0.8$  is considered to be good and is used as evidence of reliability of an underlying construct (Field, 2009:666; Sekaran & Bougie, 2009:325; UCLA, 2012:1).

The following equation can be used to calculate Cronbach's alpha:

**Equation 3.1: Cronbach's Alpha**

$$\alpha = \frac{k}{k-1} \left[ 1 - \frac{\sum_1^k \sigma_{Y_i}^2}{\sigma_X^2} \right]$$

Where:

$\alpha$  = Cronbach's alpha coefficient

$k$  = number of items in the construct

$\sigma_{Y_i}^2$  = variance of item,  $i$ , where  $i = 1$  to  $k$

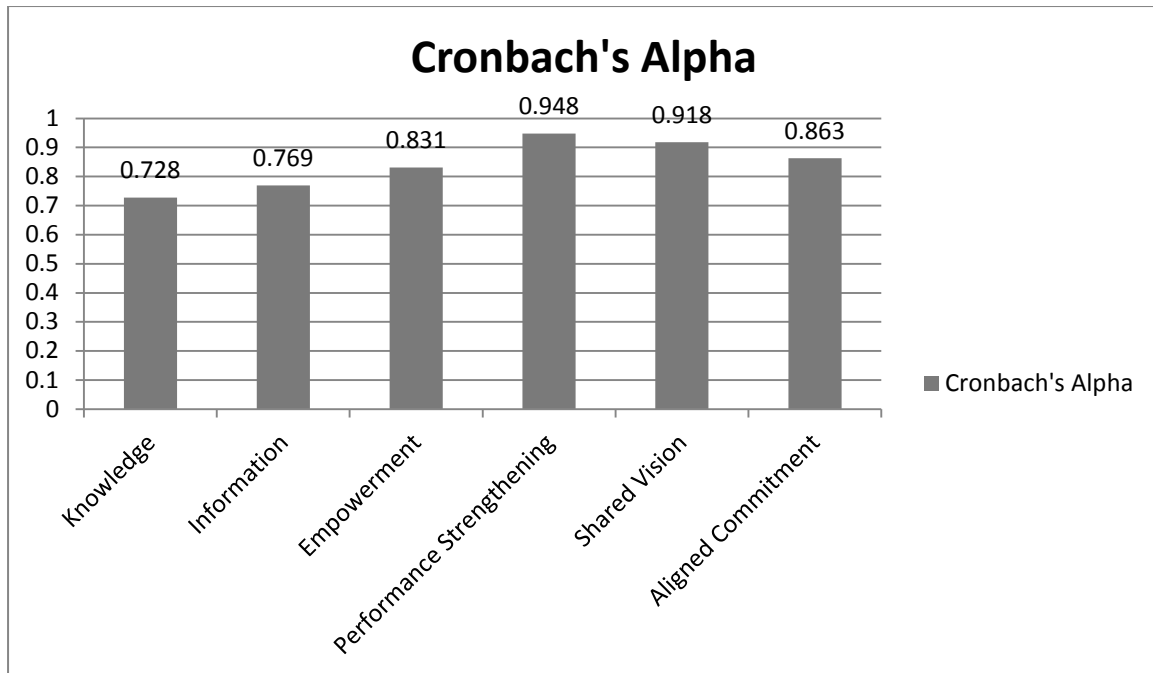
$\sigma_X^2$  = variance of the observed total item scores

To establish the Cronbach's alphas for the study, constructs and not the individual questions will be analysed.

**Table 3.5: Cronbach's Alpha values for constructs**

Construct	Underlying Concept	Questions	Cronbach's Alpha	Mean	Standard Deviation
Construct 1	Knowledge	V1, V2, V3, T9, T10, K5, K7, K8, K9	.728	1.869	0.34713
Construct 2	Information	V17, V18, K6	.769	2.112	0.52654
Construct 3	Empowerment	V5, V6, T1, K4, E7I	.831	2.078	0.54250
Construct 4	Performance Strengthening	V9, V10, V11, V14, V15, V16, T2, T3, T4, T5, T6, T7, T8, P1, P2, P3, P4, E1, E2, E3, E4	.948	2.148	0,50785
Construct 5	Shared values	V4, V12, V13, V19, V20, V21, V22, K1, K2, K3	.918	2.064	0.49990
Construct 6	Aligned Commitment	E5, 36	.863	1.801	0.51643

**Figure 3.8: Cronbach's Alpha Values for Constructs**



Knowledge (Construct 1) and Information (Construct 2) reflect acceptable reliability with the Cronbach's alpha coefficient at .728 and .769, respectively. Empowerment (Construct 3) and Aligned Commitment (Construct 6) reflect good reliability with the Cronbach's Alpha coefficient at .831 and .863, respectively. Aligned Commitment (Construct 6) also reflects good reliability with the coefficient being .863. Performance Strengthening (Construct 4) and Shared Values (Construct 5) reflect excellent reliability with the Cronbach's alpha coefficient at .948 and .918, respectively.

All six constructs should thus render the same results if the survey was to be done at another time under the same conditions.

Performance Strengthening (Construct 4) reflected the highest mean value at 2.148 with a standard deviation of 0.508. This confirmed that the respondents agreed on that performance strengthening activities take place within their organisation. Information (Construct 2) reflected the second highest mean value at 2.112 with a

standard deviation of 0.527. This indicates that the respondents agree that sufficient sharing of information takes place within their organisation.

Aligned Commitment (Construct 6) reflected the lowest mean value at 1.801 with a standard deviation of 0.516. This confirmed that the respondents agree that shared values and aligned commitment exist within their organisation. Knowledge (Construct 1) reflected the second lowest mean value at 1.869 with a standard deviation of 0.3475.

### **3.5 CORRELATION**

Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate in comparison to one another. A positive correlation indicates the extent to which those variables increase or decrease in parallel whilst a negative correlation indicates the extent to which one variable increases as the other decreases. The correlation coefficient is a statistical measure of the degree to which changes to the value of one variable predict change to the value of another. It therefore measures the relative strength of the correlation between two different sets of variables (Levine *et al.*, 2011:144).

#### **3.5.1 T-test**

The t-test determines whether the means of two groups are statistically different from one another. This analysis is appropriate whenever you want to compare the means of two groups. The t-test allows one to assess the difference between the mean values of two groups relative to the variability of their scores (Levine *et al.*, 2011: 528). The modified Levine test can be used to test the equality of variance by using the null hypothesis against the alternative hypothesis (Levine *et al.*, 2011: 419). The variance can be defined as the average of the squared differences from the Mean.

The standard error of the mean measures the standard deviation of all possible sample means and it describes how sample means differ from sample to sample.

The standard error of the mean is calculated by dividing the standard deviation of the population by the square root of the sample size (Levine *et al.*, 2011: 419):

**Equation 3.2: Standard Error of the Mean**

$$SEM = \frac{s}{\sqrt{n}}$$

Where:

SEM = standard error of the mean

s = sample standard deviation

n = size (number of observations) of the sample

### 3.5.2 Group statistics

The two groups identified for this study comprise respondents from South Africa and respondents from Namibia.

**Table 3.6: Descriptive Analysis for Two Groups**

Construct	Underlying Concept	Country	Sample Population	Mean	Standard Deviation	Standard Error of Mean
Construct 1	Knowledge	SA	53	1.781	0.347	.0477
		Namibia	44	1.972	0.289	.0435
Construct 2	Information	SA	53	1.987	0.467	.0641
		Namibia	44	2.246	0.521	.0786
Construct 3	Empowerment	SA	53	1.881	0.424	.0583
		Namibia	44	2.314	0.577	.0840
Construct 4	Performance Strengthening	SA	53	2.011	0.442	.0608
		Namibia	44	2.323	0.515	.0773
Construct 5	Shared values	SA	53	1.916	0.450	.0619
		Namibia	44	2.244	0.482	.0727
Construct 6	Aligned Commitment	SA	52	1.683	0.495	.0687
		Namibia	43	1.953	0.510	.0777

**Table 3.7: Independent Samples Test**

Levine's Test for Equality of Variances			T-test for Equality of Means						
Construct	F	Sig.	t	df	Sig. (2-tail)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
1	4,215	,043	-2,910	95	,004	-,19104	,06564	-,32135	-,06073
			-2,960	94,998	,004	-,19104	,06453	-,31915	-,06293
2	1,010	,317	-2,578	95	,011	-,25879	,10039	-,45809	-,05949
			-2,551	87,281	,012	-,25879	,10144	-,46040	-,05718
3	4,785	,031	-4,352	95	,000	-,43389	,09969	-,63181	-,23597
			-4,245	79,179	,000	-,43389	,10221	-,63734	-,23045
4	1,599	,209	-3,211	95	,002	-,31228	,09725	-,50534	-,11922
			-3,166	85,391	,002	-,31228	,09862	-,50835	-,11620
5	,475	,492	-3,467	95	,001	-,32884	,09485	-,51714	-,14055
			-3,445	89,158	,001	-,32884	,09546	-,51851	-,13918
6	6.718	,011	-2,618	93	,010	-,27080	,10344	-,47621	-,06538
			-2,611	88,686	,011	-,27080	,10372	-,47690	-,06469

The coloured column indicates the “P” values for the various constructs, numbered from one to six. The values highlighted in yellow reflect “P” values when equal variances have been assumed and those highlighted in green reflect “P” values where equal variances have not been assumed. It is important to note that in every instance the “P” valued is smaller than the level of significance value of 0.05.



Therefore:

$$P < 0.05.$$

As the “P” value is smaller 0.05, we have sufficient evidence to conclude that the mean values between the data supplied by the two demographic groups are not equal in respect of every one of the six constructs.

### 3.5.3 Spearman’s Rank Correlation Coefficient

Spearman’s rho correlation, also called Spearman’s rank correlation coefficient, is a nonparametric equivalent of the Pearson correlation and a procedure that measures the linear correlation between two variables. A negative correlation between two constructs implies that as one construct shows an increase in value; the other one will decrease in value (Welman, Kruger & Mitchell, 2010:234).

**Table 3.8: Construct Spearman's rho's and “P” values**

Correlations	C1	C2	C3	C4	C5	C6
C1: Knowledge	1.000	.552	.633	.592	.634	.483
“P” value		.000	.000	.000	.000	.000
C2: Information	.552	1.000	.593	.695	.758	.508
“P” value	.000.		.000	.000	.000	.000
C3: Empowerment	.633	.593	1.000	.826	.773	.659
“P” value	.000	.000		.000	.000	.000
C4: Performance Strengthening	.592	.695	.826	1.000	.856	.717
“P” value	.000	.000	.000		.000	.000
C5: Shared Values	.634	.758	.773	.856	1.000	.721
“P” value	.000	.000	.000	.000		.000
C6: Aligned Commitment	.483	.508	.659	.717	.721	1.000
“P” value	.000	.000	.000	.000	.000	

Table 3.8 evidences a positive Spearman's rank correlation coefficient measuring 0.483 between constructs Knowledge and Aligned Commitment. Positive correlations exist between Aligned Commitment and all of the remaining constructs with Information, Empowerment, Performance Strengthening and Shared values evidencing Spearman's rank correlation coefficient values of 0.508, 0.659, 0.717 and 0.721 respectively. A positive correlation between two constructs implies that as the one construct increases, the other one increases as well (Welman *et al.*, 2010:234). It can therefore be deduced that additional development of the constructs Knowledge, Information, Empowerment, Performance Strengthening and Shared values will lead to improved Aligned Commitment.

Table 3.5 evidence a positive correlation between all of the constructs investigated with not a single negative correlation being reflected. The highest Spearman's rank correlation coefficient value is 0.856 (between Shared values and Performance Strengthening) and the lowest, 0.483 (between Knowledge and Aligned Commitment).

Convenience sampling methodology was used and not random sampling. The "P" values reported in Table 3.8 will therefore not be interpreted as it is included for the sake of completeness only.

### **3.6 ORGANISATIONAL RESEARCH - BARRETT VALUES SURVEY**

In addition to the empirical research conducted above, the financial institution on which this study is based makes use of annual staff surveys (the Barrett Values Survey) measuring the alignment of employees' personal values against the model of the Seven Levels of Personal Consciousness, and their perception of the current culture's values and desired culture's values against the Seven Levels of Organisational Consciousness.

Thus the degree of alignment, expressed as the actual number of matched values or "matches", of values between current values and desired values are collated and compared year on year. An increase in the number of value "matches" indicates an

organisational shift in a positive way, aligning what employees wanted to see from organisational culture and values, to what they actually experienced within the organisation.

A further element of the annual Barrett Survey is that of the measurement of Entropy, which is a measurement of the degree of dysfunction within an organisation's culture and values. At less than 10% the Entropy value represents a healthy functioning organisation. The best employers have the lowest Entropy and the employers with the lowest Entropy also have the highest financial returns.

The research is done by means of questionnaires which are disseminated, completed and returned on-line via the organisation's intranet. The entire employee body is targeted.

### **3.6.1 Explanation of the Barrett model**

The Culture Values Assessment instrument is a simple but effective means of measuring and mapping corporate cultures. It provides a comprehensive diagnosis of the current culture and a detailed understanding of the desired culture by examining employees' perceptions of the organisation's current values, what they consider to be desired values and their personal values. The results provide three perspectives:

1. Human Perspective,
2. Organisational Development Perspective, and
3. Business Perspective.

The Human Perspective and Organisational Development Perspective are obtained by mapping employees' personal values against the model of the Seven Levels of Personal Consciousness, and their perception of the current culture's values and desired culture's values against the Seven Levels of Organisational Consciousness.

The model of the Seven Levels of Personal and Organisational Consciousness was created by Richard Barrett and represents an extension of the work of Abraham

Maslow. The fundamental basis of the Seven Levels of Organisational Consciousness is that organisations are comprised of individuals, and act as living entities with similar motivations to those of other individuals.

The Business Perspective is obtained by mapping the organisation's current culture values and desired culture values against the Business Needs Scorecard. The model of the Business Needs Scorecard is used as a diagnostic tool to identify where the organisation is currently focusing its energies, and where the people would like the company to focus.

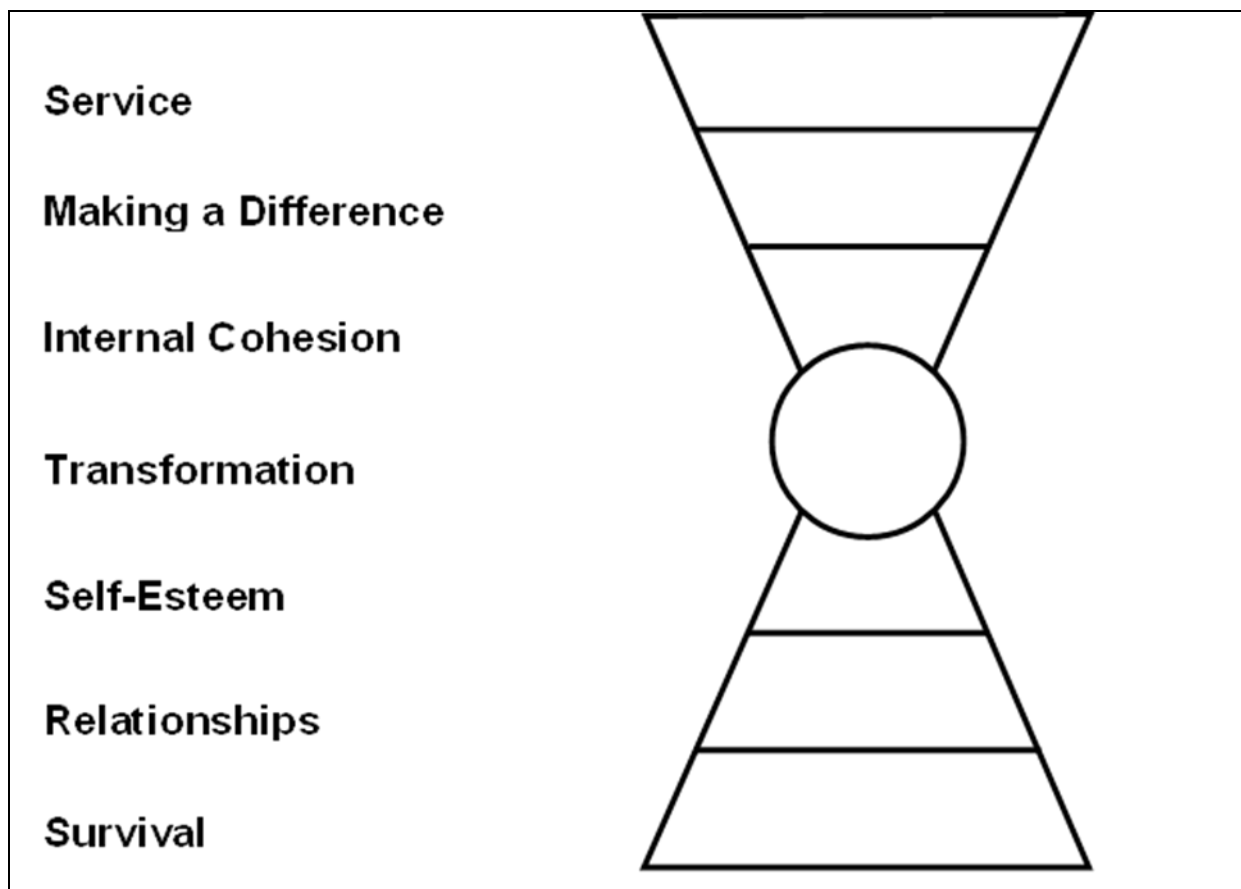
The six categories of the Business Needs Scorecard are:

1. Finance – Economic Health, Financial Growth
2. Fitness – Systems and Processes
3. Client Relations – Customer Satisfaction and Strategic Alliances
4. Evolution – Research and Development, New Products and Services
5. Culture – Employee Fulfilment and Human Resources
6. Societal Contribution - Social and/or Environmental Responsibility

### **3.6.2 The Seven Levels of Consciousness**

The seven levels of consciousness underpinning the Barrett Model is depicted graphically below.

**Figure 3.9: The Seven Levels of Consciousness**



### **3.6.3: Distribution of consciousness**

Individuals and organisations do not operate from any one single level of consciousness. They tend to be clustered around three or four levels. Individuals are usually focused at levels 1 to 5, usually with a particular emphasis at level 5. Many organisations tend to be focused in the first three levels of consciousness; Level 1: profit and growth, Level 2: customer satisfaction and Level 3: productivity, efficiency and quality. The most successful organisations are distributed across the full spectrum of consciousness. They place emphasis on the top four levels of consciousness as well as the bottom three; Level 4: learning and innovation leading to continuous renewal; Level 5: internal cohesion; Level 6: employee fulfilment, customer/supplier collaboration, and Level 7: ethics and social responsibility.

### 3.6.4 Seven levels of personal consciousness

**Level 1: Survival:** This level focuses on matters to do with physical survival and includes values such as financial stability, wealth, safety, self-discipline and health. The potentially limiting aspects of this level are generated from fears around survival. Limiting values include greed, control and caution.

**Level 2: Relationships:** This level focuses on the quality of interpersonal relationships in an individual's life. It includes values such as open communication, family, friendship, conflict resolution and respect. The potentially limiting aspects of this level result from fears around loss of control or regard. Limiting values include rivalry, intolerance and being liked.

**Level 3: Self-Esteem:** This level addresses an individual's need for recognition. It includes such values as being the best, ambition, professional growth and reward. The potentially limiting aspects of this level result from low self-esteem and being out of control. Potentially limiting values include status, arrogance and image.

- There are no potentially limiting values in levels 4 through 7.

**Level 4: Transformation:** The focus at this level is on self-actualisation and personal growth. It contains values such as courage, responsibility, continuous learning and independence. This is the level where people work to overcome their fears. It requires continuous questioning of beliefs and assumptions. It is also the level where they begin to find balance in their lives.

**Level 5: Internal Cohesion:** Level 5 concerns the individual's search for meaning. Individuals operating at this level no longer think in terms of a job or career, but in terms of a mission. This level contains values such as commitment, creativity, enthusiasm, humour/fun, generosity and honesty.

**Level 6: Making a Difference:** Level 6 focuses on making a difference in the world. It is also the level of active involvement in the local community. Individuals operating at this level honour, intuition and contribution and may be concerned about the

environment or social issues. This level contains values such as counselling, community work, empathy and environmental awareness.

**Level 7: Service:** Level 7 reflects the highest order of internal and external connectedness and focuses on service to others. Individuals operating at this level are at ease with uncertainty and display wisdom, compassion and forgiveness. They are concerned about issues such as social justice, human rights and future generations.

### **3.6.5 Seven levels of organisational consciousness**

**Level 1: Survival:** Level 1 focuses on financial matters and organisational growth and includes values such as profit, shareholder value, employee health and safety. The potentially limiting aspects of this level are generated from fears about survival. They include such values as control, short-term focus, caution and exploitation.

**Level 2: Relationships:** This level addresses the quality of interpersonal relationships between employees and customers. It includes values such as open communication, conflict resolution, customer satisfaction and respect. The potentially limiting aspects of this level arise from fears around loss of control or personal regard. This leads to manipulation, blame and internal competition.

**Level 3: Self-Esteem:** This level addresses best business practices, systems and processes that improve work methods and the delivery of services and products. Values at this level include productivity, efficiency, professional growth, skills development and quality. The potentially limiting aspects of this level result from systems problems and being out of control. Potentially limiting values include long hours, arrogance, bureaucracy and complacency.

- There are no potentially limiting aspects to levels 4 to 7.

**Level 4: Transformation:** Level 4 focuses on continuous renewal and the development of new products and services. It contains values that overcome the potentially limiting values of levels 1 to 3. Values at this level include accountability,

employee participation, continuous improvement, innovation, teamwork, personal development and information sharing.

- Levels 5, 6 and 7 represent increasing degrees of connectedness within the organisation.

**Level 5: Internal Cohesion:** Level 5 focuses on building internal cohesion and a sense of community spirit inside the organisation. It includes values such as trust, integrity, honesty, shared values, co-operation, commitment and fairness which lead to enjoyment, enthusiasm, passion, dedication and creativity on the part of the employee.

- In addition to focusing on internal connectedness, Levels 6 and 7 focus on external connectedness.

**Level 6: Making a Difference:** Level 6 focuses on deepening and strengthening of relationships and employee fulfilment. Inside the organisation, it includes values such as leadership development, mentoring, coaching and employee fulfilment. Externally, it includes values such as customer collaboration, partnering, strategic alliances, community involvement, environmental awareness and making a difference.

**Level 7: Service:** Level 7 reflects the highest order of internal and external connectedness. Inside the organisation, it includes values such as vision, forgiveness and compassion. Externally it includes values such as human rights, ethics and future generations.

### **3.6.6 Business Needs Scorecard**

The first three categories of the Business Need Scorecard cover the areas of business that an organisation traditionally measures. These areas represent the “hard stuff”; the frontline needs, called intangibles, which are relatively easy to measure. Every business needs to focus on these areas in order to survive.



1. **Finance:** This category addresses financial and organisational growth indicators. Measurement focuses on items such as capital formation, profit, return on assets, shareholder value and cash reserves.
2. **Client Relations:** The focus of this category is on relationships with outside stakeholders who are directly involved with the products or services. Indicators in this category include issues related to market share, brand loyalty, customer satisfaction and customer and supplier collaboration.
3. **Fitness:** This category focuses on internal systems and process issues such as speed, cycle time, service and product quality, time to market, productivity and efficiency. Re-engineering and quality-based programmes are often used to improve performance in these areas.

The next three categories represent the “soft stuff.” These are the areas that support the front-line needs. In the 21<sup>st</sup> century, the “soft stuff” is destined to become the principal arena for determining competitive advantage. These areas are called intangibles and are less easy to measure.

1. **Evolution:** The focus of this category is on developing future income streams. Performance is measured by actions that create new products and services, or adapting existing products to new or changing markets. Indicators include items that relate to research and development, proportion of income from new innovations, and ideas generated.
2. **Culture:** This category looks at issues related to building a strong sense of organisational identity and internal community spirit. Performance indicators include factors such as employee fulfilment and leadership development.
3. **Societal Contribution:** This category concerns issues relative to social and environmental responsibility. Performance indicators could include the number of volunteer hours worked by employees for the local community, the impact of corporate philanthropy programmes and environmental stewardship.

**Table 3.9: Barrett Scores versus Organisational Performance**

Country	Year	Sample population and percentage	Value Matches	Entropy	ROE	NPAT
South Africa	2008	35% (n = 10155)	4	17%	21%	R6.6b
Namibia	2008	41% (n = 228)	5	24%	16.6%	R85.3m
South Africa	2010	69% (n = 20184)	6	13%	13.4%	R5.1b
Namibia	2010	68% (n = 408)	6	19%	14%	R130m
South Africa	2012	76% (n = 22608)	5	10%	16.4%	R7.8b
Namibia	2012	67% (n = 405)	4	23%	12%	R80m

The data above has not been statistically analysed and is included in order to draw a rough parallel between the Barrett Survey outcomes and organisational performance, as the existence of increased shared values, coupled with a lower entropy rate, is claimed to lead to improved organisational performance (Barrett, 1998:5). In Chapter 4 recommendations will be made regarding further empirical research in this regard. The amount of data reflected above is not sufficiently large to derive meaningful descriptive statistics as generally, at least 30 data items is required for causal-comparative correlational research (Gay, 1996:135).

In broad terms, the data does indicate that the financial performance of the South African bank showed some improvement from 2008 to 2012, both in terms of financial performance and Barrett Survey results. The Namibian counterpart, however, remained fairly flat in terms of terms of the Barrett Survey results whilst regressing in terms of financial performance.

### **3.7 CONCLUSION**

This chapter centred on the analysis of the empirical study results. The examination of the results commenced with a study of the demographic differences of the respondents. These results reflected that 51.5% of the respondents were engaged in sales, followed by Service (16.2%), Risk and Compliance (11.1%) and Operations (3%). It showed that the respondents covered a very wide age difference with the youngest being 19 years old compared to the oldest at 65 years.

The results further reflected that respondents mostly agreed on the presence of aligned commitment within the organisation and that sufficient knowledge was being imparted on them by management.

There exists a strong positive linear relationship between the results derived from the South African and Namibian respondent which implies that both these sets of employees have commonality in their experience and opinion. In addition, the mean scores derived from these two sets of data consistently reflects that the Namibian respondents agree less on the various constructs than their South African counterparts. In other words, the mean scores are higher, tending towards the “disagree” side of the Likert Scale on all the constructs.

In addition there exists a positive linear relationship between all of the constructs which implies that success in improving the results of any of the constructs will have a positive influence on all of the other constructs.

### **3.7 CHAPTER SUMMARY**

This chapter focused on the research methodology and findings of the empirical study. The procedures and scope of the quantitative as well as qualitative research done in this study as well as the sample size and survey instrument (a questionnaire), were discussed. The demographical profile of the respondents was then analysed.

The frequency analysis, descriptive statistics, reliability and the internal consistency as well as correlations between selected constructs and questions were tested. The impact that the concepts such as Knowledge, Information, Empowerment, Performance Strengthening and Shared Values have on the attainment of aligned commitment was examined.

The reliability and internal consistency of the constructs reported on were analysed. Also discussed were the comparisons between the South African and Namibian respondents' construct mean values. The chapter concluded with a discussion of the organisational internal annual surveys. The methodology and rationale behind these surveys were explained and rough deductions made from the limited data available.

## **CHAPTER 4**

### **CONCLUSION AND RECOMMENDATIONS**

#### **4.1 INTRODUCTION**

Chapter 4 contains the conclusions drawn from the literature study conducted in Chapter 2 and the empirical research conducted in Chapter 3. The literature study centred on factors that could lead to improved organisational performance and the attainment of sustainable commitment within said organisation. The findings resulting from the empirical research show whether the outcome of the empirical study supports the outcome of the literature study.

Recommendations will be made regarding further research to be done in respect of certain of the areas discussed. The various limitations that had an influence on the literature study and empirical research will be highlighted.

#### **4.2 LITERATURE STUDY: CONCLUSIONS**

It was established from the literature study that a commitment continuum can be established in the financial services sector through aligned organisational commitment, the introduction and development of a shared values system and the establishment and acceptance of a shared vision. Coupled with organisational commitment, the introduction and development of a shared values system and acceptance of the shared vision will furthermore lead to growth and sustainability and a high performance culture being attained within the organisation.

A formal change management programme must be implemented to ensure that the above is properly communicated to all stakeholders and the change management programme must ensure that buy-in from all stakeholders are obtained at every step of the process. Incremental outcomes of each of these steps must be measured and

remedial action taken where required. In addition, such change management must not only adhere to organisational standards, values and norms, but must furthermore take place within the ambit of all legislative and ethical norms as may exist within the industry or society at large. The adherence to high levels of Corporate Governance as well as societal developments such as the Triple Bottom Line principles is of vital importance for the process to retain credibility. This should be further enhanced through the implementation of the Fourth P business model.

In conducting the literature study, the aligned commitment model of Coetsee (2011:30) was adopted as the framework model to be utilised through the literature study in achieving the goal of meeting the research objectives. Shared commitment implies that all members of the work team are aligned in their commitment. The framework model was adapted as follows:

Aligned Commitment = Knowledge x Information x Empowerment x Performance Strengthening (Rewards & Recognition)  $\pm$  Shared values (Shared Goals & Values).

#### **4.3 EMPIRICAL RESEARCH: CONCLUSIONS**

Two separate subsets of research was done aimed at people employed by the holding company in South Africa, together with people employed by its subsidiary in Namibia. The extent to which the two countries respondents' experienced and opinion agreed or differed were examined with regards to the various constructs arising from the aforementioned framework model

In addition the demographic characteristics of the overall sample population will be discussed and conclusions drawn.

Lastly there will be a brief evaluation of the organisation's internal empirical research into aligned values.

#### **4.3.1 Gender**

The conclusion that can be drawn from this is that, whilst the wrongs of the past is to a large extent being addressed with female staff being actively recruited, females remain the minority in banking, a traditional male dominated industry.

#### **4.3.2 Country of Residence**

Employees of the parent company in South Africa accounted for 54.2% of respondents with employees from the Namibian subsidiary making up the balance of 45.8%. As a percentage of the different sample populations, however, the response rate in respect of Namibian employees fall even further short when compared to South African employees with the South African response rate being 44% (responses 524 – sample population, 127) as opposed to the Namibian response rate of 25% (responses 44 - sample population 179).

We can conclude from this that the Namibian employees are more reluctant or less likely to participate in surveys than their South African counterparts.

#### **4.3.3 Home Language**

Afrikaans speaking employees accounted for 47.3% of respondents, English speakers accounted for 29% and employees speaking one of the indigenous African languages make up the remaining 23.7%. The conclusion that can be drawn from this is that employees who speak an indigenous language are more reluctant or less likely to participate in surveys than their Afrikaans and English speaking counterparts.

#### **4.3.4 Highest Level of Education**

Employees that have engaged in tertiary studies account for 63.8% of the respondents while employees with a Matric Certificate account for 29.8%. The remaining 6.4% are in possession of a high school Junior Certificate only. The conclusion to be drawn from this statistic is that bank employees are being

encouraged to further their studies and that the tertiary entry level for new staff members is being upped.

#### **4.3.5 Job Role**

Employees engaged in selling make up 51.5% of respondents, followed by 16.2% of employees in service delivery, 11.1% in compliance risk and 3% in operations. From this the conclusion is that the bank has geared up to counter its competitors by having as much as 67.7% of its employee body engaged in client related activities such as sales and service.

#### **4.3.6 Age**

The Mean age of the respondents is 40.19 years with the youngest respondent being very young at 19 years and the oldest being 65 years old. The standard deviation for the study sample is 10.368 which implies that there are no outliers. As the sample seems to be evenly distributed there are no meaningful conclusions to be drawn from this.

#### **4.3.7 Work Experience**

The respondent with the least work experience has been employed for only one year whilst the respondent with the most work experience has 46 years' service. The sample Mean is 16.21 years with the standard deviation being 9,631. Once again the spread is so wide and the standard deviation so large as to ensure that there are no outliers in the sample population. As the sample seems to be evenly distributed there are no meaningful conclusions to be drawn from this.

### **4.4 CONSTRUCT ANALYSIS**

The construct analysis methodology was used to examine the concepts underlying the variables covered in the questionnaire. The six constructs examined in this study which make up the different components contained in the derived conceptual commitment model framework are Knowledge, Information, Empowerment, Performance Strengthening, Shared Values and Aligned Commitment.



The abovementioned constructs mean scores all tend toward the “Agree” segment of the Likert Scale. The construct reflecting the lowest mean score is Aligned Commitment followed by Knowledge with their average response falling between “Agree” and “Strongly Agree”. The mean scores of Empowerment and Shared Values are very close to the “Agree” segment with Information and Performance Strengthening’s mean scores being slightly higher but still tending towards the “Agree” segment.

The respondents accordingly agree that the elements making up all of the constructs exist in the organisation.

#### **4.4.1 Namibia**

Insofar as it pertains to the Namibian employees responses, the construct’s mean scores also tend toward the “Agree” segment of the Likert Scale. The construct reflecting the lowest mean score is Aligned Commitment followed by Knowledge, as is the case with the overall study population. The means scores of the remaining four constructs are somewhat higher but still tend towards the “Agree” segment.

The respondents accordingly agree that the elements making up all of the constructs exist in the organisation.

#### **4.4.2 South Africa**

Insofar as it pertains to the South African employees responses, the construct’s mean scores also tend toward the “Agree” segment of the Likert Scale. The construct reflecting the lowest mean score remains Aligned Commitment followed by Knowledge, as is the case with the two observations above. The means scores of the remaining four constructs are somewhat lower but still tend towards the “Agree” segment. In the case of the South African employees, all the constructs apart from Performance Strengthening fall between the “Strongly Agree” and “Agree” segments of the Likert Scale. Performance Strengthening fall between the “Agree” and “Disagree” segments but is very close to “Agree”.

The respondents agree that the elements making up all of the constructs exist in the organisation.

#### **4.4.3 Namibia versus South Africa**

T-testing was conducted in Chapter 3 to establish how the construct mean values of the South African and Namibian respondents are statistically different from one another. The resultant “P” value was found to be smaller than the level of significance of 0.05 in respect of every one of the constructs. We therefore have sufficient evidence to conclude that the mean values between the data supplied by the two demographic groups are not equal in respect of every one of the six constructs.

Moreover the mean values recorded in respect of all the constructs are higher in respect of the Namibian employees than the South African employees. From this we can conclude that, in their experience and opinion, the Namibian employees consistently have a lower level of agreement than their South African counterparts in respect of every one of the constructs.

Namibian employees thus experience reduced levels of Knowledge, Information, Empowerment, Performance Strengthening and Shared Values which results in lower levels of aligned commitment, than their South African counterparts.

#### **4.4.4 Organisational research - Barrett Values Survey**

The conclusion that can be drawn from the very limited and statistically untested data provided by the financial institution is that, as far as the South African operations are concerned, an improvement in the Barrett Survey results goes hand in hand with an improvement in financial performance. These results are in line with the case studies discussed in Chapter 2.

A further conclusion that can be drawn is that the Namibian operation’s lack of improved Barrett Survey results goes hand in hand with a decline in financial performance.

#### **4.4.5 Training and development**

The eight questions reflecting the lowest mean score and accordingly the highest level of agreement, cover the constructs of Knowledge (seven questions) and Shared Values (one question). The assumption is made that attributes such as knowledge is obtained through training and development whilst shared values is a higher level attribute obtained through coaching and mentoring.

The conclusion can be made that whilst Training and Development is fully evident within the organisation, more development is required with regards to the introduction of effective Coaching and Mentoring programmes.

#### **4.5 CONCLUSIONS ON THE PRIMARY RESEARCH OBJECTIVE**

As explained in Chapter 1, the primary objective was to discover how a commitment continuum can be created through the development of shared values in the banking sector.

This objective was achieved in Chapter 2, through an intensive literature study, and in Chapter 3, by means of empirical research. The individual and organisational elements that influence the attainment of improved financial performance and sustained commitment underlie the constructs of knowledge, information, empowerment, performance strengthening and shared values. These constructs and underlying elements are closely related and have causal relationships. All of the mentioned constructs are positive predictors of aligned commitment (Table 3.8; Barrett, 1998:5; Coetsee, 2011:30).

#### **4.6 CONCLUSIONS ON THE SECONDARY RESEARCH OBJECTIVE**

The secondary objective (Chapter 1) was to establish whether the establishment of a commitment continuum within the banking sector will result in improved financial performance.

This objective was achieved in Chapter 2 through the literature study as well as in Chapter 3 through the empirical research. The t-test (Table 3.7) performed evidenced that the mean values recorded in respect of all the constructs were not equal for the two groups and were higher in respect the Namibian employees than the South African employees. In their experience and opinion, the Namibian employees consistently have a lower level of agreement than their South African counterparts in respect of every one of the constructs measured.

In addition the *statistically* untested empirical research done by the financial institution themselves shows that the Namibian operation's lack of improved Barrett Survey results goes hand in hand with a decline in financial performance.

Whilst this correlation has not been statistically interpreted and linked to the theme of organisational sustainability, it is deemed important enough for inclusion in the annual financial report of the organisation under research.

## **4.7 LIMITATIONS**

The limitations of the research studies are detailed below:

### **4.7.1 Limitations of the literature review**

The concept of attaining a commitment continuum has itself not been definitively described in much peer-reviewed academic literature. On the other hand, large amounts of literature are readily available covering organisational performance, shared value and organisational culture. The latter have greatly assisted with the identification of constructs contributing toward aligned commitment.

### **4.7.2 Limitations of the empirical research**

The empirical research limitations pertain to the questionnaire and the sample population.

#### 4.7.2.1 Questionnaire limitations

A meaningful limitation of the empirical research was that no peer-reviewed academic empirical research was found regarding the elements and constructs that influence the attainment of aligned commitment and the establishment of a commitment continuum. A questionnaire therefore had to be developed from scratch based on the literature study and the derived theoretical framework.

#### 4.7.2.2 Sample population limitations

As the research was done at only one branch of the South African financial institution, the results cannot be generalised for the entire South African operation.

### 4.8 RECOMMENDATIONS

The following recommendations are based on the outcome of the empirical research done. It covers suggested areas where further research may be beneficial as well as actions that financial institutions could engage in in order to achieve aligned commitment and a commitment continuum within the organisation.

#### 4.8.1 Recommendations for further research

An empirical research study could be done, based on an improved questionnaire which has been designed to more effectively cover all the elements underlying the constructs being studied.

A larger scale empirical research study on a comparative number of organisations utilising the Barrett Values Survey methodology could be done to academically validate the Barrett theories and assumptions.

Such larger scale further study could also be done on more financial institutions operating in South Africa and its neighbouring territories. This will enable future

researchers to make statistical inference on a larger portion of the financial institution examined in this document.

The impact of cultural diversity and gender on individual and organisational behaviours relating to organisational financial performance and aligned commitment were not addressed in this empirical research study. Further research is necessary on the impact of such diversity on individual and organisational behaviours, to provide a more balanced approach with specific reference to a cross-cultural and cross-gender context.

#### **4.8.2 Recommendations for the organisation**

Based on the findings arising from the empirical research and the conclusions drawn from these findings, recommendations will now be made to the financial institution undergoing the research. Such recommendations will cover actions that should be considered for it to optimise financial performance through the attainment of a commitment continuum within the organisation, through the establishment of a culture of shared values.

##### **4.8.2.1 Shared Values**

The financial institution should carefully investigate and agree on which values should be promoted and enshrined as part of its strategy, its culture and its organisational DNA. These aspirational values should be reviewed from time to time to test its relevancy give the organisation's unique positioning at that point in time. Core aspirational values agreed upon should be very visible and become the credo by which the institution conducts itself.

Whatever strategy the organisation pursues should focus on what risk areas to look out for that could lead to the dilution of a culture of shared values. Special care should be taken to avoid the perception that potentially negative or, limiting, values such as blame, bureaucracy, greed, and more have become the norm as behaviours supporting such values can unintentionally manifest itself, especially in times of organisational strife.

On the other hand, strategy should also focus on opportune areas that could enhance a culture of shared aspirational values. Such values should incorporate the aforementioned core values, supported by other values, preferably identified as important by the employee body.

Examples of potentially limiting values as well as positive values are shown in table 4.1 below.

**Table 4.1: Aspirational values versus Limiting values**

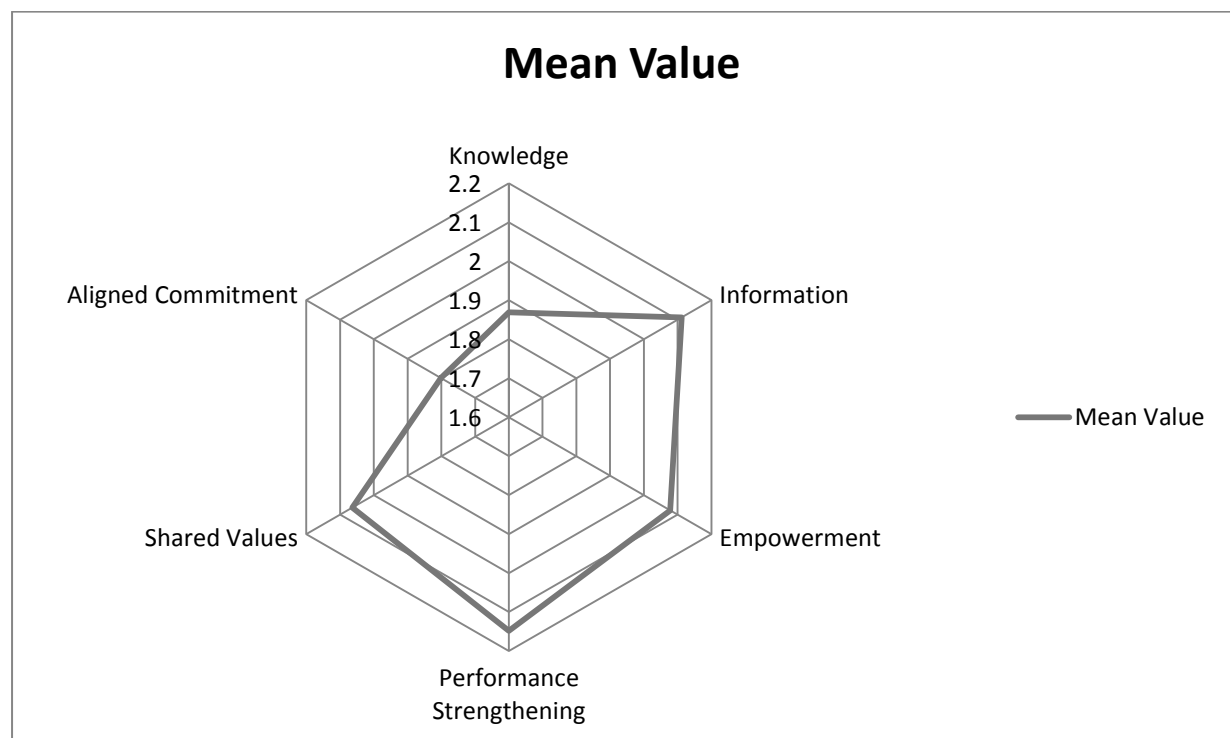
<b>Aspirational Values</b>	<b>Limiting Values</b>
Accountability	Bureaucracy
Respect	Long hours
Commitment	Hierarchy
Honesty	Silo mentality
Integrity	Confusion
Courage	Denial
Responsibility	Power
Knowledge	Information hoarding
Independence	Status driven
Open communication	Cynicism
Family	Elitist
Friendship	Blame
Conflict resolution	Empire building
Being the best	Victim mentality
Ambition	Manipulation
Career focus	Chauvinistic
Reward	Control
Creativity	Short-term focus
Enthusiasm	Caution
Humour/fun,	Job insecurity
Excellence	Exploitation
Self-discipline	Greed

Employees' attitudes and experiences regarding shared values should be measured through the implementation of regular surveys. Remedial action can then be taken where necessary.

#### 4.8.2.2 Other constructs

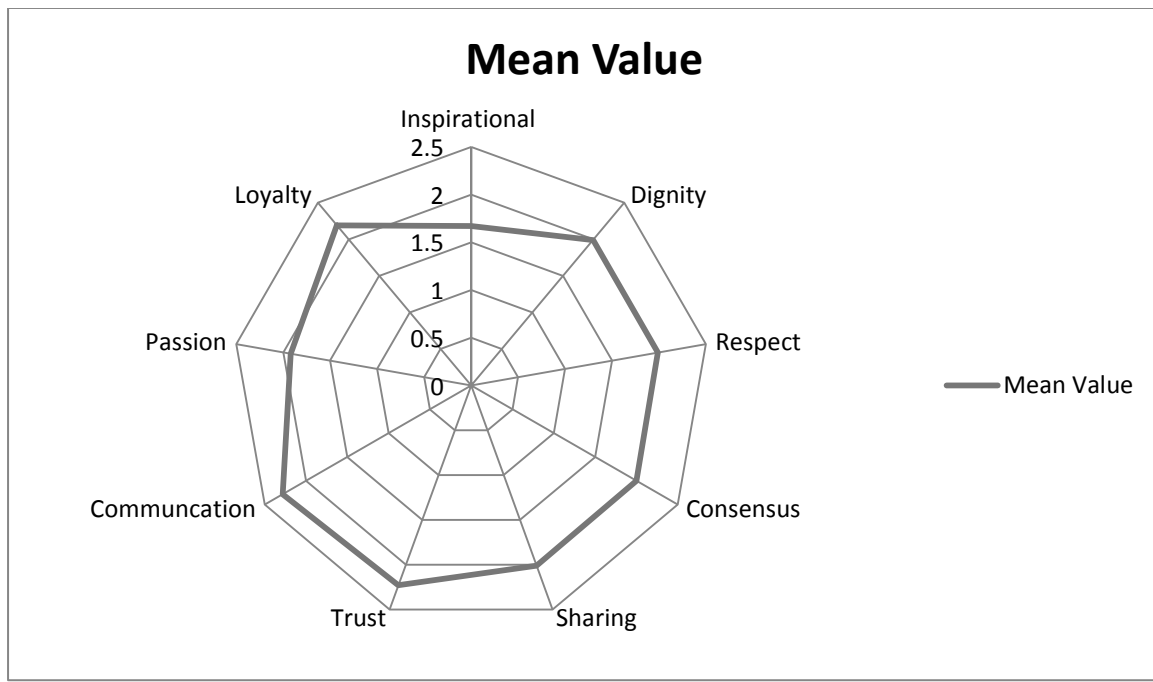
Whilst this study focuses on the influence that the construct of Shared Values has on the attainment of Aligned Commitment, the empirical research revealed that there is a causal relationship between all the constructs. This means that any improvement in the remaining constructs, Knowledge, Information, Empowerment and Performance Strengthening will cause an improvement in Shared Values and vice versa. The organisation should therefore continue with their efforts in ensuring these constructs also receive management attention.

**Figure 4.1: Constructs**





**Figure 4.2: Shared Values**



#### 4.8.2.3 Training and development

In addition to the existing training and development programmes, the organisation needs to improve the effectiveness of its existing coaching and mentoring programme.

#### 4.8.3 Recommended action plan

- Develop a plan to deliver internal communication around the importance of shared values. Consider setting up focus groups to gain greater understanding around specific cultural value concepts. Plan what actions are required for improvement.
- Define the key areas your organisation will focus on in the following year. Develop specific actions and programs that will foster the changes required for success in these key areas.
- Talk to your employees about what the organisational espoused values mean to them and what they can do in order to better support these values in their

workplace. Create programs of values integration so that the people can bring more of who they are and what they can offer to work.

- Establish whether the absence of certain values signify a weakness in the organisation.
- Determine their meanings and the behaviours and potential outcomes employees want associated with values proposed by them.
- Discuss how the organisation can continue to live its espoused values.
- Determine the frontline business needs and the intangibles that support these needs. Discuss the current situation and reach agreement on what actions are needed to strengthen these intangibles. What cultural values will support these actions?
- Consider revisiting the espoused values. For each of the espoused values define what these values specifically mean and what behaviours would be expected to support them. These behaviours can be used for performance measurement regarding how well managers and senior executives are “living the values”.
- In addition, determine what would undermine the espoused values. Make the values and behaviours pervasive throughout your organisation, by integrating them into employee orientation programs, performance management, promotion criteria, leadership competencies and succession planning.

## **4.9 CHAPTER SUMMARY**

This chapter addresses the outcome and findings of the empirical research conducted in Chapter 3. Conclusions were drawn from these findings and commonality found with the literature study conducted in Chapter 2. The research objective was achieved through the conclusions drawn.

The limitations of the research conducted were identified which provided opportunities for further research and recommendations were made in this regard. The chapter concluded with specific recommendations for the financial institution used in the research.

This research study was approached from a human perspective and should contribute towards the attainment of a commitment continuum within the organisation, through the underlying constructs of Knowledge, Information, Empowerment, Performance Strengthening and Shared Values, with specific focus on Shared Values.

The research study covers a numbers of disciplines that, when seen together, provides better understanding as how these construct interact with one another in the attainment of sustained commitment and the presence of a commitment continuum. This, in turn will lead to improved financial performance on the part of the organisation. The study has practical value in the sense that the newly developed questionnaire and framework model should enable organisations to measure the degree to which the influential constructs contributing to aligned commitment already exist. In addition it acts as a measuring tool that can be used to identify which construct(s) require additional attention and focus. .

This research study should be viewed as the first step towards further research into the concept of a commitment continuum and whether existing organisational research can be adapted to provide a generic tool that can be used to establish a culture of sustainable commitment through the development of shared values.

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# ANNEXURE A – QUESTIONNAIRE

## SURVEY QUESTIONNAIRE INTRODUCTION AND INSTRUCTIONS

Thank you for participating in a survey on the financial services industry as a component of a research study project I am conducting in partial fulfilment of the requirements of my MBA min-dissertation at the North West University.

The purpose of this research study is to identify and understand how a commitment continuum can be established in the banking industry through the development of an aligned values system. This research study will determine if and how such aligned value system affects the banking industry's ability to achieve future growth and sustainability.

Your feedback will be used to identify how the banking industry use aligned values, shared values and a high performance culture to ensure organisational as well as employee commitment aimed at securing future growth and sustainability.

In the questionnaire there are questions that ask you to rate your organisation on specific performance areas, as well as questions that will reflect your experience or perception on issues relating to your work environment.

Participation in this research study is voluntary and anonymous. By completing and returning this questionnaire you give your consent that the results may be included in this research study.

If you have any questions about this research study, or your rights as a participant in the research, or to get feedback on the results of this research study, please contact me at +27833258782 or [andrejohanvanrooyen@gmail.com](mailto:andrejohanvanrooyen@gmail.com) or my research study leader, Mr Johan Coetzee of the North West University on +27182991382.

## INSTRUCTIONS

Read each question, think about your organisation's performance, and then tick the level you believe most accurately describes or reflects your option as to how your organisation is currently performing in that area.

Please answer this questionnaire by making a cross (X) in the space provided next to each question/item. You need only select ONE of the items, and I kindly ask that you answer all the questions.

### **Example:**

Would you like to participate in this research by filling in a questionnaire?

X	Yes
	No

## **SECTION 1: DEMOGRAPHICAL INFORMATION**

### 1. Gender

1	Male
2	Female

### 2. Age in years .....

### 3. Nationality .....

### 4. Home Language

1	Zulu	2	Xhosa	3	Swati	4	Tswana
5	Tsonga	6	Sotho	7	Northern Sotho	8	Venda
9	Ndebele	10	English	11	Afrikaans	12	Other

### 5. Highest level of education

1	Did not attend high school	2	Senior Certificate (Matric) or equivalent	3	Junior Certificate or equivalent
4	Some college/Bachelor's credits or certificates	5	National Diploma	6	Bachelor's Degree
7	Honour's Degree	8	Master's Degree	9	Doctor's Degree

### 6. Years you have worked in a financial institution .....

### 7. Job role (please choose one only)

1	Sales	2	Risk and Compliance	3	Service
4	Operations	5	Other		

## **SECTION 2: INFORMATION ON YOUR EXPERIENCE AND OPINION**

<b>In your experience and opinion:</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
V1. I know my organisation's Vision.	1	2	3	4
V2. I know my organisation's Mission.	1	2	3	4
V3. I know my organisation's Values.	1	2	3	4
V4. The vision is an inspiring view of the future.	1	2	3	4
V5. My organisation is carrying out the mission statement as it is intended.	1	2	3	4
V6. My organisation has the resources needed to achieve the mission.	1	2	3	4
V7. My organisation is practicing its values.	1	2	3	4
V8. My organisation treats others with dignity and respect?	1	2	3	4
<b>In your opinion, your organisation:</b>				
V9. Is people-centric	1	2	3	4
V10. Sets an example of what they expect of you.	1	2	3	4
V11. Follows through on promises and commitments they make	1	2	3	4
V12. Appeal to employees to share its dream of the future	1	2	3	4
V13. Build consensus around a common set of values for running your organisation	1	2	3	4
V14. Ensure that people grow in their jobs	1	2	3	4
V15. Is interested in the long term development of its people.	1	2	3	4
V16. Talks about the issues that influence how your work gets done	1	2	3	4
V17. Is open to change initiatives that will improve the way you work	1	2	3	4
V18. Communicates change to everyone in the organisation	1	2	3	4
V19. Has a strong culture of shared values that support individual development	1	2	3	4
V20. Has a strong culture of shared values that support organisational development	1	2	3	4
V21. Has strong trust relationships between management and employees	1	2	3	4
V22. Has strong trust relationships between the organisation and the employees	1	2	3	4

<b>To what extent do you agree/disagree with the following statements?</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
T1. Employees at your organisation are empowered by the use of teams working toward a common goal.	1	2	3	4
T2. Your manager finds ways to ensure your personal commitment.	1	2	3	4
T3. Your organisation finds ways to ensure your personal commitment.	1	2	3	4
T4. Your manager is committed to your personal development	1	2	3	4
T5 Your manager is committed to your career development.	1	2	3	4
T6 Your organisation is committed to your personal development.	1	2	3	4
T7 Your organisation is committed to your career development.	1	2	3	4
T8. Co-workers in your organisation are generally productive	1	2	3	4
T9. Your organisation has clearly documented processes (policies and procedures)	1	2	3	4
T10. Processes are continually monitored in your organisation	1	2	3	4

<b>In your experience and opinion, your organisation/manager</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
K1. Has a formal programme regarding the importance of “living the values”.	1	2	3	4
K2. These values related programmes have improved your workforce skills, efficiency and productivity	1	2	3	4
K3. Has regular discussions with your team regarding shared commitment towards a common goal.	1	2	3	4
K4. Encourage teamwork amongst different role functions and business units.	1	2	3	4
K5. In the past, your organisation has lost valuable leadership skills when people left the organisation.	1	2	3	4
K6. Explains new processes and strategic thrusts in a compelling manner.	1	2	3	4
K7. Encourages experienced personnel to pass on their knowledge and skills to new employees.	1	2	3	4
K8. Knowledgeable people or senior members in your organisation refuse to shared their knowledge with you	1	2	3	4
K9. You trust your co-employees enough to share your knowledge with them	1	2	3	4

<b>In your experience and opinion:</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
P1. My performance appraisals are performed regularly by my manager.	1	2	3	4
P2. I am satisfied with the amount of support and guidance I receive from my manager.	1	2	3	4
P3. My salary is fair compared to what my peers receive in other financial institutions.	1	2	3	4
P4. I get rewarded by my organisation for exceptional performance	1	2	3	4
P5. I still have the passion for banking that made me choose to join this institution.	1	2	3	4
P6. I would be happy to spend the rest of my career in this organisation	1	2	3	4
E1. My organisation invests time and money in building the capacity of its employees	1	2	3	4
E2. My skill and knowledge to do my work is enhanced through the training provided by my organisation	1	2	3	4
E3. My organisation has a formal talent management programme	1	2	3	4
E4. I feel that my talents are valued by my organisation	1	2	3	4
E5. I am proud of my organisation	1	2	3	4
E6. I am committed to my organisation	1	2	3	4
E7. I am empowered with the freedom to decide how I wish to do my work	1	2	3	4
E8. I am satisfied with the decision making opportunities granted to me by my organisation	1	2	3	4

**THANK YOU VERY MUCH FOR PARTICIPATING IN THIS RESEARCH!**

## ANNEXURE B – FREQUENCY ANALYSIS

Question	Individual experience and opinion.	Const.	Frequency	Sample Study	Strongly Agree	Agree	Disagree	Strongly Disagree
	<b>In your experience and opinion:</b>							
V1	I know my organisation's Vision.	1	Responses	100	39	60	1	0
			Percentage	100	39%	60%	1%	0%
V2	I know my organisation's Mission.	1	Responses	100	38	59	3	0
			Percentage	100	38%	59%	3%	0%
V3	I know my organisation's Values.	1	Responses	99	41	57	1	0
			Percentage	99	41.4%	57.6%	1%	0%
V4	The vision is an inspiring view of the future.	5	Responses	98	35	60	3	0
			Percentage	98	35.7%	61.2%	3.1%	0%
V5	My organisation is carrying out the mission statement as it is intended.	3	Responses	100	20	66	11	3
			Percentage	100	20%	66%	11%	3%
V6	My organisation has the resources needed to achieve the mission.	3	Responses	100	22	46	28	4
			Percentage	100	22%	46%	28%	4%
V7	My organisation is practicing its values.	5	Responses	100	22	58	19	1
			Percentage	100	22%	58%	19%	1%
V8	My organisation treats others with dignity and respect?	5	Responses	100	24	55	18	3
			Percentage	100	24%	55%	18%	3%
	<b>In your opinion, your organisation:</b>							
V9	Is people-centric	4	Responses	98	17	62	16	3
			Percentage	98	17.3%	63.3%	16.3%	3.1%
V10	Sets an example of what they expect of you.	4	Responses	99	11	69	18	1
			Percentage	99	11.1%	69.7%	18.2%	1.0%
V11	Follows through on promises and commitments they make	4	Responses	99	12	59	26	2
			Percentage	98	12.2%	59.2%	26.5%	2%
V12	Appeal to employees to share its dream of the future	5	Responses	99	18	63	17	1
			Percentage	99	18.2%	63.6%	17.2%	1%
V13	Build consensus around a common set of values for running your organisation	5	Responses	99	16	67	16	0
			Percentage	99	16.2%	67.7%	16.2%	0%
V14	Ensure that people grow in their jobs	4	Responses	100	18	46	32	4
			Percentage	100	18%	46%	32%	4%

V15	Is interested in the long term development of its people.	4	Responses	99	20	49	26	4
			Percentage	99	20.2%	49.5%	26.3%	4%
V16	Talks about the issues that influence how your work gets done	4	Responses	97	12	62	23	0
			Percentage	97	12.4%	63.9%	23.7%	0%
V17	Is open to change initiatives that will improve the way you work	2	Responses	99	14	63	21	1
			Percentage	99	14.1%	63.6%	21.2%	1%
V18	Communicates change to everyone in the organisation	2	Responses	99	13	62	23	1
			Percentage	99	13.1%	62.6%	23.2%	1%
V19	Has a strong culture of shared values that support individual development	5	Responses	98	20	46	31	1
			Percentage	98	20.4%	46.9%	31.6%	1%
V20	Has a strong culture of shared values that support organisational development	5	Responses	99	19	57	22	1
			Percentage	99	19.2%	57.6%	22.2%	1%
V21	Has strong trust relationships between management and employees	5	Responses	99	15	48	34	2
			Percentage	99	15.2%	48.5%	34.3%	2%
V22	Has strong trust relationships between the organisation and the employees	5	Responses	99	14	50	32	3
			Percentage	99	14.1%	50.5%	32.3%	3%
	<b>To what extent do you agree/disagree with the following statements?</b>							
T1	Employees at your organisation are empowered by the use of teams working toward a common goal.	3	Responses	99	18	61	18	2
			Percentage	99	18.2%	61.6%	18.2%	2%
T2	Your manager finds ways to ensure your personal commitment.	4	Responses	99	23	60	16	0
			Percentage	99	23.2%	60.6%	16.2%	0%
T3	Your organisation finds ways to ensure your personal commitment.	4	Responses	99	16	55	28	0
			Percentage	99	16.2%	55.6%	28.3%	0%
T4	Your manager is committed to your personal development	4	Responses	98	20	57	19	2
			Percentage	98	20.4%	58.2%	19.4%	2%

T5	Your manager is committed to your career development.	4	Responses	98	20	53	22	3
			Percentage	98	20.4%	54.1%	22.4%	3.1%
T6	Your organisation is committed to your personal development.	4	Responses	98	12	53	29	4
			Percentage	98	12.2%	54.1%	29.6%	4.1%
T7	Your organisation is committed to your career development.	4	Responses	98	11	53	32	2
			Percentage	98	11.2%	54.1%	32.7%	2%
T8	Co-workers in your organisation are generally productive	4	Responses	98	10	72	15	1
			Percentage	98	10.2%	73.5%	15.3%	1%
T9	Your organisation has clearly documented processes (policies and procedures)	1	Responses	98	31	59	6	2
			Percentage	98	31.6%	60.2%	6.1%	2%
T10	Processes are continually monitored in your organisation	1	Responses	98	23	62	11	2
			Percentage	98	23.5%	63.3%	11.2%	2%
	<b>In your experience and opinion, your organisation/manager</b>							
K1	Has a formal programme regarding the importance of "living the values".	5	Responses	98	15	67	15	1
			Percentage	98	15.3%	68.4%	15.3%	1%
K2	These values related programmes have improved your workforce skills, efficiency and productivity	5	Responses	98	11	69	17	1
			Percentage	98	11.2%	70.4%	17.3%	1%
K3	Has regular discussions with your team regarding shared commitment towards a common goal	5	Responses	98	16	71	11	0
			Percentage	98	16.3%	72.4%	11.2%	0%
K4	Encourage teamwork amongst different role functions and business units.	3	Responses	98	19	67	12	0
			Percentage	98	19.4%	68.4%	12.2%	0%
K5	In the past, your organisation has lost valuable leadership skills when people left the organisation.	1	Responses	98	33	53	12	0
			Percentage	98	33.7%	54.1%	12.2%	0%
K6	Explains new processes and strategic thrusts in a compelling manner.	2	Responses	98	15	58	24	1
			Percentage	98	15.3%	59.2%	24.5%	1%



K7	Encourages experienced personnel to pass on their knowledge and skills to new employees.	1	Responses	98	16	61	18	3
			Percentage	98	16.3%	62.2%	18.4%	3.1%
K8	Knowledgeable people or senior members in your organisation refuse to shared their knowledge with you	1	Responses	98	13	28	51	6
			Percentage	98	13.3%	29.6%	51%	6.1%
K9	You trust your co-employees enough to share your knowledge with them	1	Responses	98	20	72	4	2
			Percentage	98	20.4%	73.5%	4.1%	2%
	<b>In your experience and opinion:</b>							
P1	My performance appraisals are performed regularly by my manager.	4	Responses	98	24	67	5	2
			Percentage	98	24.5%	68.4%	5.1%	2%
P2	I am satisfied with the amount of support and guidance I receive from my manager.	4	Responses	97	25	59	10	3
			Percentage	97	25.8%	60.8%	10.3%	3.1%
P3	My salary is fair compared to what my peers receive in other financial institutions.	4	Responses	97	4	59	19	15
			Percentage	97	4.1%	60.8%	19.6%	15.5%
P4	I get rewarded by my organisation for exceptional performance	4	Responses	95	9	58	20	8
			Percentage	95	9.5%	61.1%	21.1%	8.4%
P5	I still have the passion for banking that made me choose to join this institution.	5	Responses	97	26	56	12	3
			Percentage	97	26.8%	57.7%	12.4%	3.1%
P6	I would be happy to spend the rest of my career in this organisation	5	Responses	97	21	47	19	10
			Percentage	97	21.6%	48.5%	19.6%	10.3%
E1	My organisation invests time and money in building the capacity of its employees	4	Responses	96	13	55	22	6
			Percentage	96	13.5%	57.3%	22.9%	6.3%
E2	My skill and knowledge to do my work is enhanced through the training provided by my organisation	4	Responses	98	15	60	11	12
			Percentage	98	15.3%	61.2%	11.2%	12.2%

E3	My organisation has a formal talent management programme	4	Responses	97	13	47	24	13
			Percentage	97	13.4%	48.5%	24.7%	13.4%
E4	I feel that my talents are valued by my organisation	4	Responses	98	10	58	21	9
			Percentage	98	10.2%	59.2%	21.4%	9.2%
E5	I am proud of my organisation	6	Responses	98	25	64	8	1
			Percentage	98	25.5%	65.3%	8.2%	1%
E6	I am committed to my organisation	6	Responses	98	26	71	0	1
			Percentage	98	26.5%	72.4%	0%	1%
E7	I am empowered with the freedom to decide how I wish to do my work	3	Responses	98	16	52	28	2
			Percentage	96	16.7%	53.1%	28.1%	2.1%
E8	I am satisfied with the decision making opportunities granted to me by my organisation	3	Responses	96	18	48	21	9
			Percentage	96	18.8%	50%	21.9%	9.4%

## ANNEXURE C – DESCRIPTIVE STATISTICS

Question	Individual experience and opinion.	Construct	Study Sample	Minimum	Maximum	Mean	Standard Deviation
	<b>In your experience and opinion:</b>						
V1	I know my organisation's Vision.	1	100	1	3	1,62	,508
V2	I know my organisation's Mission.	1	100	1	3	1,65	,539
V3	I know my organisation's Values.	1	99	1	3	1,60	,513
V4	The vision is an inspiring view of the future.	5	98	1	3	1,67	,533
V5	My organisation is carrying out the mission statement as it is intended.	3	100	1	4	1,97	,658
V6	My organisation has the resources needed to achieve the mission.	3	100	1	4	2,14	,804
V7	My organisation is practicing its values.	5	100	1	4	1,99	,674
V8	My organisation treats others with dignity and respect?	5	100	1	4	2,00	,739
	<b>In your opinion, your organisation:</b>						
V9	Is people-centric	4	98	1	4	2,05	,679
V10	Sets an example of what they expect of you.	4	99	1	4	2,09	,573
V11	Follows through on promises and commitments they make	4	98	1	4	2,18	,663
V12	Appeal to employees to share its dream of the future	5	99	1	4	2,01	,631
V13	Build consensus around a common set of values for running your organisation	5	99	1	3	2,00	,571
V14	Ensure that people grow in their jobs	4	100	1	4	2,22	,786
V15	Is interested in the long term development of its people.	4	99	1	4	2,14	,783
V16	Talks about the issues that influence how your work gets done	4	97	1	3	2,11	,593
V17	Is open to change initiatives that will improve the way you work	2	99	1	4	2,09	,624
V18	Communicates change to everyone in the organisation	2	99	1	4	2,12	,627

V19	Has a strong culture of shared values that support individual development	5	98	1	4	2,13	,741
V20	Has a strong culture of shared values that support organisational development	5	99	1	4	2,05	,676
V21	Has strong trust relationships between management and employees	5	99	1	4	2,23	,726
V22	Has strong trust relationships between the organisation and the employees	5	99	1	4	2,24	,730
	<b>To what extent do you agree/disagree with the following statements?</b>						
T1	Employees at your organisation are empowered by the use of teams working toward a common goal.	3	99	1	4	2,04	,669
T2	Your manager finds ways to ensure your personal commitment.	4	99	1	3	1,93	,627
T3	Your organisation finds ways to ensure your personal commitment.	4	99	1	3	2,12	,659
T4	Your manager is committed to your personal development	4	98	1	4	2,03	,695
T5	Your manager is committed to your career development.	4	98	1	4	2,08	,742
T6	Your organisation is committed to your personal development.	4	98	1	4	2,26	,722
T7	Your organisation is committed to your career development.	4	98	1	4	2,26	,678
T8	Co-workers in your organisation are generally productive	4	98	1	4	2,07	,542
T9	Your organisation has clearly documented processes (policies and procedures)	1	98	1	4	1,79	,646
T10	Processes are continually monitored in your organisation	1	98	1	4	1,92	,653
	<b>In your experience and opinion, your organisation/manager</b>						
K1	Has a formal programme regarding the importance of "living the values".	5	98	1	4	2,02	,592

K2	These values related programmes have improved your workforce skills, efficiency and productivity	5	98	1	4	2,08	,568
K3	Has regular discussions with your team regarding shared commitment towards a common goal.	5	98	1	3	1,95	,525
K4	Encourage teamwork amongst different role functions and business units.	3	98	1	3	1,93	,561
K5	In the past, your organisation has lost valuable leadership skills when people left the organisation.	1	98	1	3	1,79	,646
K6	Explains new processes and strategic thrusts in a compelling manner.	2	98	1	4	2,11	,656
K7	Encourages experienced personnel to pass on their knowledge and skills to new employees.	1	98	1	4	2,08	,684
K8	Knowledgeable people or senior members in your organisation refuse to shared their knowledge with you	1	98	1	4	2,50	,803
K9	You trust your co-employees enough to share your knowledge with them	1	98	1	4	1,88	,561
	<b>In your experience and opinion:</b>						
P1	My performance appraisals are performed regularly by my manager.	4	98	1	4	1,85	,598
P2	I am satisfied with the amount of support and guidance I receive from my manager.	4	97	1	4	1,91	,693
P3	My salary is fair compared to what my peers receive in other financial institutions.	4	97	1	4	2,46	,804
P4	I get rewarded by my organisation for exceptional performance	4	95	1	4	2,28	,753
P5	I still have the passion for banking that made me choose to join this institution.	5	97	1	4	1,92	,717
P6	I would be happy to spend the rest of my career in this organisation	5	97	1	4	2,19	,894

E1	My organisation invests time and money in building the capacity of its employees	4	96	1	4	2,22	,757
E2	My skill and knowledge to do my work is enhanced through the training provided by my organisation	4	98	1	4	2,20	,849
E3	My organisation has a formal talent management programme	4	97	1	4	2,38	,883
E4	I feel that my talents are valued by my organisation	4	98	1	4	2,30	,776
E5	I am proud of my organisation	6	98	1	4	1,85	,598
E6	I am committed to my organisation	6	98	1	4	1,76	,499
E7	I am empowered with the freedom to decide how I wish to do my work	3	96	1	4	2,16	,716
E8	I am satisfied with the decision making opportunities granted to me by my organisation	3	96	1	4	2,22	,861

## ANNEXURE D – LETTER FROM LANGUAGE EDITOR

November 5, 2013



TO WHOM IT MAY CONCERN

### **Re: Letter of confirmation of language editing**

The dissertation "Creating a commitment continuum through the development of shared values in the banking sector" by André Johan van Rooyen (23238348) was language, technically and typographically edited. The sources and referencing technique applied was checked to comply with the specific Harvard technique as per North-West University prescriptions. Final corrections as suggested remain the responsibility of the student.

**Antoinette Bisschoff**

Officially approved language editor of the NWU since 1998  
Member of SA Translators Institute (no. 100181)