



**AN ASSESSMENT OF THE IMPACT OF BUSINESS TRANSFORMATION IN  
STATE OWNED ENTERPRISES' SERVICE DELIVERY – THE CASE OF TELONE,  
NSSA AND AGRIBANK**

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## **Dedication**

This dissertation is dedicated to my wife Melody and daughter Kelly for keeping up with me during the turbulent times.

## Declaration

***Student's Declaration*** - I, **MUNYARADZI STANLEY CHOTO**, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the acknowledgements, references, and by comments included in the body of the report, and that this dissertation is therefore my original work and has not been presented in part or in full for any other degree in any other University.

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## **Abstract**

State Owned Enterprises (SOEs) in Zimbabwe are on the verge of collapse. Government currently cannot financially support these organisations as the economy is in dire financial distress from liquidity challenge and a reeling national debt. As a result, SOEs have been unable to meet their service delivery mandates in the economy. A comparison with other SOEs globally shows that these organisations deliver service in line with expectations. It is the premise of this study to assess the impact of transforming SOEs to improve service delivery.

Literature has shown that an organisation can transform itself to become an industry leader. Chief among the reasons of carrying out transformation is attributed to a change in the operating business environment or internal organisational restructuring and re-engineering. However, there is little evidence of SOE transformation and this creates a gap where it is not clear how the ownership by the government of these SOEs would have any impact on service delivery upon transforming. From this background, the goal of the study is to fill this research gap by making an assessment of the service delivery impact of instigating transformation in SOEs in Zimbabwe.

A qualitative study was done using the convenience sampling technique, where 10 respondents from 3 SOEs were selected. These respondents were interviewed using 8 main questions with follow up probe questions on each. Content analysis was used to analyse the data collected. The study found that SOE transformation like any other organisational transformation is directly influenced by factors identified in literature – competition, technology, culture, leadership, organisational structure and size . In addition, it also found that ownership by the state plays a critical role in ensuring true transformation as there is need to change expectations by the government and all other stakeholders. For this transformation to take place there is need to depoliticize the legislation and policies governing SOEs.

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# Chapter 1: Introduction and Background

## 1.1 Introduction

Companies undertake business transformation strategies for various reasons. In some situations, mergers and acquisitions are the motivating force, but they also transformed to keep up with a fast changing world and globalization. In some industries like the telecommunications sector, where change is all facets affecting the industry is happening rapidly; transformation is key to sustained survival. Business transformation is a change in the way in which the organisation interacts with its surroundings in order to improve on performance (Sarkar, 2013).

This study seeks to make an assessment of the impact of carrying out a business transformation strategy in State Owned Enterprises (SOEs). The need for transformation is apparent in SOEs as these organisations are in dire financial distress, a limited product portfolio, outdated business models and use obsolete technology that has rendered service delivery to a bare minimum at low levels. The proposed business transformation seeks to put forth the strategies and implementation mechanisms that will enable the firms improve service delivery and to increase their contribution to the fiscus.

Literature on business transformation particularly for companies in Europe, the United States and Asia is widespread. However, only a few cases have looked comprehensively at transformation of State Owned Enterprises (SOEs) and its impact on service delivery. Against this background, this study aims to fill the research gap by making an assessment of the service delivery impact of implementing business transformation in SOEs in Zimbabwe. Focus will be on three SOEs, namely TelOne, Agribank and NSSA.

The study will first look at the background of the study with a specific focus on the global business transformational trends and evidence that indicate the need for transformation in Zimbabwe's SOEs. The statement of the problem is defined indicating the specific management symptoms and causes that lead to the need to transform in SOEs. From this the research objectives and questions are identified together with the research proposition to guide the study. A justification of the research is briefly carried out to ensure that the research will add value in business and the academic fraternity. Finally the proposal will identify an appropriate research methodology and the data analysis techniques to be used in the study.

## **1.2 Background to the study**

Globally, organisations around the world have experienced vast changes in their business operating environments in the last few decades. This is probably largely due to the advent of globalisation, advancement in technology and continuous innovation that has seen the emergence of new ways of doing business. Other companies have adopted the new trend well and are benefiting whilst others are struggling to adopt to the change in the business environment as it requires a paradigm shift in various business aspects.

A prior study by Zhou (2000) indicated that SOEs contributed to the national budget deficit between the period 1995 to 1999 because the government continued to borrow extensively on the local market in order to finance SOE operations. Presently SOEs continue failing to adapt to the new demands of change in the business environment. For instance Agribank has been struggling in its operations due to undercapitalisation (Zimbabwe Broadcasting Corporation, 2014) and (Mukeredzi, 2014); whilst NSSA is continuously chasing up companies so that they comply with the country's social security regulations (Mzumara, 2014) and at the same time NetOne is blaming everyone else other than themselves for their poor service delivery (Karombo, 2014).

As pointed out by Hollingworth & Hoffman (2012), business transformation started as early back as the 1950s in the global shipping industry. Before 1954 the global shipping business was an extemporaneous arrangement where the cost and dependability of shipping was done on a best effort basis. Transport executive Malcolm McLean, helped revolutionise the industry by initiating the advent of the container which led to better operational performance both in terms of reducing shipping costs and improving reliability of delivering cargo in time.

A more recent example from Apple Inc. (Laugesen & Yuan, 2010), indicate that a company can successfully transform and reinvent itself to become a global leader in its industry. Even in some instances, SOEs like China's Guangzhou Metro Corporation can undergo transformation for several years but at the end develop a well-run and efficient business (Yang, Li, Song, & Fang, 2011). Whilst at the same time there is evidence that business transformation if not properly implemented can lead to disastrous consequences, as evidenced by Kodak which failed to adapt its business model to the development of digital photography (Crofts, 2008), leading to its bankruptcy in 2012. Academic research in recent years has provided examples of drastic, revolutionary, intermittent and disruptive innovation by companies taking on challenges focused on the strategic changes necessary to implement business transformation (Kodama & Shibata, 2014). All of the studies have concluded that it is quite crucial for companies to obtain organisational aptitude to respond swiftly to environmental change and ensure sustained viability in a changing business environment.

### **1.2.1 Background to TelOne**

TelOne is the sole fixed line telecommunications operator in Zimbabwe and is wholly owned by the government of Zimbabwe. The company's role is to provide telecommunications services for both government and the general public. As the incumbent operator, TelOne has seen the rise of fierce competitors in the form of Mobile Network Operators (MNOs) that have witnessed phenomenal growth since the year 2009. With competition stiff, Tel-One has failed to adopt to the changing

needs of the new business environment, this include a diversified product portfolio, advanced communications technologies and flexibility in pricing and packaging. This has seen it languish in a vicious legacy debt cycle, waning market share, low network expansion and failure to acquire and adopt competitive technologies.

Statics published by POTRAZ (2014), indicate that Tel-One's market share fell from 2.8% in 2012 to 2.4% in 2013, further more management accounts for the company also indicate gearing levels of over 300% which is quite unsustainable and the company is failing to fulfil its service delivery promises as laid out in its client charter, compounded with an aging bloated workforce of 2,300 employees (almost equal to the staff compliment for all the 3 MNOs in Zimbabwe combined). These problems are preventing the company from becoming fulfilling its role in service delivery as intended when it was set up and hence a business transformation is needed in order to make Tel-One's operations viable again and to enhance service delivery.

### **1.2.2 Background to Agribank**

The Agricultural Bank of Zimbabwe Limited (Agribank) is a commercial bank in Zimbabwe registered under the terms of the Banking Act (Chapter 24:20). Its role is primarily the provision of agricultural finance. In addition the bank offers treasury, retail and corporate banking services which are also offered by other commercial banks in the banking sector. Agribank functions under a regulatory framework in which the government of Zimbabwe has a 100% shareholding of the Bank. The Ministries of Finance and Economic Development and that of Agriculture, Mechanisation and Irrigation Development maintain 50% shareholding each in the institution.

Agribank's operations have over the past 5 years been hugely affected by the negative macroeconomic environment prevailing in the country. This has seen the government been unable to fund the Bank's operations (News Day, 2014), missing out on crucial foreign investment (Mphambela, 2013) and coming out in the open to

admit that the Bank is broke and cannot provide loans to farmers (Zimbabwe Situation, 2014). With other commercial banks seemingly creeping in to Agribank's core business of providing agricultural finance, the Bank is faced with stiff competition and inability to fulfil its service delivery mandate rendering its purpose and use ineffective. The solution to these problems points to transformation of the bank so that it can continue supporting the agricultural sector and fulfil its service mandate as dictated by the government. Transformation of the Bank also gives the bank better visibility and prominence in the banking industry.

### **1.2.3 Background to NSSA**

The National Social Security Authority (NSSA), established in terms of the NSSA Act of 1989, Chapter 17:04, is the **legal** corporate body tasked by the Zimbabwean government to provide social security. Through the Act, NSSA establishes and administers pension funds for all employees or those specified by the government. Its service delivery role is to fulfil the government's objective of ensuring equitable distribution of social services in Zimbabwe. NSSA has in the past been embroiled in various scandals that have found their way to the public domain in the form of news articles, these include the insider loans scandal and poor investment decisions using public funds (Njanjangezi, 2014). In consequence, NSSA in recent years has received heavy criticism from stakeholders demanding accountability for social security funds. To make matters worse, the Authority has occasionally failed to pay pensioners on time (The Zimbabwean, 2014) indicating failure in service delivery. By failing to pay pensioners on time, there is significant repercussions as some families rely heavily on the funds that pensioners get on a monthly basis.

Looking at the sorry state of affairs of NSSA, there is clear indication that the organisation is in need of change to improve service delivery. Transformation of the Authority would be the best route to curb the rampant corruption, poor decision making and inefficiency that the organisation is facing.

### **1.3 Statement of the Problem**

SOEs are established as incumbent companies in most industries and at the same time provide the government with an arm to control and ensure public goods and services are provided. With the growth in industry competition and advancement of technology SOEs have since become inefficient organisations that are failing to fulfil their service delivery role in a dynamic and volatile operating environment. Policy to regulate and govern these SOEs has become stale, with revisions to acts of parliament coming sporadically thereby ensuring service delivery standards remain outdated and failing to keep up with trends.

Consequently, with the economic conditions in Zimbabwe deplorable government has left SOEs to fend and develop themselves. The traditional model of having government investing hugely in SOEs does no longer apply to Zimbabwean SOEs and this has the implication of having SOEs closing or suspending operations yet the government requires these companies for fulfilling its role to the public. At the same time, SOEs have inexplicably remained rooted to the 'old way' of doing business without putting enough effort to realign their operations in line with local, regional and global trends. The problem with this scenario is that SOEs if not transformed will continue carrying huge management inefficiencies (Zhou, 2000), in service delivery thereby burdening the state and the other stakeholders that are supposed to benefit from the establishment of these organisations.

### **1.4 Research Objectives**

The primary objective of carrying out this study is to find out the impact of business transformation on the service delivery of SOEs. Specifically the study seeks to:

- i) Identify the specific issues that SOEs should consider when transforming.
- ii) Find out how state ownership of SOEs affect service delivery.
- iii) Determine the gaps in business transformation literature and design a model to be used by SOEs in implementing business transformation.

- iv) Suggest organisational policies and strategies which SOEs should follow in carrying out business transformation established on the findings of this study.

## **1.5 Research Questions**

The main research question for this proposal is: How does transformation on an SOE affect its service delivery? Specifically, the following questions for the study are asked:

- i) Which business aspects should SOEs consider when transforming?
- ii) How does the ownership structure of an SOE affect its service delivery?
- iii) Which gaps exist in business transformation literature?
- iv) Which management policies and strategies can be put in place for SOEs in implementing business transformation to improve service delivery?

## **1.6 Research Proposition**

The study makes the following proposition:

“Business transformation in SOEs will improve service delivery”.

## **1.7 Justification of the Research**

The study is crucial in bringing awareness and strategies to the plight that SOEs in Zimbabwe are facing. By carrying out an assessment of the possible implications of a business transformation strategy on Tel-One, Agribank and NSSA the study will pioneer a new view that can be used in developing a transformational blueprint for use by companies in Zimbabwe particularly SOEs. Business transformation represents a radical change for Zimbabwean companies and hence the study will also seek to explore the appropriate framework that can be used and also to identify the impact on the service delivery role of SOEs. The research is also expected to aid management in SOEs to come up with appropriate strategies needed in a period of transformation. In addition, the government is also expected to benefit from the

research through policy suggestions that will come out of the findings in the study. It is also hoped that this research will add to the already existing knowledge on transformational strategy and its implications specifically for SOEs.

## **1.8 Scope of Research**

A cross-sectional study is going to be adopted covering the years 2009 to 2014. This period represents the dollarization era in Zimbabwe and also points out to the period where SOE collapse became rampant in Zimbabwe. The research will be limited to Tel-One, Agribank and NSSA's top management staff. Focus is on these people as they are deemed to possess the relevant information about the organisations and its future.

## **1.9 Structure of the research**

The next chapter, chapter 2 reviews literature available on business transformation and gives a conceptual framework for the research. In chapter 3, the research looks at methodology with a specific emphasis on how the research has been designed, sampling and data collection techniques employed. Chapter 4 discusses the findings from the study and finally chapter 5 gives the conclusion and recommendations generated from the research.

## **1.10 Chapter Summary**

This chapter gives a brief look at the research. It detailed the background to the study and also gave a brief look at the background of the specific SOEs which the study will focus on. The chapter gave the statement of the problem that has necessitated this research, the research's objectives, research questions and its proposition. It also gives the justification for carrying out such a study and the scope it will cover.

# **Chapter 2: Literature Review on Business Transformation**

## **2.1 Introduction**

This chapter is a review on the existing literature related to business transformation. The main focus of the study is to assess the impact of business transformation on State Owned Enterprises (SOEs). By looking at existing literature on transformations that has been written by other authors, problems faced by SOEs in carrying out business transformation can be identified. The chapter will firstly review literature related to the concept of business transformation, theories underpinning business transformation are then discussed and the main theory relevant to this study will be identified. A look at existing business transformation frameworks and how they relate to SOEs will be discussed. The chapter concludes by developing a conceptual framework for the study which is a critical element in transforming SOEs.

## **2.2 Definition of Business Transformation**

Business transformation or just “transformation”, is defined as a routine and fundamental change that noticeably alters an organization’s relations with one or more key factors (Rouse, 2005b). These factors are highlighted as variables that exist both in the internal and external environment of an organization. Swapna & Raja (2012), define business transformation as a strategic management drive that reorients an organization's goals relating to staff, systems, processes and technology; with its strategy and vision. The two definitions above encompass change with the aim of aligning organizations against environmental factors.

The concept of business transformation has a broad scope which encompasses competitive strategies which organizations implement to bring about major improvements in business performance (Swapna & Raja, 2012). This is further reinforced by Bititci (2007), who highlights that transformation is about changing the

companies' business processes to introduce an effective and efficient competitive structure which ultimately leads to improved performance. The fundamental issue being reinforced by Bititci is the linkage established between carrying out transformation to make an organization much more competitive and thereby improve its performance. In this case an improved competitive structure for an organization arises out of changes made in terms of organizational connexions to markets, product and service offerings, perceptions, and cost structures.

Hatch (2011), identifies transformation from a slightly different perspective highlighting that transformation can be radical and fast – involving a move from the conventional and comfortable current state – to a series of extensive changes that, when combined alter the organization. The author further gives the various forms of business transformation, these include changes to organizational culture, organization structure, management style, and the product or service offering. These forms of transformation are similar to those identified by Swapna & Raja (2012) discussed above. Consequently it can be seen that these forms or variables of transformation lead to improved business performance (Bititci, 2007) as highlighted earlier.

Transformation can involve new value propositions in terms of products and services, how these offerings are delivered and supported, and/or how the enterprise is organized to provide these offerings. In line with Hatch (2011), Rouse & Baba (2006) highlight that rather being than routine, transformation inclines to be discontinuous and at times abrupt. Both authors seems to acknowledge that transformation in its practical application is not continuous and because of unpredictability of some environmental variables like technology and weather, change happens unexpectedly. Due to this nature, transformation yields gradual and steady improvement; substantial changes even occur intermittently.

Public sector transformation is business transformation in government owned companies or SOEs. According to Herbert (2009, p. 221), “transformation strategy is largely successful in changing the long-standing, bureaucratic, public-sector culture, to a more devolved style in which challenge and participation is encouraged”. Li, Xia, Long, & Tan (2012), notes that one of the main drivers of SOE transformation is to reorganize a new principal–agent relationship legally in order to minimize agency costs for the organization. Furthermore Perotti, Sun, & Zou (1998) and Megginson & Netter (2001) point out that the transformation of SOEs due to market competition pressures has been viewed as an important pathway for public sector companies to solve the inherent inefficiencies and agency problems of state ownership in transition countries. All authors agree that transformation in SOEs aims to solve the agency problem and minimise the inefficiencies and costs associated with such.

However, literature suggests that SOE transformation is not always successful. It is acknowledged that business transformation programmes in government owned companies often fail to bring improved service delivery results because the transformation initiatives are not integrated sufficiently enough (Tennant, 2007). Chen (2006), points out that the existence of various stakeholders in SOEs who have differing and contradicting views and interests can be problematic leading to fail to reach the desired transformational objectives.

Taking the definition of transformation in the private sector does not explain fully the transformation in SOEs. As can be seen from the various descriptions of business transformation above, private sector company transformation can be summarised as the critical change in business scope to make the company more competitive and hence improve performance through shareholder wealth maximisation. This definition however, does not fully capture the transformative nature of SOEs which are unique in that they also require change to its managerial systems, labour relations, legislative protocol and more importantly ownership structure with a view of improving service delivery. Hence in this study the definition of transformation for SOEs is taken as ‘radical change in an SOE focusing on its ownership, governing

structures and related managerial systems such as its incentive systems and labour relations to achieve better service delivery.

The end result of a transformation determines whether it was successful or not regardless of the type of ownership of the organization. Every transformation has ends, means to achieve the ends and a scope (Rouse, 2005a). The ends of transformation could be in the form of cost efficiencies, enriched market perceptions, new product and service offerings and improved service delivery. The means can range from upgrading staff skills, redesigning of business processes, and adoption of advanced technology to fundamental changes in strategy. The scope of transformation can range from work activities, to business functions, to overall organizations, to the enterprise as a whole.

## **2.3 Theories of Business Transformation**

Transformation is a phenomenon in organizations that is broadly classified under change (Yukl & Heaton, 2002). Organizational change in this case encompasses not just transformation rather it looks at the broader picture taking a system from one state to another. In an effort to better understand organizations and the change that they go through leading to transformation, several theories in management, organizational psychology and organizational behaviour are looked at. According to Schank & Abelson (2013), a theory offers a methodical way of understanding behaviour, situations and events based on a set of related concepts, propositions and definitions. These theories are influenced by different backgrounds and disciplines epitomizing the different perspectives on what an organization is or should be in the transformation process.

### **2.3.1 Classical Theories**

Classical management theories form the basis of management theory. The classical theories relevant to business transformation include Max Weber's Theory of Bureaucracy and Charles Taylor's Theory of Scientific Management. Classical management theories were mainly developed to control and predict behaviour in

organizations (Mahmood, Basharat, & Bashir, 2012). This school of thought is able to see an organization as a machine being capable of acting with speed, efficiency, predictability and precision.

The Bureaucracy theory is primarily focused on dividing an organization into hierarchies and establishing resilient lines of authority and control based on the cornerstone of written rules (Mahmood *et al.*, 2012). Having written rules in place ensures that everything is done in a procedural manner within the organization. The Scientific Management Theory's central theme is ensuring maximum productivity (Mahmood *et al.*, 2012). To increase productivity, scientific management concerned itself with aspects such as physical actions of work thorough time-and-motion study and examination of men and machine relations. These two theories make the notion that any organizational change, consequently transformation, conforms to known parameters.

The classical management theories of organizations have universal applications, however, they are considered inappropriate to the changing requirements of modern times. A bureaucratic organization was considered to be too inefficient (Merton, 1952), inflexible (Barnard, 1968) and mechanistic (Hummel, 2007) to become accustomed to the changes in technology and requirements of organizational transformation.

### **2.3.2 Structuralist Theory**

The structuralist theorists' school of thought believes that there is no single suitable way of structuring organizations and that there are various interdependencies between the organization and the environment (Lounsbury & Ventresca, 2003). The theory emphasises the importance of the environment and how it cannot be separated from both it's the internal and external environment. Main proponents of this school include Lawrence & Lorsch (1967) and Galbraith (1977). These authors integrated situational aspects in their work, contrary to previous, universalistic works

of , for example, Taylor (1911) and Weber (1922). Consideration of situational aspects of organizations, stability and change in the operating environment is taken as the main influence of organizational stability and organizational transformation.

The contingency approach is a key framework of the structuralist theory. Burton, Eriksen, Håkonsson, & Snow (2006), note that the contingency approach “holds that the most effective organizational structural design is where the structure fits the contingencies.” The contingency approach is a management concept stating that there is no single universally pertinent set of principles by which to manage organizations (Mahmood *et al.*, 2012). In essence it means all organizations are different and require different contingencies in different situations particularly transformation or change.

Based on the contingency approach, organizations are fundamentally viewed as adaptive in nature and as such require fitting, matching and aligning the organization’s unique circumstances to the complexities of transformation required in the operating environment.

### **2.3.3 Systems Theory**

The Systems Theory/Approach views organizations as a composite set of dynamically and interconnected components (Shafritz, Layne, & Borick, 2005). The Systems Theory/Approach to management sought after an equilibrium between the impersonal Scientific Approach and the individually-focused Human Relations Approach. Systems theory views the organization as whole (Von Bertalanffy, 1972) rather than as individual parts or individual relations. Burnes (2004b), goes on further to refine the systems theory noting that the organization is part of a larger environment which it interacts with. This implies that organizations rather than operating in closed system (as assumed by earlier classical and human relations theories), operate in an open system with multiple interaction channels.

The Systems Approach relies on all sub-systems to work in congruence and harmony to ensure the success of the overall system (Burnes, 2004b). For organizational transformation purposes, the theory advocates for change that not only takes into account the singular organization as a system rather it looks at the bigger picture of where the organization is operating in and the interrelatedness of the organization and its surroundings. There are striking similarities between the contingency approach and the systems approach in that both tend to recognise that changing environments require organizations which are responsive, agile and forward looking.

Unlike the classical and structural theories of change and transformation, the systems theory is quite comprehensive and relevant to this particular study due to its overall organizational view. By looking at several views of the elements that interact and affect an organisation, transformation can be carried out more objectively having considered all variables that can have future potential impact. As highlighted by Forsyth (2010), organizations do not operate in a vacuum rather they operate within a system which is also made of several systems that interact with each other. Hence for any organisational transformation to be effective it has to be carried out in the context of a systems approach.

The view of generality, or wide-ranging application, is important in a research study. Glanz & Bishop (2010) note that theories are by their nature conceptual and not content specific. In this study this means that even though different theories of business transformation reflect the same general notions, each theory employs an exclusive vocabulary to clearly explain the particular factors considered to be essential.

## 2.4 Business Transformation Models

A Business Transformation Model is the framework used to help understand organizations and also to provide a guide to successful redesign (Kalakota & Robinson, 2001). The model reduces the complexity of an organization to a few key variables that must be aligned for a business transformation to be successful. Past literature identifies several models that can be adopted for business transformation, these borrow heavily from the subject of change management. The following five models of business transformation are discussed in this study:

- Lewin's 3 Step Model
- Kotter's 8 Step Change Model
- McKinsey 7S Model
- Shield's Model
- The 5Ps Model for Strategic Transformation, Alignment, and Management

### 2.4.1 Lewin's 3 Step Model

The 3 step model is an early model of change which described change as a three-stage process (Lewin, 1947a). This model of change and transformation sees change as going through three stages: unfreezing, moving and refreezing. According to Lewin (1947b), the first step in the process of change is to unfreeze the existing situation, only then can movement occur. Finally, to make the new changes stick, a third, refreezing step is necessary.

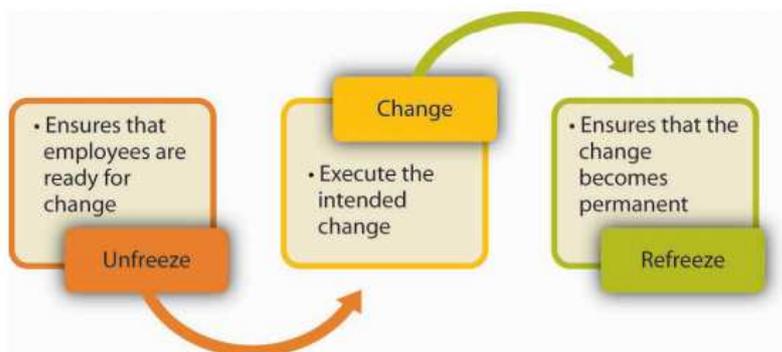


Figure 2.1: Kurt Lewin's Change Model

Source: Bauer & Erdogan (2014)

The Lewin 3 step model is to this day still relevant in terms of what to do and provides a simple and easily understandable guide to business transformation. By recognising these three distinct stages, an organisation can plan to implement the changes required to transform the business. Lewin's model is one for planned change, not responses to unplanned change. Dawson (2003), Kanter (2003) and Pettigrew (2012) are quite critical of Lewin's model highlighting that it is too simplistic, mechanistic and static for a world where organizational transformation is a continuous and flexible process. However, it is still valid when unplanned change ensues (Burnes, 2004a), particularly if it is known with some probability in advance that the transformation will occur.

### 2.4.2 Kotter's 8 Step Change Model

Kotter (1996), developed a model which could be used at a strategic level within an organization to implement transformation. The transformation called for dealt with cultural transformation, new technologies, e-business and globalization in a period of turbulence. Studies using this model show that transformation is an 8 step process as laid out by Kotter & Cohen (2002). Each stage has its own defined time frame and mistakes at any of these stages negatively impact the transformation process. Kotter's eight step approach to transformation is as shown in figure 4.2 below;



Figure 2.2: Kotter's 8 Step Change Model

Source: Kotter (1996)

The 8 step model is presented in actionable points prescribed in an ingenious and easy sequence. The model has a holistic focus of employee buy in and organizational communication as the focus of success. The Kotter model is highly applicable for all top-down transformation and change processes whose strategies would have been decided and planned for at the top management level of an organization (Pryor, Taneja, Humphreys, Anderson, & Singleton, 2008). Furthermore, Appelbaum, Habashy, Malo, & Shafiq (2012), highlight that the framework is not expected to be applicable to all types of changes. This means that the model is most beneficial as an implementation planning tool and cannot be used for a radical transformation process as it does not give room for true participation and co-creation. As such other complementary tools should also be used during the implementation of a transformation process to adapt to contextual factors and thus improve upon the model's universal acceptance and popularity (Appelbaum *et al.*, 2012).

### **2.4.3 McKinsey 7S Framework**

The McKinsey 7S model is an analytical management tool used to assess the strength of the degree of strategic fit between a firm's current situation and proposed transformation (Peters, 2011). The framework basically provides a methodical way to facilitate the process of strategy implementation within the context of organizational transformation. According to Waterman Jr, Peters, & Phillips (1980), the framework has 7 key elements that make organizations achieve success, these include structure, strategy, systems, style, skills, staff and shared values. These elements can be aligned with any organizational issue that needs to be corrected in order for transformational change to be initiated and bring about alignment with an organization's vision.

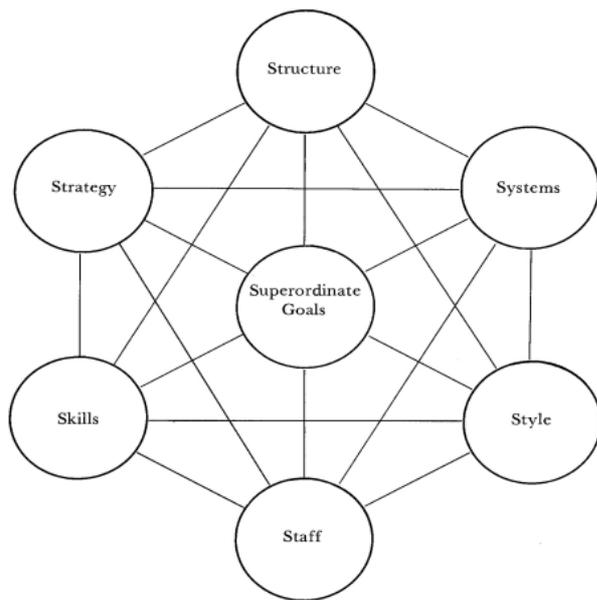


Figure 2.3: McKinsey 7S Framework

Adapted from: Hanafizadeh & Ravasan (2011)

The attractiveness of the model arises out of its straightforwardness and immediacy (Peters, 2011), and furthermore in the complexity that comes from understanding that these components are not singular but rather work in relationship to one another (Waterman Jr *et al.*, 1980). As an easily understandable model with intricate complexity it is systemic in nature because a change in one component will possibly result in changes to other components. The 7S diagram in figure 2.3 above illustrates the multiplicity interconnectedness of elements that define an organization's ability to change. Burnes (2004b), points out that the McKinsey 7S Framework is a convenient model for taking a snapshot and comparing that to the desired transformational or change state. By comparing the current and future states, the model helps in delivering a comprehensive organizational analysis where gaps are assessed and action plans created to improve the organisation's performance.

#### 2.4.4 Shield's Model

Shields (1999), developed transformation model based on the idea that when change fails, it is because of insufficient attention to the human and cultural aspects of business. Shields suggests that there are critical steps that are necessary for

leaders to successfully transform an organization. Firstly, organizational leaders need to define the desired business results and change plans; create capability to change; design innovative solutions; develop and deploy solutions; and lastly reinforce and sustain business benefits (Shields, 1999). If a change occurs in one component and one does not align the other components, this will lead to inefficient work processes. This model integrates human resources management with business process innovations to improve organisational transformation and change (Pryor *et al.*, 2008). Organizational leaders who are considering change should clearly understand which strategies they want to change and define critical success factors so that they will know the extent to which the desired change is possible. Organizations must communicate the strategic objectives to the work force. If this is not done, the transformation effort will be reduced to a series of unrelated change initiatives.

### 2.4.5 The 5Ps Model

The 5Ps Model, developed by Pryor, White, & Toombs (1998) considers the establishment of strategic direction and the strategic management model to comprise only one of five elements necessary for an organization to be successful. The authors termed this element Purpose, the other four elements are Principles, Processes, People, and Performance. The 5Ps Model and the alignment of the 5Ps are depicted as follows:

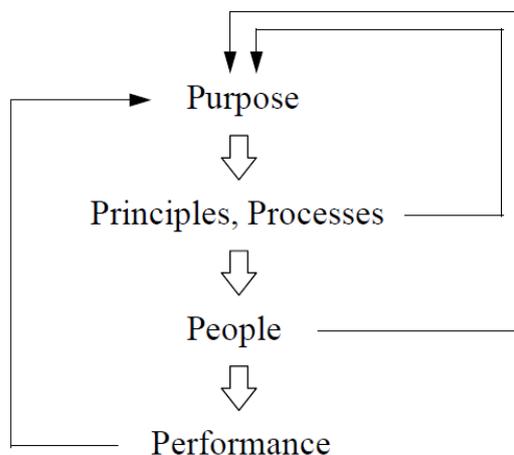


Figure 2.4: 5Ps Model

Source: Pryor, Anderson, Toombs, & Humphreys (2007)

The arrows depict the connection between strategy (Purpose) and structure (Principles as internal structures and Processes as external structures) and the influence of structures on employee behaviour (People) and corresponding results (Performance). Strategy drives structure; structure drives behaviour; and behaviours drives results. The arrow from Performance to Purpose represents the feedback mechanism for guiding an organization toward its objectives. The individual five elements are not only important as individual elements. Their alignment is also important .If these elements are in place and in a state of continuous re-alignment, an organization can become transformed and transforming.

The primary motivation of the 5 P's Model is to guide an organization toward performance excellence, world-class status, and long-term survival (Melo, Borini, Monteiro Jr, & Cipolla, 2010). Pryor *et al.* (2008), also highlight that the model can be used to tactically and strategically manage an organization when transforming. Both authors bring out the importance of the model in directing the organisation toward strategic performance orientation when transformation occurs as organizational leaders respond to change and invent the future for the organization and the industry. Organizations need more than a model that simply helps an organization move from the current state to a future state. What is needed is a comprehensive, systems model that is strategic, yet also has elements that are executable at the tactical level. The 5 Ps Model is unique in that it can simultaneously enhance organizational stability (Pryor *et al.*, 2007) and provide the capability for organizational transformation (Pryor *et al.*, 2008). The 5 Ps Model offers such a model that has a comprehensive, strategic and systems approach to effective transformation. The model also has importance in today's world of continuous, complex change because the competition is not only with other organizations in an industry or a strategic group but rather it is everywhere (Pryor *et al.*, 2007). To this end, the 5Ps model is positioned to suitably provide the best guiding transformational framework for organizations even SOEs due to its compatibility broader aspect scope and its grounding in the systems theory of transformation.

Business transformation models help in defining a framework for which organisational transformation occurs. These models also bring to light the initial dimensions that are considered when carrying out business transformation. However, it should be noted that the critical element of ownership is not prominent in current literature and thus brings into question whether transformation models in their current form are suitable for SOEs.

## **2.5 Discussion of Key Business Transformation Dimensions**

Organizational transformation is triggered by internal and/or external factors and these come in all various forms affecting any company or industry that embark on transformation. Within organisational change and business transformation literature, there is widespread acceptance of the importance of context in influencing attempts to transform organisations (Dopson, Fitzgerald, & Ferlie, 2008). In the context of this study on transformation of SOEs, the key dimensions are going to be discuss though they are not exhaustive they can help in putting in place the key framework that can be used for transformation in SOEs.

### **2.5.1 Ownership**

Ownership of an organisation can mean the actual shareholders who own and control a company. Ownership is an integral issue in managing an organisation and paving its future strategic direction. According to Crespí, García-Cestona, & Salas (2004), differences in ownership can potentially have an effect on corporate objectives, efficiency and other the future direction which an organisation takes. Local ownership is a term used by indigenous development cooperation agencies to reflect a reorientation of attitude and style values the necessity for home-grown solutions to organisational control and for partnerships to be locally determined (Reich, 2006). In the case of organisational transformations, ownership plays an integral role in determining the future outcome of the exercise.

Beirne, Liu, & Sun (2013) note that in state-capitalist nations partial privatisation is the best performing type of ownership model used by transformed SOEs. In New Zealand, deregulation of the local market, specifically the liberalisation of the markets to foreign investment and competition has stimulated organizations to bring in more customer-oriented strategies which have ultimately resulted in operational efficiency, profitability and environmental change adaptability (Erakovic & Powell, 2006). Using these models, previous SOEs have gained synergies through both private business strength and state support after the transformation process.

Relaxation of strategic control by the government in SOEs sends a good signal to potential private investors that the state no longer has intensive political involvement and future renationalization of the company (Beirne *et al.*, 2013). This will result in increased managerial motivation and private owners for corporate transformation which can result in improvement in the performance of the company. An organization may be partially purchased by an outside party who will want to adopt new ways of running the organization that has worked for it in other operations. The reduction in political and administrative participation in commercial activities in SOEs results in the formation of semi-autonomous enterprises with market-driven corporate focus (Erakovic & Powell, 2006).

Studies conducted by Tóth (1999), Chen (2006) and Santalainen, Baliga, & Leimann (2011) on public enterprise transformations all seemingly point to a positive effect on the performance of the companies. This leads to the first proposition which can be stated as;

*Proposition 1: In the early stages of organizational transformation, relinquishing ownership or partial ownership of SOEs by the state has a positive effect on the service delivery provided by the SOE.*

### **2.5.2 Competition**

The digital information revolution has driven the speed of competition and globalization, consequently requiring organisations to progressively consider and pursue transformation to maintain or gain competitive advantage (Rouse, 2005b). Shinkle, Kriauciunas, & Hundley (2013) in their study identified increasing competitive position as a reason for implementing change in both private and public sector organisations. For continued success in a competitive environment, both studies point out the need to carry out organisational transformation. The transformation of SOEs under the stress of industry competition has been widely viewed as a central route for these organizations to solve the inefficiencies and agency problems associated with state ownership (Li *et al.*, 2012). Erakovic & Powell (2006) also identify competition as the foremost feature presumed to influence the need for organizational transformation during the shift in ownership. From this assessment it is reasonable to argue that SOEs that transform in response to market pressure cease some control to private players and will display enhanced firm performance. Therefore an industry or market with high levels of competition will likely witness correspondingly high levels of organisational transformation.

*Proposition 2: Transformation due to high market or industry competition levels is positively related to service delivery improvement.*

### **2.5.3 Technology**

Technology development leads to radical and disruptive innovations which heighten the call for organisational transformation. To succeed in transformation, leading enterprises focus on transforming their operations using advanced technologies with the promise of greater performance in the future (Berman, 2012). Organizations on the radical path to transformation faced with technological change pressures cannot return to past practices because past experiences are no longer applicable or relevant in the changing environment.

Jing & McDermott (2013) in their study show that there is evidence from the private sector that transformation assisted technologies can boost operational efficiency and effectiveness, however there is little robust evidence from the public sector to support this notion. This brings to question whether the methodology used to come up with this conclusion is adequate since it was mainly based on quantitative indicators. A deeper analysis using qualitative factors like operational scale, industry sectors and motivations for investing in a particular technology need to be carried out. Cora (2013) highlights that transformation in response to technology is on its own not enough to resolve challenges posed by unconventional opponents especially in an open market which has both public and private players operating in it. From the foregoing, it can be concluded that even though technology can help improve performance when organisations transform, it does not necessarily imply that the improvement will be easily noticeable particularly in the case of SOEs.

*Proposition 3: Transformation as a result of technological change does not necessarily lead to an improvement in an SOE's service delivery.*

#### **2.5.4 Culture**

Organizational culture is described as the basic expectations that a group within an organisation has conceived, learnt, or developed in coping with its problems of internal integration and external adaptation (Schein, 1996). Burnes (2004b) also connected culture with the environment, seeing it as a collective reaction to uncertainty and disorder. Culture is a central component in how an organisation interacts with both its immediate surroundings and that outside the firm. As such it is an important part of the transformational process. Cora (2013, p. 76) links organisational transformation and culture by noting that “transformation is a journey of continuous examination, adaptability, and improvement with the fundamental goal of ‘cultural innovation’.”

The aspiration to carry out the transformation process requires a shift in cultural orientation to that of one that places a prominence on promoting autonomy of

thought and action (Cora, 2013). This process will lead to the development of a culture in which innovative imagination paves the way for business transformation. Deming (1986) as cited by Tennant (2007) notes that changing the culture of organisations helps to achieve significant business improvement through prioritising focused people involvement at all levels. Similarly, other researchers like Amabile (1998), Rouse (2011) and Pettigrew (2012) accentuated the need to build a culture in which creativity can thrive.

In the public sector transformation strategy is largely successful in changing the long-standing, bureaucratic, public-sector culture, to a more devolved style in which challenge and participation is encouraged (Herbert, 2009). Foley & Alfonso (2009) also remark that government departments realise standardization and simplification efficiencies by adopting a shared services culture. This offers better collaborative competencies and values such as openness, responsiveness to multiple perspectives, and development of mutual understanding.

Based on this analysis, organisational culture's influence on business transformation can be summarized by the following proposition;

*Proposition 4: Organisational culture change through placing autonomy, participation and devolution of hierarchical power provides for successful business transformation leading to service delivery improvement.*

### **2.5.5 Organisational Structure**

An organizational structure has an impact on the behaviour, performance of the firm and the situations of people and units within it (DeCanio, Dibble, & Amir-Atefi, 2000). The structure adopted to carry out organizational transformation should reflect the organization's overall management style and relationships inherent within it. Stuth, Conner, & Heitschmidt (1991) highlight that a good organizational structure removes replication and overlapping responsibilities and duties facilitating better

communication and motivation. In this case when an organization transforms, an evaluation of the organizational setup, roles, and managerial system and flow needs to be done to ensure smooth and continual business operations. SOEs are more likely to restructure with a fresher, short-tenured, well-educated, marketing-oriented, and heterogeneous staff with a highly responsive organisational and management structure (Dixon, Meyer, & Day, 2010). Teo, Tan, & Wei (1997) offer the same view, albeit applicable to all organisation types indicating that when organisations transform, their structures move from large homogeneous units to smaller focused units. However, some organisations do not adopt new structures because organizational changes are deemed as risky, time consuming and costly (Foley & Alfonso, 2009). The high risks and costs related with organisational transformation are undoubtedly a constraint if the future benefits are uncertain or if little substantiation of impact from earlier examples exists.

SOEs are characterized by high levels of centralization and formalization (Lin & Germain, 2003). Centralization of an SOE entails having activities such as planning and decision making been concentrated within a particular location. This has the effect of slowing down response time and leads to poor service delivery. Too much formalisation of SOE structures makes the decision making go through a long hierarchy which also yields poor service delivery. A typical SOE is a highly personalized bureaucracy based on personal and political power (Child, 1972), with weak inter-functional coordination (Lockett, 1988) and little technocratic specialization (Claycomb, Iyer, & Germain, 2005). In addition, Aghion & Tirole (1997) observed that most SOEs adopt pyramidal organizational structures which are used by the government as a device to plausibly disperse firm decision making without ownership transfer. The pyramid organisational structure is a traditional system of organizational structuring that is frequently associated with bureaucracy, top down command mode, silo mentality, delegation of duties as opposed to authority and responsibility (Fan, Wong, & Zhang, 2013). Based on these structural issues, most SOEs inherently have poor service delivery and are inefficient in fulfilling their objectives.

Though there is at times hesitation at times to carry out restructuring when organisations transform, contemporary authors do however agree that transformation is expected to bring about changes in the organisation's structure. In this respect, transformation is expected to alter an organisation's size, job specifications (Dixon *et al.*, 2010) and unit groupings, reporting and control mechanisms (Teo *et al.*, 1997). Hence this leads to the following proposition on organisational structure;

*Proposition 5: In the primary stages of organizational transformation, restructuring into heterogeneous, responsive and well-endowed subunits containing outsiders has a positive effect on service delivery.*

### **2.5.6 Leadership**

Leadership is defined as the process of encouraging others to follow the right reactions in attaining a shared goal established by the leader (Min & Santhapparaj, 2011). Ahmad, Francis, & Zairi (2007) established that radical business transformation requires a resolute leadership style which can either be transactional or transformational leadership. Transactional leaders have a preference of operating within the realms of the current system and generally avoid risk and are dependent on organisational rewards and penalties to stimulate better employee performance (Ahmad *et al.*, 2007). In comparison, Yukl (1989, p. 204) views transformational leadership as "the process of influencing major changes in the attitudes and assumptions of organisation members and building commitment for the organisation's mission or objectives." The transformational style of leadership increases absorptive capacity and is thus considered most appropriate for radical organizational change (Dixon *et al.*, 2010).

SOEs are commonly associated with bureaucratic leaders who follow rules rigorously, and ensure that subordinates follow tasks given precisely. This leadership style is less effective in organizations that depend on creativity, flexibility or innovation. Groyberg, Hill, & Johnson (2010) identified military CEOs as having

leadership skills that are particularly helpful to run SOEs albeit in a bureaucratic manner. Bureaucracy in SOEs might possibly be the cause of poor service delivery due to the slow response time and the tedious and long process involved in making decision. Leaders in SOEs are thus deemed inflexible and unresponsive to transformation requirements due to the bureaucratic tendencies.

Proponents of transformational leadership Herold, Fedor, Caldwell, & Liu (2008) and also Santalainen *et al.* (2011) argue that in both large private corporations and SOEs, only transformational leadership is effective in transforming the organisation. Notions on transformational leadership accentuate that organisational transformation is achieved through the leader's execution of a unique vision of the organization through influential and charismatic personal traits designed to change internal organizational norms. Rooted in the leadership literature, transformational leadership can be linked to the situational contingency theories of transformation due to its advocacy for a leader to be able to adapt to change (Herold *et al.*, 2008). Generally, a transformational leader must have a good understanding of the strategic objectives for their organization, the actions needed to reach those objectives and be able to also carry out an examination of the organization's present ideologies.

*Proposition 6: In the early stages of organizational transformation, a transformational leadership style has a positive effect on future service delivery of an SOE.*

### **2.5.7 Service Delivery**

A successful business transformation campaign can produce extensive benefits including the formation of a re-energized leadership team, better strategic clarity, improved efficiency and effectiveness in operations and stronger financial performance (The Hackett Group, 2014). Though there are these various results of transformation it is critical to highlight that the financial performance indicator stands out and is the most sort after measure of performance by all stakeholders. According Serfontein (2006), if transformation of an organisation is successful, it is typically defined in terms of post transformation profitability, sales revenue, lower cost

structure and improved service delivery. Of interest in this research is the service delivery indicator.

Defining service delivery firstly requires a common meaning of service. Rhee & Rha (2009) defines a service as a product or activity that fulfils the needs of a user or can be functionally utilised by user. Service delivery in an SOE is getting services as effectively and quickly as possible to the intended recipient. Service delivery in the context of an SOE is measured by the effectiveness and efficiency of the service delivered. This means that the service delivered to the customer should fulfil his needs in a timely, useful, credible, authentic and sustainable manner (Rhee & Rha, 2009). Carrying out transformation in an SOE is thus expected to result in an improvement in service delivery as measured the effectiveness and efficiency of the service delivered. In this study this improvement is believed to come out of transformation of an SOE resulting from changes of the key business transformation issues discussed. Specifically, service delivery improvement after transformation is likely to be as a result of ownership devolution, change in culture, structure heterogeneity, adoption of transformational leadership, smaller organisational subunits aided by technology in a competitive landscape. Thus this study focuses on the effect of transformation on an SOE's service delivery taking into account the various dimensions discussed.

## **2.6 Business Transformation Case Experiences**

Business transformation encompasses a company making radical change in its culture, business model, company structure, management, leadership and technology (Stoddard & Jarvenpaa, 2000). Organisations may undertake transformational change in order to establish a new position in the market, diversify the business, increase market share or to revenue. Companies began as far back as 1865 have been undertaking business transformation (Kagermann, Osterle, & Jordan, 2010), however not much evidence exist indicating examples of transformations in SOEs though China did record some particularly in the early

1900s. Below gives a summary of some of these companies that have carried out business transformation.

**a) Guangzhou Metro Corporation**

According to Tse & Hamilton (2006) the Chinese SOE conglomerate Guangzhou Metro Corporation had to undergo transformation because the company was plagued with many difficulties that were predominant in most Chinese SOEs, in particular the issue of company ownership. As a wholly government owned company, bureaucracy was a stumbling block in ensuring the company effectively competed in the urban rail transit business which was major business in China 1992, the company effectively was making huge financial losses and faced a dwindling market share. Through the transformation program which Guangzhou did with an external consultant, the company was able to wean off some government shareholding and invited private investors into the business. This resulted in the company diversifying its range of ancillary businesses and offer service such as property development, telecommunications, advertising and consulting services; and an improvement in its financial position.

**b) SAIC Motor Corporation**

SAIC Motor is the largest auto group in China, listed as the largest auto company by market capitalization in Chinese A-share stock market (SAIC Motor, 2014). Initially SAIC was a wholly owned SOE which in 1984 was transformed in order to get foreign partners to transfer their knowledge and technology to the Chinese. The first major overhaul of the business involved localisation of parts used in the assembly, this significantly reduced operational costs for the company but also provided employment opportunities in the economy. Today the domestic market share of SAIC Motor is about 22.6% (SAIC Motor, 2014) and the company has kept the leading market share position in the domestic auto market for the past 8 years successively.

### **c) Nokia**

Nokia was founded in 1865 in Finland as a company with different entities involved in paper mill, cable and rubber works which eventually merged together in 1967 to form the Nokia Corporation (Sanburn, 2011). With the introduction of new technologies, Nokia had to undergo continuous transformation by changing its core products or focus to ensure that it remains competitive in the markets and stay profitable. As of 2011, Nokia was the world's leading manufacturer of cellular phones (Byford, 2012), yet in 1865 it was just a paper mill, cable and rubber works company.

### **d) Apple**

Apple took its transformational change by altering its product line from a pure personal computer manufacturer to a diversified mobile, personal computing, online music reselling and software company. In 1996, Apple was losing money and had very little market share leading to it being purchased in the market with the new owners restructuring the product line, placing emphasis on the use of proprietary operating systems and unique style (Sanburn, 2011). The transformation to concentrate on innovation and quality led to a return to prosperity and by 2011, Apple was the third most valuable company in America (Decarlo, 2011).

### **e) IBM**

Transformation can also be brought about as a result of a transformational leader challenging an organization's structure and stimulating employees to be more productive and take the company forward (Dixon *et al.*, 2010). Transformational leaders bring about organisational transformation through their vision and determination. An example of one such leader is former IBM Chief Executive Officer (CEO) Lou Gerstner. In 1983 when the company was making losses and was nearing bankruptcy, Gerstner viewed IBM as too rigid and incapable to adapt and thus set out to changing the organisational culture to one of teamwork, innovation and creativity (Sanburn, 2011). This transformation resulted in the company becoming more customer focused and encouraged cooperation among employees

## 2.7 Conceptual Framework

Miles & Huberman (1994, p. 18) defined a conceptual framework as a written or visual product that “explains, either graphically or in narrative form the main things to be studied - the key factors, concepts, or variables—and the presumed relationships among them”. A conceptual framework motivates a research study and provides the linkages that can help explain the research problem. Having looked at the theories, models and key issues involved in business transformation, it is essential that all this be synthesised and used to come up with a conceptual framework which underlies the study of business transformation. Figure 2.5 below shows the conceptual framework for this study drawn out by the researcher out of the literature reviewed.

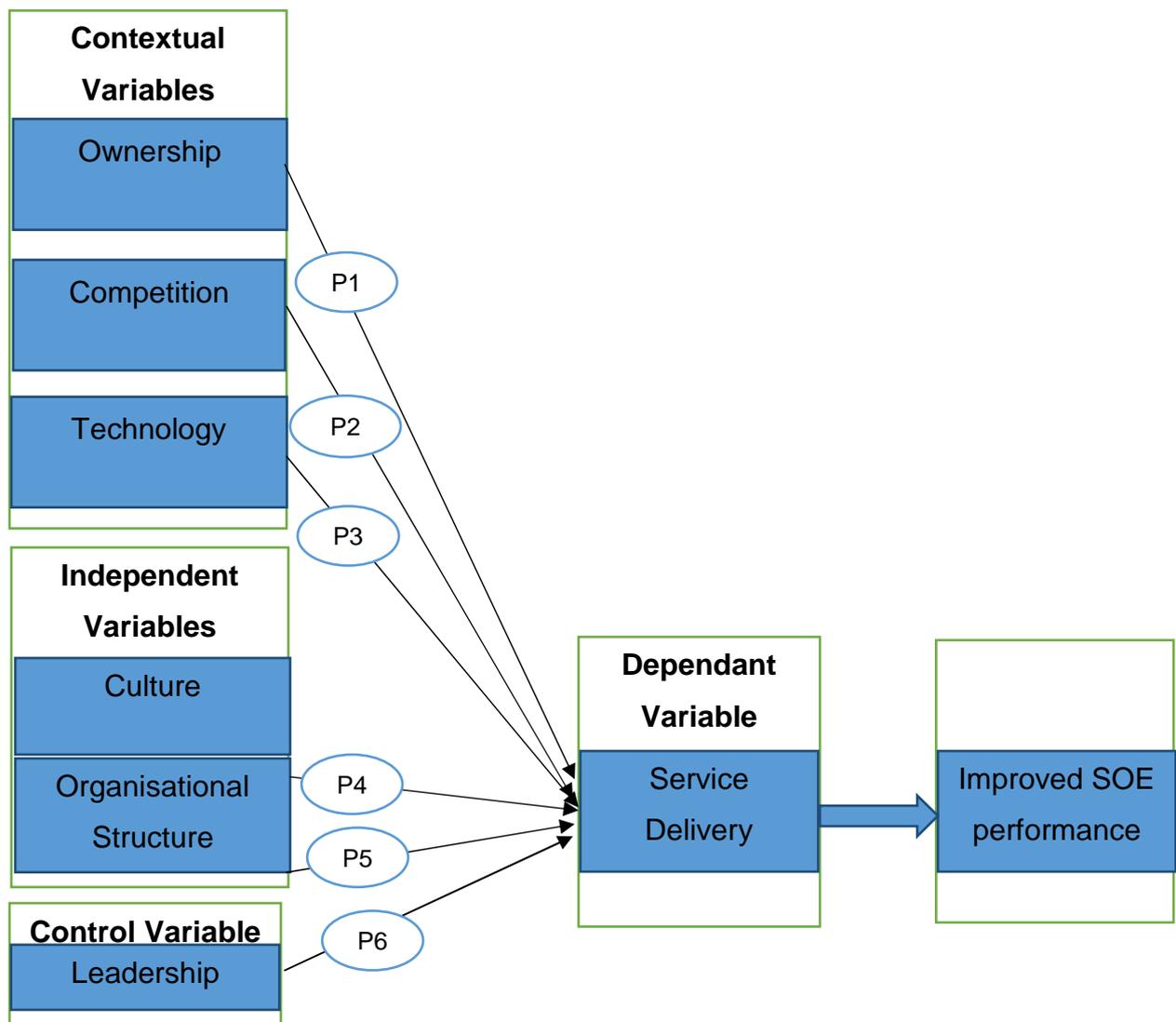


Figure 2.5: SOE transformation conceptual framework

Source: Researcher's own framework

The propositions underlined in figure 2.5 are as follows;

- (i) Relinquishing part ownership of SOEs by the state when undergoing organizational transformation is positively related to service delivery improvement of the SOE.
- (ii) High competition levels instigate SOE transformation resulting in improved service delivery.
- (iii) Organisational transformation motivated by technological changes is not always positively related to improved service delivery.
- (iv) Culture change when carrying out business transformation is positively related to revenue growth.
- (v) Organisational restructuring when carrying out business transformation has a positive effect on the organisation's revenue growth.
- (vi) A transformational leadership style increases the organization's responsiveness to organisational transformation positively impacting revenue growth.

## **2.8 Chapter Summary**

This chapter highlighted findings from the literature review conducted as part of elucidating on business transformation, its definition and its role in business. The chapter looked at the theories behind business transformation which from literature are mostly borrowed from the field of change management and the systems theory was selected as the one that is most applicable to this study. Several models of business transformation were also looked at in the chapter highlighting the different ways in which transformation can be carried out. Literature suggests that these models vary in their applicability but in most cases they result in the transformation of an organisation. The chapter also highlighted the key issues involved in business transformation and how they are related to improving firm performance. This includes the need to reduce state ownership in SOEs, competition as a catalyst for influencing transformation, technology as a factor that does not directly contribute to improved organisational performance after carrying out business transformation, culture change as a critical success factor for transformation, ease of business transformation is influenced by size of the organisation, adoption of responsive

organisational structure and the ability of leaders to adopt a transformational leadership style. These dimensions are considered to influence SOE transformation and should lead to improved service delivery as measured by the effectiveness and efficiency of services provided by a SOEs. Cases of private companies and SOEs that have previously carried out organisational transformation were also looked at briefly, these experiences can prove valuable when designing and implementing a transformation framework for other companies. Finally, a conceptual framework was developed to help in understanding the relationships built in the study.

# **Chapter 3: Research Methodology**

## **3.1 Introduction**

This chapter justifies and presents the research methodology that the study will follow. A recap of the statement of the problem, research objectives, research questions and research propositions is given at the outset. The chapter then discusses the research design looking specifically at the research philosophy, research approach, research strategy, methodology and research instruments adopted in the study. The chapter outlines the data collection method used in the study, whilst identifying the data type collected together with the instruments used to collect the data. A look at the population and sample for the study is provided and the specific sampling techniques used to select the study's sample. Lastly, the chapter looks at data analysis techniques and closes off with the ethical issues considered in the study together with the limitations faced.

## **3.2 Research Recap**

A brief recap of the statement of the problem, research objectives, research questions and research propositions is given below.

### **3.2.1 Recap of Statement of the Problem**

The study seeks to identify the service delivery impact of carrying out business transformation in State Owned Enterprises (SOEs). Zimbabwean SOEs have over the past 5 years been grossly criticised for poor service delivery owing to their lack of transforming themselves in the face of changing environmental conditions. This has resulted in SOEs underperforming due to poor service delivery standards which do not meet stakeholder expectations.

### **3.2.2 Research Objectives**

As indicated in chapter one, the main objective of this study is to find out the effect of business transformation on the service delivery performance of SOEs. To aid in answering this main objective, the research has following specific sub-objectives:

- i) Determine the aspects that SOEs should consider when transforming.
- ii) Establish the extent to which state ownership affect service delivery in the transformation process.
- iii) Establish gaps in the literature and conceptualise a framework to be used by SOEs in implementing business transformation.
- iv) Propose corporate policies and strategies which SOEs follow in carrying out business transformation established on the findings of this study.

### **3.2.3 Recap of Research Questions**

The main research question for this study was;

How does business transformation affect service delivery in SOEs? Specifically, the research also pursued to find answers to the following sub-questions:

- i) Which issues impact business transformation in SOEs?
- ii) How does state ownership of an SOE affect its service delivery in the transformation process?
- iii) Which gaps are in literature on business transformation of SOEs?
- iv) Which business policies and strategies can SOEs following in implementing a successful business transformation?

### **3.2.4 Recap of Research Propositions**

From the literature review conducted on business transformation, the following propositions were made:

- Proposition 1:* In carrying out business transformation, reducing ownership by the state in an SOE is positively related to service delivery improvement.
- Proposition 2:* Transformation motivated by high industry rivalry is positively related to service delivery.
- Proposition 3:* SOE transformation through technology is not positively related to service delivery.
- Proposition 4:* Organisational culture change when transforming is positively related to service delivery.
- Proposition 5:* SOE transformation through organisational restructuring has a positive effect on service delivery.
- Proposition 6:* In the transformation process, a transformational leadership style is positively related to service delivery of an SOE.

### **3.3 Methodological Framework/ Research Design**

In conducting this study, layers of the 'research onion' as proposed by Saunders, Lewis, & Thornhill (2011) are used to come up with a methodological research framework. Following the research onion, there are six steps in the onion- namely philosophies, approaches, strategies, research choices, time horizons, techniques and procedures. The research onion is a universal research procedure which assists in portraying issues behind the selection of research and data collection methods.

#### **3.3.1 Research Philosophy**

Research philosophy is a belief concerned with the manner in which data concerning a phenomenon should be collected, examined and used (Limpanitgul & Robson, 2009). For the purposes of this study, the interpretivist research philosophy was adopted. The interpretivist philosophy was adopted because the study seeks to explain the impact on service delivery due to business transformation in State

Owned Enterprises by appreciating and interpreting the different views that are available from industry experts. The knowledge obtained from this philosophy is perceived through subjective explanations generated from socially constructed interpretations which allow for a more flexible and personal research structure than that in the positivist paradigm (Saunders *et al.*, 2011). The interpretivism philosophy allows for the researcher to enter the research study with some level of prior understanding about the research area but assumes that this is inadequate in coming up with a fixed research design owing to the multiple, unpredictable and intricate nature of what is perceived as reality (Herder, Bouwmans, Dijkema, & Stikkelman, 2008). The main aim of interpretivist research is thus to comprehend and interpret the behaviour of respondents rather than to generalize and predict causes and effects being looked at in this study.

### **3.3.2 Research Approach**

The study conducted adopted an inductive research approach. According to Saunders *et al.* (2011) an inductive approach is whereby data is collected first and then a theory is developed as a result of the data analysis conducted thereafter. This approach was adopted because the study is seeking to find and identify preliminary relationships of service delivery in SOEs as a result of business transformation based on interpretations and general interpretations made from the results obtained in the study.

### **3.3.3 Research Strategy**

The study employed the case study research strategy. Yin (2009, p. 13) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context especially when the boundaries between phenomenon and context are not clearly evident”. In other words, the use of a case study is motivated by the deliberate need to cover contextual conditions as they can be highly pertinent in the phenomenon being studied. In this research, the case study research strategy is important in bringing out to the fore the issues which determine improvement of service delivery after carrying a business transformation exercise in SOEs. The

study conducted was also explanatory in nature as seen by the research questions which asked the 'how' and 'what' questions it asks. This according to Saunders *et al.* (2011) makes the case study approach suitable for a study similar to the one carried out. Yin (2009) distinguishes between four case study strategies namely single case, multiple case, holistic case and embedded case. This research in particular adopted the multiple case study strategy incorporating multiple SOEs (cases) in the study as opposed to a single one. The motivation behind using multiple cases is focused on the need of logic replication which is supposed to reveal support for theoretically similar results. In essence multiple SOEs allow for the study to establish whether the findings in one SOE occur also in other SOEs thereby ensuring that findings can be corroborated.

### **3.3.4 Research Choice**

The research choice adopted for this study was the qualitative mono method. Utilising the mono method, a single qualitative data collection method in the form of in depth interviews with qualitative data analysis procedures were used. The qualitative mono method was deemed the most appropriate research choice for this study because the research questions raised issues that need deeper analysis into the impact of business transformation on service delivery in SOEs. This requires detailed explanations which can only be obtained through in depth interviews.

## **3.4 Data Collection**

### **3.4.1 Data Types**

The research used primary data only. Primary data is collected for a specific purpose being investigated in a study (Saunders *et al.*, 2011). This study sought to answer questions that are characteristic to SOEs in Zimbabwe in relation to changes in service delivery as a result of business transformation. In this research, primary data was collected through in depth interviews of senior managers in SOEs in Zimbabwe.

### **3.4.2 Interview guide**

The data collection instrument used in the study consisted of only in depth interviews. Saunders *et al.* (2011) notes that in depth interviews are highly informal and gives the interviewee the opportunity to express freely about behaviour, events and beliefs relative to the topic area under study. Using this research instrument gave the study the advantage of probing interviewee around the study area which focused on business transformation in SOEs. This also allowed for different experts to express their views based on their knowledge and experience thereby allowing for corroboration of responses.

In administering the interviews an interview guide was used to help in directing the conversation with the interviewees toward the research area. Questions in the interview guide were derived mainly from literature on business transformation. In addition the interview guide adapted the 5Ps Model for Strategic Transformation, Alignment, and Management developed by Pryor *et al.* (1998). The interview guide contained probe questions complementing the main interview questions. These were added in order to explore issues in more detail to get more clarification, completeness and accuracy.

## **3.5 Population and Sample Size**

The population for this study consisted of 66 SOEs in Zimbabwe that operate in different sectors of the economy. A total of 10 interviews were conducted in 3 SOEs that had been selected for the study. From the 3 SOEs, 10 senior managers were interviewed because of their comprehensive knowledge of the companies and also these managers represent the best accountable authorities in organisations.

### **3.6 Selection of participants**

The research adopted non-probability sampling techniques which are generally used in qualitative research (Neuman, 2005). Non probability sampling techniques provide the researcher to draw on subjective judgements and academic literature and practice to come up with the choice of participants to include in the sample. For this study, convenience sampling was used derive the sample from the population. The population consisted of 66 SOEs, from these 3 were chosen using convenience sampling, furthermore from the selected SOEs, 10 top management officials were selected primarily using convenience sampling. Convenience sampling was used in both cases since the study required for experts in strategic management levels within SOEs. These were limited to Chief Executive Officers, Directors and Senior Managers in the selected SOEs.

### **3.7 Data Analysis**

Data gathered from the interviews was analysed using content analysis. According to Ritchie & Spencer (2002) content analysis is an interpretive data analysis technique concerned with the response as well as what may have been inferred from the responses. Responses from the interviews was initially coded and classified into specific finite categories. These categories were then indexed together with the aim of ensuring that important messages, features and findings from the interviews are highlighted. The study utilised tables and graphs for illustration of the content analysis carried out.

### **3.8 Ethical Considerations**

Ethic refer to a system of principles which can potentially change prior considerations made on choices and actions (Fouka & Mantzorou, 2011). In this regard, the study conducted took the following ethical issues into consideration;

#### **a) Respect for Privacy**

The interviewees were made aware of the general circumstances and degree in which private information will be shared to or withheld from third parties.

#### **b) Respect for Anonymity and Confidentiality**

Anonymity and confidentiality for interviewees' identities, work place and positions was stressed before the interviews and the researcher abided by this standard.

#### **c) Social and Cultural Differences**

The researcher was cognisant of social and cultural differences among the interviewees and hence conflicting interests and sensitive issues were handled with the outmost respect.

#### **d) Informed Consent**

Informed consent means that a person knowledgeably on his own accord in a clear and evident way, gives his assent to participate in the research (Fouka & Mantzourou, 2011). In this research informed consent for all interviewees was sought prior to the interviews being conducted.

### **3.9 Limitations to the Study**

The samples used in the current study were based on convenience samples, accessed within the Zimbabwean SOE context. Because of this, the sample may not be the best representation of the population under study. In addition the confirmation of the study's findings are limited because they were generated in an investigative qualitative nature. The research was not envisioned to yield results that elucidate or predict the actions and behaviour of a wide classification of subjects as most experimental and hypothesis-testing studies do. However, because the investigation produced a fairly clear grounded theory that can be adopted to managerial experiences, it should be moderately easy to formulate a series of dedicated

hypothesis-testing studies to experimentally validate and develop the theory in the study. These subsequent studies would probably be able to produce generalizable findings to a larger scope beyond that covered in this research.

### **3.10 Chapter Summary**

The interpretivist philosophy was adopted for the study utilising an inductive qualitative approach. This approach was deemed appropriate as it allows for a deeper insight into the research area. In this regard the research strategy used was a case study which allowed focus on SOEs. Data was gathered from respondents through a qualitative mono method which was done through in-depth interviews and thus allowed for corroboration from interviewees in the same SOE and across SOEs. The chapter also highlighted the data collection and analysis techniques which were used in the study in which content analysis illustrated through tables and graphs was done. Additionally, the sampling procedure was highlighted following the decision to sample using convenience sampling method. Finally the ethical issues which were taken into consideration when carrying out the research were given together with the limitations that were faced in the study.

# Chapter 4: Findings and Analysis

## 4.1 Introduction

This chapter presents the findings and analysis of the research. It starts by giving an analysis of the responses obtained for each of the four research objectives. The responses obtained were from face to face interviews conducted with 10 senior level managers at three State Owned Enterprises (SOEs) namely TelOne (4), Agribank (3) and the National Social Security Authority (NSSA) (3).

## 4.2 Interviewee Description and Background

In this chapter, four interviewees from TelOne that is the Executive Assistant to the Managing Director, the Risk Analyst, Head of Marketing and Public Relations, and the Strategy Specialist participated in the interview. Three interviewees from Agribank namely the Information and Technology Manager, Marketing and Sales Manager and the Credit Evaluation Manager were interviewed. From NSSA, The Head Administration, Contributions and Compliance Manager and the Public Relations Executive from NSSA were also interviewed. The interview questions and responses are presented and analyzed in the sections below.

Table 4.1: Interviewee Background Information

Organization	Title	Qualifications	Function	Years of service	Respondent Number
TelOne	Executive Assistant to the Managing Director	Masters in Business Administration	Directing the business	25	1
	Risk Analyst	Masters of Science in Finance and Investment	Risk Management	7	2
	Head of Marketing and Public Relations	Bachelor of Commerce in Marketing	Marketing	13	3
	Strategy Specialist	Master of Commerce in Economics	Strategy formulation	20	4
Agribank	Information	Bachelor of	Information	5	5

Organization	Title	Qualifications	Function	Years of service	Respondent Number
	and Technology Manager	Science in Business Studies and Computing Science	systems		
	Marketing and Sales Manager	Institute of Marketing Management Diploma	Marketing	10	6
	Credit Evaluation Manager	Bachelor of Commerce in Finance	Loan vetting and approval	30	7
NSSA	Head Administration	Bachelor of Science in Education	Administration	12	8
	Contributions and Compliance Manager	Masters in Insurance and Risk Management	Fund management	15	9
	Public Relations Executive	Bachelor of Science in Journalism and Media Studies	Public and media relations	12	10

Table 4.1 shows a summary of the characteristics of the interviewees who are all senior level managers in their respective organizations. The sample consisted of 4 Masters Degree holders, 5 Bachelors Degree holders and 1 Diploma holder. The years of experience for the interviewees range from 5 years to 30 years. A summary of the responses obtained is attached in appendix 2a to 2h.

### 4.3 Aspects Which SOEs Consider When Transforming

A summary of interviewees' responses is found in Appendix 2a. The service which an SOE provides governs its definition of service delivery. This was common amongst all the respondents interviewed, who gave differing definitions though all of them pointed toward the service that they provide in their specific industries. R3 linked service delivery definition to the service that the organisation provides to the market:

“Service delivery in this organisation is basically the telecommunications service that we provide to the market, in line with its requirements. Service delivery is not a constant rather it is in tandem with what the market needs”. (R3)

In other instances, as with R8, service delivery is taken as ensuring that services provided by the SOE are supplied as efficiently and quickly as possible in line with the requirements of the government. Similarly, R7 identifies service delivery of his organisation in line with government directive and regulation:

“The bank provides financial services in line with its mandate from the government as and when directed. Hence for us, service delivery is providing these financial services in the manner in which government requires”. (R7)

The majority of managers (n=6) interviewed felt that service delivery standards within the SOEs are not satisfactory. Service delivery standards were not in line with expectations because of inefficiencies within the systems that these SOEs operate. An indication of the level of service delivery standards is crucial in order to determine the driving factors of transformation within an SOE. According to R2, service delivery standards in the organisation she works in did not meet service delivery standards due to slow decision making and organisational red tape:

“Well, I am not satisfied with the service delivery standards we currently have. This is because daily you see people complaining about our service and I mostly attribute this to the long chain of command that a simple decision has to pass through, so operational decisions should just remain in the hands of operational staff. This will make decision making faster whilst improving service delivery standards of the organisation”. (R2)

R6 also indicated that the competitiveness of an SOE is crucial if service delivery standards are to be highly regarded. He indicated that his organisation is in a competitive industry and thus should on ensuring that it competes to ensure that long run service level standards are met. R5 however, disagreed with this notion indicating that an SOE can only perform service delivery levels that are within its means as it does not have unlimited resources:

“Of course we meet the service delivery standards as expected by our owners. The owners of the bank know the resources that are available within and they determine service delivery standards according to those limits”. R5

The critical success factors for good service delivery for SOEs are not entirely uniform and vary with the industry or service the organisation is providing, with the

interviewees from the different SOEs indicating different success factors. R3 identified his organisation's critical success factors as those issues that should be understood in ensuring the organisation meets the needs of the customer. In another enterprise R6 identified the critical success factors as centred on ensuring accountability and efficiency in systems and processes. Whilst R10 said that the organisation's critical success factors are hinged on high stakeholder engagement and objective corporate governance. It was established that for an SOE to be successful in service delivery unique factors to the organisation have to be fulfilled and these are normally dictated by the organisation's industry.

In terms of the service delivery efficiency indicators, all of the respondents interviewed (n=10) understood that turnaround time is the most critical service delivery indicator. According to R4, the time taken to provide service, or resolve a customer query is a crucial service delivery indicator which determines whether or not a customer stay with the organisation.

“The indicators that we use as a company to measure service delivery efficiency are quite significant. However, for us to remain as a business as a service provider, the service delivery turnaround times as measured by the length of time it takes to install service or resolve customer problems, is the key service delivery indicator”. R4

### ***Key findings***

This study found out that the issues that SOEs consider when carrying out business transformation are guided and directed by their operations, mandate and government regulation. This is attributed to the fact that each individual SOE is established for a sole purpose as defined in the relevant act for the organisation. In this study, service delivery for each SOE was found to be directly linked to the purpose that the organisation was established for. This finding is in full agreement with Kwon, Feiock, & Bae (2012) who identified organisations as having a specific purpose to fulfil and being accountable to their shareholders. The findings from this study are also in line with Liao & Zhang (2014) who indicated that SOEs fulfil government objectives and hence their role in service delivery is guided and determined by the government. The importance of this finding is that when SOEs transformation the primary issues that they consider are more aligned to how the

transformation will impact government as an owner and how it will also impact on regulation.

It is worth noting that service delivery standards, as found from this study, for SOEs are not always meeting expectations. The majority of the interviewees were of the opinion that service delivery standards below par due to internal and external inefficiencies in operations. As Chen (2006) notes, the different stakeholders in SOEs have contradictory views and expectations from the organisation and hence standards for service delivery might not always meet expectations. From the perspective of carrying out transformation, the finding from this study is important in that service delivery standards should be defined centrally and should be part of strategy if there is going to be any meaningful way to measure them. In addition these standards use industry specific service delivery indicators which the SOEs can use to gauge performance.

The study ascertained that critical success factors for transformation to be effective in SOEs differs. The differences are linked to the organisation's purpose as seen from the responses on service delivery definition (appendix 1a). Three broad critical success areas were identified from the study; customer centricity, systems and processes and corporate governance. Although these areas are not exhaustive, the study does identify these factors as the main considerations which SOEs in Zimbabwe take into consideration when they want to improve service delivery.

#### **4.4 Effect of State Ownership on Service delivery**

A summary of interviewees' responses is found in Appendix 2b. The ownership of any SOE by the government is a crucial element in determining the type and level of service delivery that the SOE provides. The interviewees were asked to express their thoughts on how this ownership has implications in their service delivery levels with a view of establishing whether transformation was necessary to improve service delivery. Because all three establishments are SOEs, the government through

regulation, has more or less the same effect on all of them as indicated by all the 10 interviewees. According to R1, the government has a direct and immediate impact on service delivery policy as the latter is determined through government regulation and directives. Furthermore, R9 indicated that acts that are passed in parliament regulate and direct the service delivery policy that the SOE will provide:

“Government policies and regulatory controls through acts of parliament govern the service delivery policy and any modifications of the organisation’s service delivery policy are in line with existing acts to ensure that government’s objectives are met”. (R9)

Government ownership of SOEs has an impact on the specific service delivery levels that it proffers to its stakeholders. According to R7, the operations of an SOE will always be conform to the government’s set policies and in most instances are regulated through acts. This seems to be sentiment with all other respondents who indicated that the government directly influences service delivery.

The service delivery standards in SOEs are set by the government. R4 indicated that these include issues to do with pricing and packaging stipulations as it is deemed by government as a determining factor in ensuring fairness. R6 added that the standards that SOEs follow should fully comply with shareholder expectations. R1 did however indicate that not all the standards are necessary compliance based, rather the company is allowed flexibility in setting some standards which have to be approved by the government.

“For the greater part, as an SOE we are here to deliver a service that the government requires for the masses. This service has to conform to specific standards which are stipulated and controlled by the government. In exceptional cases, particularly when we provide value added services, the government gives the company the opportunity to specify service standards, which they then approve”. (R1)

On the effect of changing ownership of SOEs to involve private players in their operations, most of the respondents (n=7) indicated that this would be beneficial to SOEs. Service delivery is largely expected to improve as there is a greater level of urgency and access to capital from private players, according to R6.

“Changing ownership means the government will have to release some of its shareholding into the hands of non-governmental participants

either locally or foreign. The effect of this is a change in the service delivery that we are currently executing as the new owners in the business expect quicker management decision making and have the means to access much needed finance to fund operations” (R6)

It was not established however whether this change in ownership will see the continued fulfilment of government objectives. From the responses, it would seem that those who were in favour of having government release some of its shareholding in SOEs were mainly concerned about having another party to aid in their problems, particularly that of funding. Though it was indicated that service delivery will improve, it is not clear whether it would also improve in line with government expectations. This also brings to light that change in ownership is not driven entirely by service delivery expectations but rather by the expectation that it might improve.

### ***Key findings***

The study looked at ownership of SOEs as a central point in influencing transformation to improve service delivery. This study found out that service delivery policy in SOEs is largely influenced by the government as it requires SOEs to comply with regulation stipulated in acts of parliament and ministerial directives. Prior studies conducted by Hettich (2011) indicate that government public policy influences the service delivery policy that SOEs adhere to. However, in his study Hettich indicates that governments often distort public policy in favour of SOEs to improve service delivery policy. The current study conducted was not able to ascertain this as it only established that SOEs in Zimbabwe can only act as far as regulation permits without any exceptions.

The study established that ownership by the State of SOEs has a direct impact on service delivery levels. All 3 SOEs involved in the study indicated that the government on top influencing policy, also requires adherence and compliance to service delivery that are either stipulated by law or those that are agreed upon between the SOE and the government. The finding is significant in that SOEs deliver service in line with the regulatory stipulations and hence they find it difficult to have flexibility and mobility to switch in times of change. Transformation of the SOE can

bring more room to manoeuvre a rapidly changing environment and strict regulatory controls.

Service delivery standards for the SOEs in this study comply with requirements from the government. However, the study also found that in addition to following government standards, SOEs also follow industry specific standards which are regarded as mandatory for specific sectors. These standards are not necessarily a requirement from the government but they are necessary if an SOE is operating in a commercially competitive industry as in the case of TelOne and Agribank. Fellows, Li, & Liu (2010) revealed in their study governments require SOEs to comply to specific reporting and operational standards, any diversion from these will be regarded as misconduct. Hettich (2011) in his study points out that there are exceptions particularly for commercially run SOEs which in some countries have to comply to industry specific standards.

On the effect of changing ownership in SOEs, this study found that there is diverging opinion particularly between a commercial SOE and an authority based SOE. TelOne and Agribank operate in a commercial environment which has a significant number of players, due to the nature of these businesses changing ownership of the SOEs to include private sector players is seen as a positive way to compete and ultimately improve service delivery. This done through increased autonomy from the government, access to private capital and product and service diversity. The finding is important in that it verifies studies by Erakovic & Powell (2006) that lessening political and administrative participation of the government in SOEs gives them market driven and service delivery performance focus. In contrast, SOEs of an authority based nature as in the case of NSSA do not view transformation in respect to change in ownership as it is difficult and not the 'usual' practise to have private players being responsible for social security issues. As identified by Hagemeyer & McKinnon (2013) the government has a responsibility in ensuring equitable distribution in some public services such as social security and thus cannot open up the industry to private players who are after wealth maximisation. This substantiates the findings from this study that authority based SOEs cannot be transformed

through change of ownership. It is also important to note that the study brought out transformation in some SOEs as to be not entirely based on ownership change.

#### **4.5 Effect of competition levels on SOE service delivery**

A summary of interviewees' responses is found in Appendix 2c. Competition levels in the industries that SOEs operate in are high with the exception of those that are run in a monopoly environment. R7 stated that though SOEs are established with a mandate to serve government objectives, the industry has been opened up to allow more players who offer the same services as that mandated to SOEs.

“The market has now opened up and more players are offering the same services that we were mandated to by the government. Though this a positive development economically, it has negatively impacted us as we are failing to effectively compete with private sector players due to their better positioning in accessing some resources that we cannot access at the moment”. (R7)

He acknowledged that competition has indeed made it difficult for SOEs to operate effectively and provide the service delivery standards that match players in the private sector. R2 indicated that for SOEs to compete more effectively and improve service delivery some business aspects need to be urgently addressed:

“Our main concern is the speed at which our competitors are deploying new and better-quality services whilst we stand on the side-lines. For us to compete we probably need huge investment which is obviously difficult to get in this current environment. However, I do believe that some slight changes to our internal processes, business model and customer service standards, can go a long way in ensuring a more vibrant and competitive organisation”. (R2)

R10 indicated that his organisation is not directly affected by competition as the SOE operates in a monopoly environment. He further states that other businesses in the economy are affected by competition and hence they indirectly impact on the SOEs service delivery levels.

According to R5, high competition levels in industry have a profound impact on the service delivery decisions that an SOE makes. He states that competition makes the need to transform urgent with the aim of realigning strategy to market needs but still

complying with government regulation. This he pointed out is very difficult and time consuming as government might need some time to decide on how to react.

“Competition is always evolving and as such management is always on the alert trying its best to adjust service delivery in order to meet market needs. Some of the changes in the market require an immediate response, which unfortunately we cannot guarantee as government has to approve some of the decisions which we make”.  
(R5)

R4 agrees with this notion, indicating that effects of competition are felt immediately, prompting service delivery policy to be adjusted accordingly in a manner that is in line with government regulations. It would thus seem that government has a strict control over SOEs as they are not at liberty to immediately respond to competition since the government has to monitor and approve any decision to respond to competition that the SOE makes. Through this process of approval, SOE inefficiency in provision of better service delivery is exposed as its reaction time is often, in most cases, usually late.

With regards to relinquishing ownership of an SOE, the majority of the managers (n=7) indicated that this would improve competitiveness of the SOEs. R5 indicated that reaction time to environmental changes will be much faster and thus keep the SOE in line with changes in the market.

“Indeed if the government does relinquish partial ownership of the organisation, we are likely to be see improved decision making and a much quicker response to the changes that are happening in industry. The new owners introduced will obviously require a certain level of decision making and the government will have to grant it in order for the organisation to continue being viable”. (R5)

A few of the respondents (n=3) were not in complete agreement with the idea of partially relinquishing ownership of SOEs to private sector players. R8 stated that it is not best practise and negatively affects the provision of public services as private partner is more likely to put greater importance to profit making rather than the social objective that the government created the SOE for:

“Public services like social security are best left for government to handle. Government has the overall objective of ensuring equitable

income distribution and in this regard does not have any profit benefit attached to providing the service unlike if the service was provisioned through the private sector". (R8)

### **Key Findings**

The study noted that SOEs operating on commercial terms face high competition levels in their respective industries whereas for a compliance authority like NSSA, there is no competition as it is a monopoly. It was also noted that for SOEs to compete effectively in delivering a good service several business aspects had to be changed. Prominence was given to infrastructure and technology by the commercial SOEs whereas for NSSA the regulatory regime seemed more essential to ensure survival rather than for competitiveness.

High competition levels are seen to be critical for opening up and liberalising markets for better service delivery efficiency. Erakovic & Powell (2006) and Li *et al.* (2012) pointed out that organisational transformation is mainly influenced by competition levels and a response to these pressures eliminates inefficiency. For non-competitive services like social security which NSSA is responsible for, competition in other industries affects its operations by influencing the organisation's activities and its relations with stakeholders. This study notes that high competition levels in specific industries in which SOEs operate acts as a precursor to impending business transformation and government relinquishing partial ownership.

## **4.6 Impact of new technologies in improving service delivery levels in SOEs**

A summary of interviewees' responses is found in Appendix 2d. New technology is seen as an impediment in service delivery in SOEs according to the greater part of the respondents (n=8). R1 identified new technologies as giving an advantage to operators in the private sector who are able to quickly adopt the new technology

without facing the limitations and bureaucratic nature of decision making predominant in SOEs. R8 indicated that even though SOEs would want to adopt new technologies as quickly as possible, it is often impossible because of the high costs involved, this makes it difficult to provide better service delivery when compared to other players in the industry. In some circumstances, new technology is construed to be disruptive and an impediment to service delivery success if an SOE does to adopt it, according to R7.

“I advocate for new technology adoption, however as can be seen particularly in the banking sector, the failure to adopt some of the new technologies can be detrimental to successful service delivery. With this I am referring to mobile banking which has made us the least attractive bank in the sector since we did not adopt it”. (R7)

Customer and stakeholder satisfaction is the major and common factor among the respondents that influences the adoption of technology in the SOEs. According to R6, the adoption of new technologies by SOEs will improve service delivery levels through increased cost efficiency and time to market. For R1, global trends in the SOE's industry, customer requirements and the need to compete forces them to adopt new technologies. With these influential issues paving way for technology adoption, it can be seen that even though technology is not immediately adopted, SOEs still require it. Of interest is to note that a few respondents mentioned the need for funding as it was apparent that it was the reason why technology is not quickly adopted. This may also be indicative of the new nature of operating SOEs which is more customer centric and not just technology driven.

There was general consensus among all respondents (n=10) that it is possible for SOEs to adopt new technologies without changing the ownership structure as government does not restrict this if funds are available internally. R6 said that when the SOE has excess funds available then government should be able to support any technological advancement that the SOE does. However, as with all decisions in SOEs, approval from the government should be sought particularly the procurement of such equipment which has to pass through the State Procurement Board (SPB).

“I am sure the government is receptive to us changing our technology on own without them directly funding the project. But I am aware that if purchases of equipment exceeds a certain monetary level then we

have to consult the government and more likely go through the SPB”.  
(R6)

R4 states that not only does the government allow SOEs to adopt new technologies on their own, it actually encourages it. Particularly now when the government is facing liquidity challenges. However, he notes that government eventually has a say in the major technology decisions which an SOE undertakes:

“Yes, it is possible for our organisation to adopt new technology without changing ownership structure, meaning we have to fund that project out of internal resources. Major technological changes however, always need the involvement of government to ensure that their interests are protected”. (R4)

All the respondents indicated that the government is encouraging the adoption of new technology. R10 said that new technologies help in improving service delivery and also they ensure that all government departments and enterprises are in line with the National Information and Communications Technology policy which is striving for e-government in the country. R4 added that the liberalisation of some markets helped in ensuring that government gives prominence to technology adoption in SOEs:

“The government should be commended for opening up the telecommunications sector as this has led it to embrace technological change hence encouraging SOEs to embrace it. I believe this is also in line with its vision of a technology led government as guided by the Ministry of Information and Communications Technology”. (R4)

### ***Key Findings***

From the responses obtained, most of the interviewees (n=8) believe that technological change impacts service delivery negatively as SOEs are slower to react to these changes. This is in line with Karampli, Chatzaki, Polyzos, Souliotis, & Kyriopoulos (2014) findings that organisations who do not adopt new technologies quickly can face stiff competition from those that adopt it earlier. A few of the respondents (n=2) looked at technological change more favourably indicating that technological change positively impacts operations.

The study discovered that there is general consensus amongst the interviewees that technological change improves the service delivery levels which organisations have to meet after carrying out a transformational change. New technologies influence the SOEs' approach to dealing with customer needs, internal processes and more importantly the service delivery cycle. The research also noted that in some cases, technology change is regarded as disruptive and thus requires adaption rather than immediate adoption. In their studies Jing & McDermott (2013) could not sufficiently provide evidence that technology change in SOEs can potentially boost efficiency in service delivery. This difference between the current study and those done prior could be primarily caused by variations in economic and social conditions that prevail in Zimbabwe against those in Europe.

#### **4.7 Influence of culture on service delivery of SOEs**

A summary of interviewees' responses is found in Appendix 2e. The service delivery level that an SOE adopts is likely to be influenced by the people, processes and values that organisations have internally. It was therefore important to establish whether culture change in the past or in the future can help improve service delivery. From the responses of all interviewees, culture change has been tried in their respective organisations over the last 3 years. More importantly, a change in work ethics seem to be common among the respondents. R5 indicated that his organisation had changed the way in which employees' interact with their clients and the attitude they have toward work in order to improve service delivery in highly dynamic operating environment. R2 highlighted that her organisation had improved work ethics particularly the professionalism element, making the organisation a better agent for the government to deliver service:

“Over the past 3 years a lot of organisational cultural elements have changed, changing culture has always been a challenge, however I can say that the professional conduct that our employees have has greatly improved”. (R2)

Nine out of the ten respondents indicated that culture change programs are effective in improving service delivery in SOEs. According to R1, culture change programs empower employees to leave their old ways and adopt new ways of undertaking

work in a rapidly changing operating business environment thus improving the way they deliver service. R8 reiterates the same sentiment indicating that:

“Culture change programs have been effective in bringing out higher service delivery standards by influencing better internal coordination and collaboration mechanisms which require involvement of everyone within the organisation”. (R8)

R4 however stressed that changing culture is a process, whose results are not felt immediately but can have long term transformational benefit in improving service delivery if conducted properly. From this response he insinuated that his organisation has not yet fully realised the service delivery benefits of culture change programs conducted.

“Of course culture change programs are effective in service delivery improvement, however, because they are normally done in conjunction with other transformational activities like new technology adoption, the effects of these programs is not immediate rather it can only be realised in the future depending on whether the program was successful”. (R4)

Culture change is accompanied by a set of challenges according to all of the respondents. In particular the respondents pointed out that these challenges are more prominent with issues to do with employee buy in to the culture change program. R1 pointed out that culture change is a delicate situation which if not handled properly leads to insecurity among employees and can spoil motivation levels. In addition R6 indicated that low level employees are difficult to convince and accept change. R8 places the culture issue into perspective, stating that culture change programs face the challenge of resistance from employees who panic over the possibility of losing their jobs:

“I think the most difficult thing about the culture change programs that we embark on is the issue of having some employees resisting to change their attitude and behaviours as they fear losing their jobs if they do not adapt. This defeats the whole purpose of a culture change program as the program is entire based on encouraging the willingness of employees to adapt to change”. (R8)

Though the SOEs face problems in implementing these culture change programs, management takes heed and provides possible measures to ensure that the programs are successful. There was a virtually equal consensus on two major

strategies that SOEs can adopt to ensure culture change programs are successful. The first one as identified by R9 involves major involvement of top level management in the culture change program to ensure that the correct perception is spread within the organisation:

“To correct the problems we faced in implementing our original culture change program, we decided to redo it by first educating and fully engaging top level management to ensure that low level employees do not feel that the culture change program is targeted at them only”. (R9)

The second main way of ensuring successful culture change as identified by R6 is to adopt a bottom up change management strategy that involves lower level employees embracing change management is in line with strategy:

“To curb the resistance we face in having lower level employees accepting the culture direction that the organisation wants to undertake, a bottom up approach is used. It has so far been successful as it aligns strategy of the company to the needs and requirements of both the organisation and that of employees”. (R6)

Although these strategies have been implemented in SOEs, it is not yet clear whether service delivery has really been improved as some of the SOEs are seen to be pushing for change in order to comply with the changing business conditions which are regrettably tough due to economic decline. It can also be likely that SOEs have had success in culture change as a way to match competition at the expense of improving the service delivery standards that they provide.

### ***Key Findings***

The study learnt that culture change elements which the SOEs have improved on in the past 3 years are directly related to the way in which employees do their work. A proportion of the respondents (n=5) for instance changed the professionalism presentation of employees to influence better service delivery. Albeit, it is not clear if this has yielded the desired result as SOEs are continually engaging in culture change programs. In some instances however, as indicated by R4 who is a Strategy Specialist at his organisation, culture change has had no immediate impact rather it is beneficial for the long term transformation of an organisation. This is contrary to Foley & Alfonso (2009) who identified culture change as realising immediate change in SOEs through adoption of a shared service culture.

Culture change from the findings of the study conducted is highly regarded as a catalyst to the future transformation of an SOE, however all the SOEs identified employee change resistance as the main problem encountered in implementing culture change programs. Cora (2013) and Pettigrew (2012) also identified this as the main problem in changing organisational culture. There was general consensus among the SOEs that changing culture in SOEs will make it easier for implementation of a transformation exercise by improving internal organisational mechanisms and realignment of organisational strategy. Regardless of the benefits of implementing a culture change program, there is still some scepticism to its transformational benefits as it is perceived by some of the respondents that it can be misconstrued and bring uncertainty to some employees particularly the older ones. Herbert (2009) points out that culture change in SOEs brings out a more decentralised organisation which encourages participation at all levels thereby improving service delivery.

#### **4.8 Suitability of organisational structure to meet service delivery expectations**

A summary of interviewees' responses is found in Appendix 2f. The organisational structure inherent in SOEs is a crucial element in the service delivery level that is availed. Respondents were asked on how the structure of their organisation in its current form and alternatively if need be a restructured organisation can meet service delivery expectations. The functional structure is prime organisational structure which most SOEs adopt as indicated by several of the respondents (n=6). It was noted that the rest of the respondents (n=4) identified the matrix structure to be in use in their organisations. Advocates for the functional structure like R7, identified the structure as the best structure for accountability whereas R3 who said his organisation uses the matrix structure, believes that it is the best possible structure to delegate authority:

“The company currently employs a matrix structure, with our regional operations it offers flexibility to decision making and also empowers

junior managers in these areas to make decisions quicker. Of course major decisions are done at head office". (R3)

The majority of the respondents (n=9) were adamant that their current structures are suitable for the future and for improving service delivery. R1 indicated that his organisation can continue with the matrix structure, but it has to be leaner. R10 also was of this opinion though his organisation has a functional structure that he wants maintained:

"Service delivery improvement does not necessarily require us to diverge from the current functional structure as it offers better corporate governance and accountability channels. It is possible though to at least make it flatter so that the chain of command is reduced to ensure that decision making is faster. This improves service delivery by having quicker response time to stakeholder needs". (R10)

R5 however thinks that his organisation can adopt a matrix structure to improve service delivery as compared to the functional structure his organisation is using:

"The current structure is too bureaucratic and has a lot of disadvantages in our industry. If a more matrix like structure can be adopted the organisation will be better positioned to implement decisions much quicker". (R5)

With a significant portion of the respondents (n=9) advocating for a change in the organisational structure, it was important to establish from them why this restructuring has not yet materialised. The biggest impediment to changing organisational structure seems to emanate from the current contractual ties that SOEs have with their employees. R4 indicated that in his SOE the workforces is highly unionised making it difficult to restructure without the SOE facing backlash in the form of huge settlement fees for those retrenched. In addition, there is seemingly no government initiative or support for restructuring programs, according to R6:

"The organisation's desire to restructure is always with good intentions to ensure that the bank survives for the foreseeable future. For us to restructure, it requires that the government intervenes and plays a role in supporting the initiative whilst at the same time ensuring that SOEs have an appropriate policy to cater for restructuring of SOEs. The policy should be able to protect the organisation in the case where employees challenge the restructuring". (R6)

What is not coming out from the responses is what the organisations themselves are not doing to implement such restructuring. It may seem that the SOEs are in support of some form of restructuring which in most responses (n=7) point at a reduction in the workforce. However, it can be seen that they are hesitant to embark on these exercises as there is perceived political backlash from the government. This is clearly shown by R2 who said that:

“Restructuring of the organisation in response to issues to technology advancement requires it to retrench more than 50% of the workforce as most of the activities will be automated. But this goes against government objective of ensuring full employment”. (R2)

With the aim of establishing the appropriate requirements that SOEs need from the government to ensure a structure that improves service delivery, the respondents were asked on how the government itself can intervene. The common solution stemming from the interviews as pointed out by 8 of the respondents point to a revision in government policy for employees in the public sector. R8 goes on to say that the government should be better positioned to protect and safeguard the interests of SOEs by ensuring that it provides employment contracts that provide more favour to the organisation rather than to employees to warrants flexibility when time for restructuring comes. A few of the respondents (n=2) indicated that the main way government can assist in the restructuring of SOEs is through providing funding to retrench the excess staff as indicated by R3:

“For starters, the organisation does not have enough financial resources yet it is expected to deliver superior service in the market. The government should at least provide us with some funds or set up a reserve to cater for the retrenchment of excess employees. This will go a long way in making the process smoother and less painful to everyone”. (R3)

### ***Key Findings***

The key findings were that SOEs adopt the functional organisational structure and this is also deemed to be more aligned to making clear accountability lines and a better corporate governance standing. Interviews conducted in this study revealed that the organisational structures which are prevalent in SOEs are bloated and use highly bureaucratic reporting hierarchies. These structures were found to be largely

ineffective in meeting service delivery expectations by the majority of the respondents (n=8). The study established that most of the interviewees advocate for a remodelled trimmer organisational structure which has the benefit of enabling quicker decision making, providing clear accountability and reducing the workforce numbers. This finding is in line with Teo *et al.* (1997) who acknowledged that when organisations transform they move from large to smaller units which are more responsive and flatter.

#### **4.9 Leadership style and its influence on service delivery**

A summary of interviewees' responses is found in Appendix 2g. SOEs have a leaders that play the role of interface between the organisation and its stakeholders. The study sought to establish how the leadership style influences service delivery in transforming SOEs. With most SOEs adopting an autocratic leadership style, as indicated by a large proportion of the respondents (n=6), it was noted that this is the style that has always been available in SOEs. However, other leadership styles like the pace setting style seem to be evolving with only a few respondents (n=2) viewing their current leadership style to be in this state. R2 said that the pace setting style is being used in conjunction with semi-democratic leadership style in her organisations with a view of ensuring decisions at some lower levels is made whilst maintaining control at the top:

“I view our leader as a pace setter and in this regard she allows people to be innovative whilst ensuring all decisions made for the organisation are optimal for service delivery performance. In addition, a semi-democratic style where in particular our regional operations are given some room to manoeuvre and make decisions on their own to ensure quicker decision making”. (R2)

The leadership style that SOEs adopted is largely affected by personal traits as shown by a large number of respondents (n=8). The age and experience of a leader plays a critical role in determining how he leads, according to R10. In another instance, R5 identifies the attitude towards work and lower level subordinates that determines which style to adopt:

“Leadership style in this organisation is a result of the individual. His attitude towards the work at hand and how he interacts with employees is a guiding factor in determining the style of leadership that is adopted. Because of these factors, the leadership style being adopted currently is due to these circumstances which require a stringent approach to ensure that everyone is working towards meeting the company’s goals”. (R5)

It could not however be established whether expectations of service delivery also play a role in determining leadership style. Apparent though is that leadership style is adopted from one leader to the other and change is rare in SOEs. Most of the respondents are quite anxious to see some sort of changes in the leadership style adopted in their organisations (n=8). By changing leadership style, the leader sets the transformational road map which everyone in the organisation has to adopt in times of change according to R3. The leadership styles that respondents think are suitable for the post transformation era are the transformational leadership style (n=5) and to some extent a transactional style (n=3). According to R2, the new leadership style should be one that provides futuristic direction to the organisation:

“When the leadership style changes it has to provide transformational signals where the leader is adoptive of changes in the socio-economic environment as well as being cognizant of the political influences so as to set a revolutionary transformational future for the company”. (R2)

In contrast, R8 who supports a transactional leadership style says that leaders should be able to have the liberty to reward performers and reprimand non-performers.

All respondents acknowledged that leadership is a critical element in the determination of good service delivery. R6 said that a good leader provides a facilitator for a lively organisation who values the vision of the organisation. In support, R9 added that a leader is important in understanding strategy, shareholder requirements, and has ability to change the existing organisational culture will be able to improve service delivery:

“A good leader is the cornerstone of success for the organisation, with a propensity to understand strategic business requirements and how these are aligned to government requirements, organisational culture and the general business itself”. (R9)

### ***Key Findings***

From the interviews conducted, the study found out that the autocratic leadership style is predominant in SOEs with half of the respondents indicating that it is the current style their organisations are using. The other leadership styles identified include affiliative and pace setting. The research also found that age is the main aspect which influences the leadership style that SOEs adopt. This is in line with findings by Dixon *et al.* (2010) who also identified that age is a critical element in determining the success of a future leader.

The study found that in the pre-transformation period, SOEs need to change the leadership styles that are in use at the organisations as confirmed by 9 of the interviewees who advocate for a change in leadership. The dominant leadership styles in the event of change were found to be a mixture of transactional and transformational leadership. Prior studies by Herold *et al.* (2008) and Santalainen *et al.* (2011) call for a purely transformational leadership style as the most suitable for transformation, however this study revealed that it can vary with the SOE and its operations. In some SOEs a transactional style is seen as more preferable as it offers a clear direct management style which does not need reactiveness rather it requires rules to be followed. Whereas a transformational leadership style was more preferred by respondents in operations of a commercial setting as it enables better management diversity and responsiveness to market and competitive changes for improving service delivery.

### **4.10 Business strategies and policies that can be adopted by SOEs in carrying out business transformation to improve service delivery**

A summary of interviewees' responses is found in Appendix 2h. For SOEs to transform and consequently improve their service delivery, there is need to bring out the limitations and solutions that they face in such an exercise. These can then be used as strategies in business as well as give policy makers a clear picture of issues

that need to be addressed. Two main challenges that span across all SOEs as they try to implement transformational strategies are internal or procedural issues and financial difficulties as identified by the respondents. Internal challenges were identified by the greater part of respondents (n=6) as the main problem that SOEs face in transforming are primarily to do with structural and cultural changes as identified by R8 who said that the structuring of a transformed SOE is difficult as long as there is no change in the culture of the organisation:

“The main challenge I foresee in transforming this company is the structural and process changes which might be met with resistance and eventually make the transformational strategy a futile exercise”.  
(R8)

More critically, changes in the way in which SOEs have to interact with stakeholders, particularly employees, might also be misinterpreted and thus cause more problems than providing a solution, according to R10. These internal challenges as suggested by R5 will require higher levels of involvement by all staff in transforming the organisation. In addition, R1 says that internal process problems can possibly be solved by:

“...continuous alignment of service design processes during the transformation period to ensure that at all levels there is a clear direction on the organisation’s vision and requirements from all its stakeholders”. (R1)

R2 mentioned that the major problem faced by SOEs in transforming is the harsh economic environment which does not encourage external investor participation and also the legislation to attract investment is not significantly encouraging to foreigners. However, he believed that for SOEs to transform there is no point in waiting for injections of funds from the government, rather it should concentrate on cost cutting measures and strategies that ensure availability of some funds for future investment.

According to R10, the primary benefit of carrying out transformation in SOEs is that it instils confidence in stakeholders and partners thus keeping important relationships intact. Another believed that the main benefit arises out of creation of a competitive services portfolio in the SOE’s respective industry:

“Transformation of the organisation has the immediate impact of improve the diversity of the services that we offer as an organisation, this will go a long way in ensuring that we compete more efficiently and in the long run improve service delivery for the whole organisation”. (R3)

A direct relationship to service delivery was able to be established from the research as all the respondents indicated that the benefits improve the organisation in one way or the other. Of particular interest is that service delivery is hinged on ensuring that all other transformational dimensions are met.

The issue of funding was also prominently talked about by the respondents in response to the type of assistance the SOEs need from the government (n=6). Of particular interest is that some respondents like R2, talked about relaxation of foreign investment laws which are seen as currently not supportive of participation by foreigners. R4 even suggests solving the funding issue by providing preferential policy initiatives to foreigners who can invest in SOEs:

“If a foreigner comes and invests partially in an SOE, there is a better chance that the organisation will be able to improve its service delivery standards. For example, the Chinese are somewhat investing in the country by they have to been given sufficient incentive to invest in the public sector. By giving tax relief and higher dividend remittance rates, they can help inject fresh money into the economy and boost SOE operations particularly us who operate in a competitive industry with a high return potential”. (R4)

### ***Key Findings***

On the strategies and policies that SOEs can use to improve service delivery when transforming, the research obtained several issues which could possibly be beneficial to management and policy makers. The research found that SOEs could have challenges in carrying out business transformation; these challenges are generally classified into the following structural and process management, internal readiness and lack of responsive macroeconomic policies. The study managed to recommend countering these problems by employing an involving, communication based and detailed transformational strategy cascading exercise to ensure that everyone is on board. In addition internal readiness needs organisational planning to be readjusted by instilling confidence in the organisation through a culture change

program. In terms of unresponsive macroeconomic policies, the SOEs interviews suggested that the best way is to lobby government for industry reforms and influence policy through continuous engagement with government.

There was a majority consensus on the benefits that transformation can bring to SOEs which was discovered to be strategy alignment and execution. Additional benefits that the study learnt include the formation of a wider product and services portfolio, better work assimilation, increased profitability and higher stakeholder confidence. Based on these benefits, the interviewees were in agreement that SOEs should be transformed as it not only improves service delivery but also brings other benefits. Ashurst & Hodges (2010) recommends that SOEs conduct business transformation to realise benefits that accrue to private sector players, which enables better service efficiency and realisation of shareholder objectives.

On how to improve the service delivery role which SOEs are assigned, the study found that all the 3 SOEs had a differing view. In summary TelOne identified the cooperation with other SOEs as an important way for enhancing service delivery role, whereas Agribank and NSSA concentrated on provision of a better service delivery platform and increased quality control. The differing views are mainly due to the different requirements and government expectations that these organisations have thereby requiring them to place more emphasis on what is critical the most to their requirements. This is in agreement to studies conducted by Li et al. (2012) in China which recommended that the service delivery role of SOEs can be greatly improved by concentrating on factors that are within its dominion of operations.

The study noted that the greater part of the SOEs are in need of funding assistance from the government to enhance their operations. This brings out the recommendation that when transforming an SOE government should be fully supportive and provide funds to the greatest extent possible.

## **4.11 Chapter Summary**

This chapter highlighted and analysed the interviewees' views pertaining issues which affect service delivery in transforming SOEs. From the chapter it can be concluded that the major aspect to be well-thought-out when SOEs attempt to enhance service delivery and transform is the influence of government ownership, together with the policies and acts which govern them. Any transformational strategy formulated by the organisations is constrained by government acts and policies such that they conserve their mandated role. Issues outside the ownership of SOEs draw from literature confirming the trends noticed in prior studies. The following chapter will present the conclusions and recommendations of the research based on the findings discussed in this chapter.

## **5.1 Chapter 5: Conclusions and Recommendations**

### **5.2 Introduction**

This chapter presents the conclusions and recommendations for the research conducted on the impact of business transformation in State Owned Enterprises (SOEs) on service delivery. The chapter also gives the contribution this research has added into the academic fraternity and the areas which need further research.

### **5.3 Conclusion**

The conclusion to the study carried out are based on the objectives set out in the beginning. These conclusions are drawn from the findings and discussions in Chapter 4.

#### **5.3.1 Aspects that SOES consider when transforming are related to internal conditions**

The research concludes that SOEs recognise service delivery in a uniform manner by linking it to the mandate they are required to fulfil by the government. Most interviewees from the SOEs acknowledged that their service delivery expectations are in line with government requirements and hence when transforming, influence of the government's regulatory requirements have to be taken into consideration. In addition, consideration of critical factors for success in SOEs all relate to service quality, corporate governance and processes management which all have to be clearly evaluated before transforming to ensure future success. The main service delivery indicators in the different industries that SOEs operate are among the major aspects that are considered by SOEs in transforming as they are used to gauge service delivery performance, competitive comparison and also compliance to law.

### **5.3.2 State ownership largely affects transformation of SOEs**

Government through acts of parliament, policy initiatives and service directives has a direct impact on the service delivery policies for SOEs. Ownership of these SOEs also ensures that service delivery above all else is in compliance to the regulations set by government even when there are changes in the operating environment which other players in the private sector quickly respond to. Service delivery is also influenced by government ownership by overseeing the service delivery standards which SOEs should adhere to. In this regard any transformation activity that SOEs undertake are influenced by requirements that the government has of the SOE. However, in the case where government has ceded some ownership of the SOE, service delivery standards, policy and requirements are expected to be more relaxed and flexible allowing SOEs to improve on service delivery.

### **5.3.3 Influence of competition on service delivery in SOEs**

Competition has a huge impact on SOEs which operate on a commercial basis. Competition in the industry ensures that SOEs continue to strive to improve efficiency and service delivery, thus opening up channels for business growth and organisational transformation.

### **5.3.4 Impact of new technologies in improving service delivery levels in SOEs**

New technologies largely influence service delivery in SOEs. It has been highlighted that because of lack of adequate financing and bureaucratic nature of decision making, new technology adoption is slow in SOEs thus service quality is low when other companies adopt new technologies. However, with successful implementation of advanced technologies, SOEs can greatly improve efficiency and internal coordination and in turn, service delivery.

### **5.3.5 Influence of culture on service delivery of SOEs**

Culture change has an enormous impact on service delivery of SOEs and is regarded as a facilitator of future transformation of an SOE. Culture change programs are often met with employee resistance to the culture change program and are thus ineffective. It was generally agreed that culture change will make implementation of a strategy turnaround exercise easier by refining internal mechanisms and realigning the organisation strategy to customer needs.

### **5.3.6 Suitability of organisational structure to meet service delivery expectations**

SOEs generally embrace the functional organisational structure as it is considered to be more in line with enhanced corporate governance and accountability. The prevailing organisational structures in SOEs are bloated and use extremely bureaucratic reporting hierarchies which make for poor service delivery. SOE transformation modifies them into trimmer structures for quicker decision making and clear accountability which will improve service delivery in SOEs.

### **5.3.7 Leadership style and its influence on service delivery**

The autocratic leadership style is dominant in SOEs and is influenced mainly by age, experience and expertise. This leadership style stifles innovation and creativity hindering effective service delivery. Post transformation leadership in SOEs requires either a transactional leadership style or a transformational leadership style which in both cases are an improvement from the autocratic style and are believed to improve service delivery.

### **5.3.8 Framework for transformation in SOEs**

Literature on SOE transformation is sparse and generally the framework adopted for transformation in these organisations have been generalised in line with private organisations. The study concluded that even though SOE transformation is

influenced by factors identified in literature – competition, technology, culture, leadership, organisational structure and size - ownership plays a critical role in ensuring true transformation as there is need to change expectations by the government and all other stakeholders. Ownership change influences how the dimension mentioned above affect service delivery in the post transformation period. This study proposes a framework which SOEs can adopt in transforming the organisations and provide better service delivery to its stakeholders. Figure 5.1 below shows the framework that SOEs should adopt when transforming;

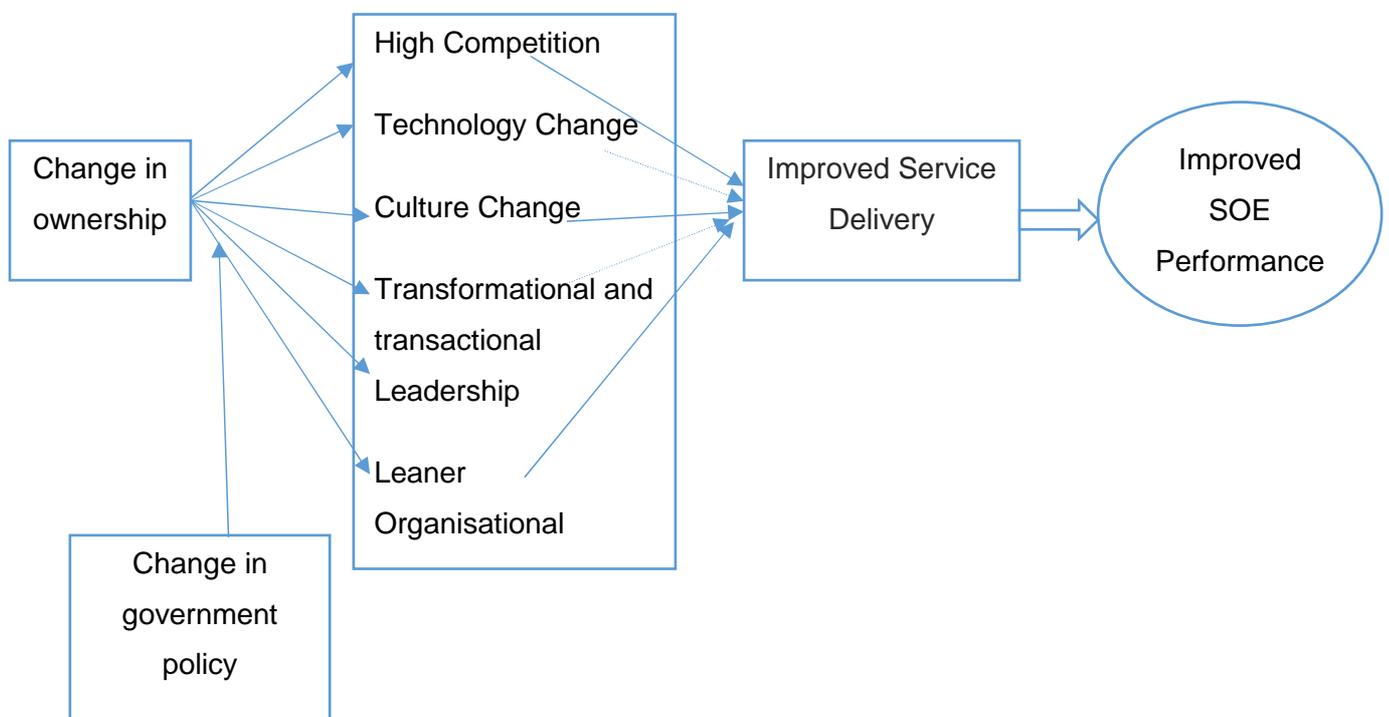


Figure 5.6: Framework for transforming SOEs

### 5.3.9 Policies and strategies for transforming SOEs

The research concluded that carrying out transformation in SOEs is difficult mainly because of the need to ineffective strategic planning for transformation, resistance to change and lack of adequate financial resources to implement the transformation exercise. It was also seen that SOEs acknowledge that transformation has real

benefits which need to be harnessed as these can ultimately improve service delivery and other performance related benefits to SOEs. Thus, government policy was seen as a major areas which needed redress as it needed to be flexible enough to change in response to an SOE's needs in the market and also for realignment with expectations. Strategies that SOEs follow in implementing transformation to improve service delivery mostly point to issues of collaboration and responsiveness to changes in the market.

## **5.4 Answers to Research Questions**

The study answered the research questions as follows:

### **i) Which issues impact business transformation in SOEs?**

Exogenous and endogenous issues impact business transformation in SOEs. These issues as shown by the study are particularly uniform throughout the SOEs reviewed in the study. Some of the issues are already covered by literature, these include competition, technology, culture, leadership, organisational structure and size. In addition, ownership plays a critical role in any transformational activity that SOEs might want to partake in due to the regulatory and governance influence that government has.

### **ii) How does state ownership of an SOE affect its service delivery in the transformation process?**

The study acknowledged through the SOEs interviewed, that state ownership plays a critical role in service delivery. State ownership has a large influence on the service delivery policy and process by which an SOE executes its duties. In addition, service delivery has to conform to specific government regulated standards that SOEs need to comply with. However, when the state reduces its ownership stake in an SOE, the study found out that its influence in service delivery and policy will be reduced with the new shareholder coming in with different expectations.

### **iii) Which gaps are in literature on business transformation of SOEs?**

Literature has vast evidence on business transformation. However, it classifies transformation under a general framework. This framework indeed has issues which influence transformation in SOEs but does not clearly provide sufficient evidence on how ownership of SOEs influence transformation. In addition government policy regulating SOEs is not sufficiently covered in literature as regulation of the private sector has different requirements and expectations compared to those of SOEs.

### **iv) Which business policies and strategies can SOEs following in implementing a successful business transformation?**

To ensure successful business transformation, SOEs need to formulate responsive and collaborative business strategies particularly in a dynamic operating environment. Formulating and implementing these strategies will ensure that financial inadequacy, poor planning and change resistance are dealt with much more effectively. These strategies need to be supported by flexibility in government policy and regulation of SOEs. Flexibility in policy will ensure SOEs fulfil their service delivery mandate for effectively by encouraging higher levels of competitiveness, governance and professionalism from employees.

## **5.5 Discussion of Main Proposition**

The main proposition for this study was stated as;

“Business transformation in state owned enterprises will improve service delivery”

The study corroborated the proposition with evidence from TelOne, Agribank and the National Social Security Authority indicating that business transformation does indeed improve service delivery in State Owned Enterprises (SOEs). Improvement of service delivery in SOEs does not follow the conventional models used in private organisations due to the government ownership of these organisations. Government has a mandate to the populace to deliver services, however some of its enterprises are not always efficient in fulfilling this mandate hence the need to transform. For any

viable transformation to happen in an SOE, there is need to change the ownership structure of SOEs and introduce private players. In addition, ceding of ownership requires the government to put in place accommodative and flexible policies and regulations in place to ensure that transformation of SOEs yield desired results.

The study also was able to ascertain the following 4 minor propositions;

*Proposition 1:* A reduction in state ownership of an SOE improves service delivery.

*Proposition 2:* High levels of industry and market competition positively influence improved service delivery when transforming.

*Proposition 4:* Change in organisational culture when transforming is positively related to an improvement in service delivery.

*Proposition 5:* SOE transformation through organisational restructuring has a positive effect on service delivery.

Based on the study conducted the following 3 propositions were not ascertained;

*Proposition 3:* SOE transformation through technology is not positively related to service delivery.

*Proposition 6:* In the transformation process, a transformational leadership style is positively related to service delivery of an SOE.

## **5.6 Theoretical Contribution**

The research conducted and the finding generated from it have contributed to existing literature and the knowledge fraternity in the subject area of SOE business transformation and its effect on service delivery. Literature available on business transformation generalised its application and impact in organisations. This research however found out that conditions in SOEs are different due to the ownership structure they operate with. With this ownership structure the generic issues that affect business transformation need to be re-evaluated to take into consideration

government ownership expectations, policy and regulation. Figure 5.1 shown above shows a redesigned conceptual framework based on the findings of the research. The framework shows that for any meaningful transformation to occur in SOEs, a change in ownership and a change in government policy is critical to influence. The study found that there is a relationship between a change in ownership of SOE with the research's dimensions of competition, technology, culture, leadership, structure and organisation size; this relationship is shown by solid arrows. For this relationship to hold it is essential that there is change in government policy to ensure that any change in the dimensions supports transformation of SOEs. The relationship of ownership change, competition levels, culture change and structure were found to be in line with literature but no evidence from the study was able to corroborate the relationship between service delivery and technology, organisational size and leadership style.

## **5.7 Policy Recommendations**

Aligned to the findings from the study conducted, the following policy recommendations are made:

### **i) Provide SOE transformation roadmap**

The government should come up with an SOE transformation roadmap which can be adopted by SOEs in the strategic planning process to ensure that when the time for transformation comes the organisation will be well equipped. The transformation roadmap will also ensure that issues on funding and resistance to change are managed more efficiently. The SOE transformation roadmap should effectively spell out what the government expects from the SOE in the future.

### **ii) Put in place policy on SOE investment by private sector**

Investment by the private sector into the country's SOEs is quite limited at the moment. For encouraging transformation of these SOEs, the government should put

in place a policy to govern how investment into SOEs will be done and also stipulate conditions that should be adhered to.

### **iii) Provide standardised performance reviews and reward systems for SOEs**

Although the government has introduced an Integrated Results Based Management (IRBM) performance management system, it has not yet been entirely embraced by all SOEs. This has led to a disparity on performance reviews and reward systems for SOEs. In effect, the unstandardized system of performance reviews makes it difficult to identify and readjust SOEs that need to transform so that they can improve service delivery.

## **5.8 Managerial Recommendations**

The following managerial recommendations are made from the findings obtained in this study;

### **i) Environment specific service delivery standards**

SOEs are continuously providing service delivery standards which conform to levels unrelated to the current existing operating environment. This has led to inaccurate reporting and information of SOE performance. Service delivery improvement is thus lacking and is difficult to implement.

### **ii) Continuous update of processes and systems**

To entirely transform an SOE requires a lot of time and commitment from various stakeholders. However, SOEs have been lacking in service delivery due to slow response in adjusting processes and systems so that they are responsive to changes in the operating environment. Some of the processes and systems that are not directly controlled by government regulation require management in SOEs to be proactive.

### **iii) Adopt organic growth and development business strategies**

SOEs in Zimbabwe continuously require funding from the government to implement projects. With the financial instability that the Zimbabwean economy is facing, it is relatively difficult for the government to provide funds for development, and hence cannot influence transformation of SOEs. By adopting organic growth strategies, SOEs can be able to invest funds from its own revenues and thereby be in a position to effect transformation and improve service delivery in the future.

## **5.9 Areas of Further Research**

To advance the study of business transformation in SOEs, the research recommends the following areas for further research:

- i) An assessment of how government policy can be modified to accommodate the transformation of SOEs;
- ii) The implications in SOE service delivery in a post transformation period;
- iii) How SOE transformation can be an enabling mechanism in the implementation of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset).

## **5.10 Chapter Summary**

In summary, the study ascertained the main proposition which stated that business transformation in state owned enterprises improves service delivery. In particular a change in ownership and private sector participation was seen as a prerogative for any change in service standards, policy and stakeholder expectations. Through literature, external influences on business transformation had a bearing on the mindset that is adopted for business transformation.

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# Appendices

## Appendix 1: Interview Guide

### Dissertation Topic:

### An Assessment of the Impact of Business Transformation in State Owned Enterprises' Service Delivery

Dear Colleague

Thank you for accepting to take part in this study which seeks to find out the impact of business transformation on State Owned Enterprises' (SOEs) service delivery in partial fulfilment of my Master of Business Administration Degree at the Graduate Management School at the University of Zimbabwe.

Your opinions in this research are greatly valued and there is no wrong or right answer. I would like to pledge to uphold all the research ethics that are expected of me, especially guaranteeing austere confidentiality with your responses. Please do not provide your personal details or your name in the interview.

Your participation in this research study is greatly appreciated.

Yours Faithfully

**Munyaradzi S. Choto**

**MBA Graduate Student (University of Zimbabwe)**

### **1. Background Information on Interviewee**

- a) What is your job title?
- b) Which qualifications do you have?
- c) What primary functions does your job involve?
- d) Number of years of service
- e) How many years have you worked for your organisation?

### **2. Which aspects do SOEs take into consideration in transforming their business to improve service delivery?**

- a) What do you term as service delivery in your organization?
- b) Are you satisfied with the organization's service delivery levels standards?
- c) What are the critical success factors for good service delivery?
- d) Which indicators do you use to measure the efficiency of service delivery in your organization?

### **3. How does state ownership of an SOE affect service delivery?**

- a) How is company policy on service delivery influenced by the government?
- b) How does government ownership of your organization influence service delivery in your organization?
- c) What are the specific service delivery standards that are required from your organization by the government?
- d) How would service delivery be affected in your organization if ownership changed?

### **4) Effect of competition levels on SOE service delivery**

- a) How competitive is your organisation in the industry?
- b) Which aspects of the business can be changed in order for your organisation to compete more effectively?
- c) What influence does competition have on the service delivery decisions that your organisation make?
- d) In detail, would relinquishing partial ownership of your organisation by the State influence how competitive you are in the market?

### **5) Impact of new technologies in improving service delivery levels in SOEs**

- 6) How is technological change affecting your organisation's performance?
- 7) Which issues influence technology adoption in your organisation?
- 8) Is it possible for your organisation to adopt new technologies without changing ownership structure?
- 9) Is the shareholder of your organization encouraging advanced technology adoption?

**6) Influence of culture on service delivery of SOEs**

- a) Can you provide specific organisational culture elements that the organisation has changed over the past 3 years?
- b) Are culture change programs effective in influencing better service delivery in your organisation?
- c) What difficulties has the organisation faced in implementing culture change programs?
- d) Which measures are being taken by the organisation's top management in alleviating these difficulties?

**7) Is your organisational structure well suited to meet service delivery levels expected by customers?**

- a) Which type of organisational structure does your organisation use?
- b) How can your organisational structure be remodelled to improve service delivery levels?
- c) Which issues can hinder your organisation's restructuring process?
- d) How can the owners intervene to enable your organisation to have a better structure for improved service delivery?

**8) How does the leadership style of your enterprise impact service delivery?**

- a) Which leadership style does your organisation use?
- b) Which issues influence the type of leadership style that your organisation is using?
- c) Would the organisation change its leadership style in order to improve service delivery? Which style would be adopted?
- d) How integral is leadership in influencing improvement of service delivery in your organisation?

**9) Which business strategies and policies can be adopted by SOEs in carrying out business transformation to improve service delivery?**

- a) What are some of the challenges that your organization may face in carrying out business transformation and how can these be addressed?
- b) What are some of the benefits that may accrue to implementing business transformation in your organization?
- c) How else do you think your organization can improve its service delivery role?
- d) How can the government assist your organisation in improving service delivery?

## Appendix 2: Summary of Interview Responses

### a) Aspects Which SOEs Consider When Transforming

Interviewees were asked to respond to questions pertaining to transformational aspects. The questions asked were as follows:

- What do you term as service delivery in your organization?
- Are you satisfied with the organization's service delivery levels standards?
- What are the critical success factors for good service delivery?
- Which indicators do you use to measure the efficiency of service delivery in your organization?

### Aspects to consider when transforming SOEs

Respondent	Definition of service delivery	Service delivery expectations	Critical success factors for good service delivery	Service delivery efficiency indicators
R1	Providing communications services and related infrastructure	Yes. In line with the mandate from government	Understanding customer needs	The level of national objectives met and service coverage area
R2	Delivery of telecommunications	Yes. Organisation provides services through the appropriate channels as required by the government	Ensuring that customers are well catered for such that organisation maintains competitiveness	Responsiveness to customers faults, turnaround time for service provision
R3	Provision of service in line with market requirements	No. The organization needs to make decisions faster	Timely response to customer needs	Number of customer complaints and service quality
R4	Provision of communication where required	Yes. However there is room for improving quality.	High service quality, professionalism	Time taken to deploy service, customer complaints and enquiries
R5	Providing banking services to farmers and the bankable citizens	Yes. With the resources at its disposal the bank is meeting expected service delivery standards	Robust and reliable internal processes and up to date information systems	System uptime and responsiveness to solve system failure
R6	Channelling government	Service level standards governed	Clear accountability,	Projects funded and level of

	financial resources to farmers and bankable citizens	by competitiveness of the bank but currently not very competitive, so it is not meeting service delivery expectations	product competitiveness	funding disbursed, efficiency of serving customers in banking halls
<b>R7</b>	To provide financial services as directed by government	Standards not meeting expectation as funding for projects is low	Using a systematic service design and offer consistent, sustainable services	Loan turnaround times
<b>R8</b>	Ensuring that working citizens save money and get it when they retire	Expectations not met due to internal and external process inefficiency	Compliance and adherence to the authority's internal policies, processes and procedures	Payment of monthly schemes on time
<b>R9</b>	Establish and administer social security schemes in line with government directives	Expectations not met because of failure by companies to meet set submission deadlines for payment of schemes	Continuous stakeholder engagement	Amount of contributions and return on invested funds
<b>R10</b>	Provision of national social security as required by the government	Standards met in line with government expectations	Accountability, transparency and integrity in line with national regulation and the authority's policies	Percentage of pension schemes paid out, pension scheme contributions collected

## **b) Effect of State Ownership on Service delivery**

Interviewees were asked to respond to questions pertaining to ownership. The questions asked were as follows:

- How is company policy on service delivery influenced by the government?
- How does government ownership of your organization influence service delivery in your organization?
- What are the specific service delivery standards that are required from your organization by the government?
- How would service delivery be affected in your organization if ownership changed?

## Effect of state ownership on service delivery

Respondent	Government influence on company service delivery policy	Influence of government ownership on service delivery	Service delivery standards required by the government	Effect of change of ownership on service delivery
R1	Influence through board and regulatory controls	Government ownership ensures compliance and adherence to the company's mandate	Service delivery standards are not entirely governed by the state, rather the organization determines the best standards in line with company policy, operating environment and competition	Service delivery policy and standards will be altered and rationalised in line with new ownership expectations, Quality of Service is modified
R2	Government regulation has a direct and immediate effect on service delivery policy	Efficiency in service delivery determined by government regulation	Compliance of industry standards, risk assessment and due diligence standards guided by government	Change in ownership will alter expectations hence service delivery levels, private players demand have higher expectations
R3	Government's statement of expectations will govern the scope of the policy and how it is drafted	Changes in the market do not affect service delivery standards if government does not grant permission to implement the required change	Pricing and packaging specifications are regulated by the government, flexibility is afforded for any value addition initiative that the company undertakes	Service delivery will improve due to quicker decision making and responsiveness to market changes
R4	SOEs will always operate under a legislative environment underpinned by multiplicity of Acts and Regulations. Service delivery policy will thus be governed by these Acts	Service delivery strategies streamlined in accordance to government rules and regulations, Government policies should encompass any strategy turnaround in the company	The company agrees with the government on the service delivery standards which form the basis of the company's obligations to the state	Strategic planning is influenced by State ownership as it has to be in line with the government's expectations
R5	Service delivery policy is largely influenced by legislative acts mainly the Banking Act and the Exchange Control Act	Through following the directives given to the bank, even though the bank has room to implement its own initiatives	Secure banking facilities and provide fair and compliant product and service solutions	Access to finance for bringing in new technologies to support the business will be adopted much faster

<b>Respondent</b>	<b>Government influence on company service delivery policy</b>	<b>Influence of government ownership on service delivery</b>	<b>Service delivery standards required by the government</b>	<b>Effect of change of ownership on service delivery</b>
<b>R6</b>	The scope of the bank's service delivery policy and its confines is influenced by government directives, Agricultural funding policy	The bank's client charter spells out service delivery levels and is prepared to the requirements of the parent Ministries, government ownership largely influences	Government requires full compliance to set banking standards, capital reserve ratios, loan to deposit ratios	Service delivery improves, bank becomes more competitive and focused
<b>R7</b>	Government rules and regulations form the backbone of the policies regarding the delivery of services to the farmers' country wide	The bank is government's important and primary vehicle for channelling financial resources to the agricultural sector, Its operations will always be in line with government regulations	Good corporate governance practises and deliver service in line with the banking act	Internal processes and procedures revised, improves service delivery standards if a private player has part ownership
<b>R8</b>	Service delivery policy set by government and the Authority fully complies with the mandate set in the NSSA Act	Government ownership increases the organization's tendency to conform to, rather than resist, institutional service delivery standards and levels	Government requires schemes to be paid out on time and in full	Difficult to have a private player running social security business, private sector players cannot have ownership of the Authority
<b>R9</b>	Government regulations refine the company service delivery policy and thus ensuring accountability and compliance by all stakeholders	State ownership ensures that all employees in the country contribute and adhere to national employment regulations, thus warranting the primary goal of the Authority to provide social security	Standards required by the government are stipulated in the NSSA act and the mandate requires the Authority to transparently and diligently manage employee pension schemes	Changing ownership might be possible but it is not best practise around world to leave such matters as social security and administration to shareholders who are only accountable to themselves
<b>R10</b>	Yes. government largely determines service delivery policy as it is in line with the acts, directives laid out by parliament	Service delivery standards are unvarying and provision of social security binds all stakeholders	All standards are contractual	Effect cannot be measured as it impossible to privatise NSSA

### C) Effect of competition levels on SOE service delivery

Interviewees were asked to respond to questions pertaining to competition. The questions asked were as follows:

- How competitive is your organisation in the industry?
- Which aspects of the business can be changed in order for your organisation to compete more effectively?
- What influence does competition have on the service delivery decisions that your organisation make?
- In detail, would relinquishing partial ownership of your organisation by the State influence how competitive you are in the market?

#### Effect of competition levels on SOE service delivery

Respondent	Competitiveness of organisation	Business aspects that can be changed	Influence of competition	Relinquishing partial ownership
R1	In terms of provision of internet services, organisation is very competitive, company is a monopoly in the provision of fixed line services	Reaction time. Adaption to changes in the environment, providing fixed mobile convergence	Industry very competitive thus decision making in terms of service delivery is hastened to maintain competitiveness	Leads to more efficient and reliable service delivery and hence improved customer satisfaction
R2	Organisation is very competitive in the industry	Old infrastructure. Acquiring new technologies and replacement of old infrastructure will improve internet speeds and reliability	Accelerates transformation of service delivery policy in order to achieve strategic thrust	Results in a more flexible organisation hence competitiveness is enhanced
R3	Organisation is fairly competitive though it could do better	Changing worn out and obsolete network infrastructure	Competition develops timeous responsiveness of the organisation to changes in the market	Regulation is relaxed to some extent resulting in more flexibility,
R4	The organisation provides competitive products and services	Restoring stolen infrastructure and replacing timeworn cables	Effects felt immediately, prompting service delivery policy to be adjusted along government regulations	Transformation is made easier for the organisation and competitiveness is advanced
R5	The company is government's chief	Operations. Obtaining state of	High competition levels enable	Reaction to changes in the environment will be

<b>Respondent</b>	<b>Competitiveness of organisation</b>	<b>Business aspects that can be changed</b>	<b>Influence of competition</b>	<b>Relinquishing partial ownership</b>
	vehicle for channelling funds to the agricultural sector, it is very competitive in that aspect	the art technologies	transformation by liberalising product restrictions	faster, competitiveness as a bank is improved
<b>R6</b>	It is competitive given the current situation in the economy	Interest rates and funding. Offer lower interest rates, acquire funding,	Competition motivates the bank to relook its strategy and align service delivery to the needs of the customer	The bank will relook its strategy and take a different approach that will improve service delivery and customer satisfaction
<b>R7</b>	The bank is competitive in providing banking facilities to farmers and general public	Improve efficiency in operations and procedures	The need to improve service delivery becomes important and hence transformation	There will be additional inflow of funds to develop operations, establish competent service delivery and improve competitiveness
<b>R8</b>	The company has no competition	Regulation. Appeal for relaxation of government regulations and policies in order to cater for any transformational decisions that benefit the organisation	Competition has no influence on the organisation	It is not best practise and negatively affects the provision of social security as private partner is more likely to put greater importance to profit making rather than social security
<b>R9</b>	No competition, company is a monopoly in the provision of social security	Flexibility. Government should allow flexibility of the organisation such that it can timeously react accordingly in any situation	No effect as it has no competition	Maylead to improved internal processes and systems, and thus the contributions per month will be accounted for
<b>R10</b>	No organisation can compete with NSSA as it has a distinct role	no urgency or any need at all to change any aspect because it is a monopoly, competitiveness is guaranteed	No other organisation has been given the role that NSSA plays, thus there is no competition	Relinquishing part ownership is disadvantageous to NSSA, organisation will not operate proficiently

#### **d) Impact of new technologies in improving service delivery levels in SOEs**

Interviewees were asked to respond to questions pertaining to technology. The questions asked were as follows:

- How is technological change affecting your organisation's performance?
- Which issues influence technology adoption in your organisation?

- Is it possible for your organisation to adopt new technologies without changing ownership structure?
- Is the shareholder of your organization encouraging advanced technology adoption?

### Impact of new technologies in improving service delivery levels in SOEs

Respondent	Technological change and performance	Issues influencing technology adoption	New technologies and ownership structure	Shareholder encouragement
R1	Negatively affecting the organisation's performance, infrastructure is old and mostly outdated	Level of competition in the industry, global telecommunications trends and customer needs	Yes. Government allows for new technologies to be adopted as long as operations are in line with regulations	Yes. Since it improves service delivery and competitiveness, shareholder fully supports it
R2	Impacts positively through improved efficiency if adopted early	Competition, market trends and the needs of the customer	Yes. Government does not restrict adoption of new technologies	Yes. Government supports adoption of technology given the nature of the industry
R3	Technological environment is ever changing and financial resources are not always available, the company loses out	Trends in the market and financing	It is possible. New technologies do not affect ownership structure	Shareholder strongly encourages new technologies as they improve service delivery
R4	Adoption is slow thus new technologies adversely affects competitiveness	A more effective transformational strategy has to be met with technological adoption	The government encourages adoption of new technologies to enhance competitiveness	Yes. We are a technology company and as such government requires us to show it
R5	Boosts organisation's performance in areas where the technology has been successfully upgraded or changed in line with trends	Service delivery expectations and fulfilment of the organisation's role	Yes. It is possible, no policies restrict this	Yes. New technologies improve efficiency in the bank's operations thus it is encouraged, disruptive new technologies are strongly discouraged
R6	They are occasionally disruptive, performance is adversely	Adoption of technology helps the bank to fulfil its mandate and improve service	Government does not have the funds, ownership structure has to change to allow for inflow of	Only disruptive technologies are discouraged

<b>Respondent</b>	<b>Technological change and performance</b>	<b>Issues influencing technology adoption</b>	<b>New technologies and ownership structure</b>	<b>Shareholder encouragement</b>
	affected if current technology becomes outdated	delivery	funds for the adoption of new technologies	
<b>R7</b>	New technologies are almost never implemented thus the organisation is unfavourably affected	Industry trends and competition, customer needs	Yes. Government does not confine technological advancement	Technologies adopted warrant seamless service delivery, thus it is fully encouraged
<b>R8</b>	Adoption of new technology is often slow, this impedes improvement in performance	Level of contributions required by the government,	The state does not discourage advancing in technology	Yes. Government requires full provision of social security from the organisation, thus it supports new technologies to assist in achieving that
<b>R9</b>	Improves levels of overall contributions, and collaboration, hence performance is enhanced	Stakeholder needs and general standards required by the government	Yes. Government aims to keep the organisation up to date if the funds are available	Stakeholder encouragement is present as it assists the organisation to fulfil its mandate
<b>R10</b>	Improves integration of systems thus ensuring efficiency and transparency	Stakeholder participation, changes in the environment	Yes. Government does not prohibit adoption of new technologies if funds permit	The State fully encourages the adoption of new technologies

#### **e) Influence of culture on service delivery of SOEs**

Interviewees were asked to respond to questions pertaining to culture. The questions asked were as follows:

- Can you provide specific organisational culture elements that the organisation has changed over the past 3 years?
- Are culture change programs effective in influencing better service delivery in your organisation?
- What difficulties has the organisation faced in implementing culture change programs?

- Which measures are being taken by the organisation's top management in alleviating these difficulties?

### Influence of culture on service delivery of SOEs

Respondent	Culture elements that changed	Culture change programs	Difficulties in implementation of culture change	Measures taken
R1	Excellence in service delivery, ethical values	They empower employees to leave old ways and adopt new ways of undertaking work in this rapidly changing technological environment thus improving service delivery	Culture change brings in some level of uncertainty among employees leading to demotivation	Clearly defining the culture change process to the employees and involving them in any new developments
R2	professionalism, commitment to quality	Yes. They give employees the required knowledge on the culture change to be implemented	Implementation of culture change can derail service delivery and transformational effort if employees are not confident about it	Education of employees and clarification of their doubts
R3	Involvement, adaptability	Highly effective. They encourage employees to take part in the culture change	Lack of employee confidence	Provide and assure job security for employees
R4	Professionalism, ethical values	Changing culture is a process, results are not felt immediately but it has long term transformational benefit in improving service delivery	Lack an efficient and culture change program	Ensure that culture change program is understood assure employees and that they will still be able to perform their roles
R5	Work ethics, employee communication philosophies about certain behaviours	Bring about more open internal communication ,	Junior workers not willing to align themselves to the desired culture change	Management should first instil change in themselves such that they can successfully instil the change in lower level employees
R6	Team building, communication	Ensures improved motivation and positively impacts service delivery levels	employees often doubt the process	Organize bottom-up participation of people
R7	Dispute resolution processes	Positively impacts the organisation when it transforms	Low level employee buy in is difficult to get	Culture change amongst the managers first and allow employees to follow suit
R8	professionalism,	Brings internal	Resistance to	Flexibility in change

Respondent	Culture elements that changed	Culture change programs	Difficulties in implementation of culture change	Measures taken
	team building, perception of time (overtime, deadlines)	coordination and collaboration	change from employees, fear of losing jobs	strategies to accommodate everyone in the organisation
R9	Language, authorities, power relationships	Such programs change attitudes and impacts positively on organisation's philosophy	Fear of losing power in the workplace	Managers have to be willing to continuously adjust their strategies to respond to ever-changing relations and circumstances.
R10	conflict management processes conventions	Leads to enhanced service delivery and overall strategy if effective	Different personal ambitions among employees	Establish a flexible and effective culture change program

**f) Is organisational structure well suited to meet service delivery levels expected by customers?**

Interviewees were asked to respond to questions pertaining to the organisational structure. The questions asked were as follows:

- Which type of organisational structure does your organisation use?
- How can your organisational structure be remodelled to improve service delivery levels?
- Which issues can hinder your organisation's restructuring process?
- How can the owners intervene to enable your organisation to have a better structure for improved service delivery

**Is organisational structure well suited to meet service delivery levels expected by customers?**

Respondent	Type of structure	How structure can be remodelled	Issues hindering restructuring	How the state can influence structure
R1	Matrix	Structure has to be leaner for quicker decision making and efficiency, matrix structure	Contractual ties between employees and organisation	Set policies that govern the structure, such that it is always leaner
R2	Matrix	Creating strategic business units (SBUs), remains matrix	Restructuring particularly in response to technology change requires downsizing, this goes against government objective of ensuring	Revise employment policy in SOEs to be accommodative to changes

Respondent	Type of structure	How structure can be remodelled	Issues hindering restructuring	How the state can influence structure
			full employment	
R3	Matrix	Maintain structure, give better autonomy to regional managers	Funding of the exercise is not available	Avail funds to pay out the undesired staffers
R4	Matrix	Structure is good as is, remodelling it by ensuring that people in positions of power have the right qualifications	Unionised workforce	Provide a road map of how the organisation should be like in ideal circumstances and provide funds to initiate restructuring
R5	Functional	Employ a less bureaucratic structure, matrix to ensure quicker decision making	No one wants to lose their jobs, reducing workforce is not easy	Set flexible employment contracts with shorter contract renewal periods
R6	Functional	Reduce workforce, functional structure	Difficult to restructure if there is no government support on the initiative, particularly with regards to a policy on SOE restructuring	Expansion of the business to ensure full utilisation of the current workforce
R7	Functional	Structure change does not have to change, rather the skills set, functional structure	To reduce workforce requires us to pay a significant amount of money which we unfortunately do not have right now	Transfer workers to other government organisations in need of workers
R8	Functional	Change management composition, functional structure	Rigidity in the current structure, change is not given much importance	Provide employment contracts that favour the organisation more than the employee in order to offer flexibility when restructuring
R9	Functional	bringing in new professionals, functional structure	No problems, professionals are being hired to replace the retiring ones	Policies to encourage professionals to enter SOEs, they help in ensuring organisation is strategically focused
R10	Functional	Flatter structure, functional structure	Delicate exercise which requires more background activities to be conducted, work study, job evaluation, strategy realignment, government policy	Direction setting on employment contracts and the conditions therein

### g) How does leadership style impact service delivery?

Interviewees were asked to respond to questions pertaining to leadership. The questions asked were as follows:

- Which leadership style does your organisation use?
- Which issues influence the type of leadership style that your organisation is using?
- Would the organisation change its leadership style in order to improve service delivery? Which style would be adopted?
- How integral is leadership in influencing improvement of service delivery in your organisation?

### Which leadership style is adopted and how it impacts service delivery

Respondent	Leadership style	Issues influencing leadership	If style changes, which one will be adopted	Importance of leadership
R1	Affiliative style	Age and experience	Gradually it has to. A transactional style is suitable for this line of business	Very important. Improvement of service delivery and transformation requires a leader who is able analyse and motivate staff to change in line with environmental changes
R2	Dominantly a pace setting style though there are signs of adopting some democratic style at the lower levels	Aspirations of the leader	Yes. Adoptive of new business requirements and futuristic, transformational	The leader sets the way in which the success upon which the organisation hinges on
R3	Pace setting style	Maturity and a supportive team	It has to change for the leader to embrace the transformational strategy	Important. Leadership has authority to all elements in the organisation are in sync
R4	Autocratic style	Commitment to realising strategic objectives	Leadership itself does not have to change but there is need to adopt a more performance related style	Largely important for survival. Without a good leader, there no guarantee that we can go through tough times

<b>Respondent</b>	<b>Leadership style</b>	<b>Issues influencing leadership</b>	<b>If style changes, which one will be adopted</b>	<b>Importance of leadership</b>
<b>R5</b>	Autocratic leadership style	Attitude toward work and subordinates	No. maintain style to ensure better controls and accountability	Of great importance. The way the leader interacts with stakeholders determines our future success. In our case he should be able to clearly manage and impose his authority
<b>R6</b>	Mainly autocratic,	Professional conduct	Yes change it to accommodate a leader who can pave a better future for the organisation (transformational)	Good leadership creates a catalyst for a vibrant organisation and from him, the vision of the organisation is determined
<b>R7</b>	Autocratic	Nature of work and qualification	Change style. Leader should set the standards for all others in the organisation	It is important in the identification of resources, particularly top management who can perform well
<b>R8</b>	Autocratic leadership style	Experience	Yes. Move to a transactional leadership style rewarding through performance	Important. Any change in the organisation requires a change in leadership style, flexible whilst maintaining clear authority and accountability
<b>R9</b>	Leadership that involves whilst maintaining control, semi-democratic	Success, vision of the future	Yes. Adopt a visionary leadership style, to inspire employees	Highly important. Only a transformational leader who understands strategy, shareholder requirements, and has ability to change the existing organisational culture will be able to improve service delivery
<b>R10</b>	Autocratic style	Age and experience	An autocratic style should be maintained	A more stricter leadership style essential to enforce better

Respondent	Leadership style	Issues influencing leadership	If style changes, which one will be adopted	Importance of leadership
				controls, compliance and improve service delivery standards

#### **h) Business strategies and policies that can be adopted by SOEs in carrying out business transformation to improve service delivery**

Interviewees were asked to respond to questions pertaining to strategies and policies. The questions asked were as follows:

- What are some of the challenges that your organization may face in carrying out business transformation and how can these be addressed?
- What are some of the benefits that may accrue to implementing business transformation in your organization?
- How else do you think your organization can improve its service delivery role?
- How can the government assist your organisation in improving service delivery?

#### **Business strategies and policies that can be adopted by SOEs in carrying out business transformation to improve service delivery**

Respondent	Challenges faced in transformation and how to address them	Benefits that accrue to implementing transformation	How else to improve service delivery role	Government assistance needed
<b>R1</b>	Lack of timely responsiveness can inhibit provision of integrated service offerings, Addressed through continuous alignment of service design processes	Speed and efficiency in designing and executing strategy	Taking advantage of synergic benefits of cooperating with other telecommunications SOEs	Flexibility in the control of pricing and extent to which the organisation should procure through the State Procurement Board
<b>R2</b>	Economic environment is not stable or predictable, funds are not always	Achievement of primary role of the organisation, high competitiveness and customer	Having the flexibility to change and evolve strategy when conditions change	Provide resources needed for transformation and relax some of the regulations

<b>Respondent</b>	<b>Challenges faced in transformation and how to address them</b>	<b>Benefits that accrue to implementing transformation</b>	<b>How else to improve service delivery role</b>	<b>Government assistance needed</b>
	available, rectified through formation cost cutting measures and strategies	satisfaction		such that transformation is not constrained
<b>R3</b>	Transformation requires huge financial support which might not be available, Addressed through formation of Public Private Partnerships, government ceding a portion of ownership	Improved services portfolio that is highly competitive	Creating a business services oriented organization that's precisely aligned to the customer's needs	Funding for projects that can improve the network operations
<b>R4</b>	Insufficient resources and lack of policy reforms in the country, Addressed through phased transformation process and lobbying with government for policy change	Achievement of the government's vision for the company and improved service delivery	A unification of organisational processes and systems so that they are uniform everywhere	Encourage foreign investor participation in SOEs by giving preferential policy incentives on shareholding
<b>R5</b>	Resistance to culture change, Solved by involving everyone in the transformation process	Greater integration of work, and a more educated skills set	Developing multi-delivery, multi-solution service delivery platform that can help the organisation to effectively pursue long-term value in the delivery of service to its clients	Funding for implementing a better banking system
<b>R6</b>	Low level employee buy in difficult to get, Solved by transforming the executive team first	Organisational strategies are more aligned to the organisation's vision and mission, thus leading to a more effective service delivery policy	Formation of strategic business units to enable better accountability	Implement stronger corporate governance frameworks to ensure full compliance
<b>R7</b>	Re-establishing the brand in the market, Addressed by offering a clear	Transformation leads to more effective cost saving and innovative	Identification of talent, fitting cost to value, always aware of changes in the environment	Set up a revolving fund for the local agricultural sector

<b>Respondent</b>	<b>Challenges faced in transformation and how to address them</b>	<b>Benefits that accrue to implementing transformation</b>	<b>How else to improve service delivery role</b>	<b>Government assistance needed</b>
	distinguished value proposition to customers	techniques, hence greater profitability and improved service delivery	and responding to them	
<b>R8</b>	Structural and process changes might be met with resistance, Addressed by communicating, educating and cascading transformational strategy to everyone in the organisation	Successful change allows the organisation to respond to the challenges posed by the external environment, and by extension allows employees to focus attention on what matters most, thus ensuring better service delivery	Aligning social services delivery in line with regional and international trends	Redesigned performance evaluation and better incentives for performance
<b>R9</b>	Culture change might face resistance, Solved by embarking on a comprehensive companywide culture change program that accompanies the change in strategy	More coordination and collaboration, leads to increased contributions per month and hence the organisation can improve its primary role	Fully involve management in the quality services initiatives, driven by improving service quality and innovation	Setting in place transparent mechanisms ensuring that Boards comprise relevant expertise
<b>R10</b>	Changes in the way in which the Authority relates with stakeholders might not be understood by all employees, Solved by engaging all stakeholders and employees at various levels of the transformation process	Successful change instils confidence in stakeholders and partners thus keeping important relationships intact, maintains and improves revenue streams	Separating the policy, shareholder and regulatory functions to ensure greater transparency and more conscious decision making where conflicts between goals exist	More stricter enforcement of compliance by organisations in paying contributions