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MaCoTra Singing ORGANISATIONS THAT TRANSFORM:
A Teaching/Learning Case History of LEISURE in Zimbabwe

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ABSTRACT

This teaching/learning case history of LEISURE in Zimbabwe is a derivative of my doctoral thesis at the University of South Africa's (UNISA) School of Business Leadership (SBL) from 2001 to 2003.

An intensive literature search on transformation, change management and leadership revealed that the transformation theory arena has been driven by case studies. However, the case studies cited were predominantly Western.

This article is a contribution towards the number of case studies on the subject of organisational transformation in non-Western emerging economies. A longitudinal case study approach is used to capture the experiences (in transformation) of LEISURE, a Zimbabwean company, spanning from 1980 when Zimbabwe attained its independence to 2000.

To understand the thought processes underlying major decisions made along the way, perspectives of major stakeholders like business executives, worker opinion leaders, the media, customers, suppliers, government and civic society are included.

Multiple data collection methods enhanced triangulation of evidence.

Fourteen constructs formed the basis of data collection.

Eight challenges and seven themes emerged from the study of LEISURE.

I recommend that the LEISURE case be used alongside the other three case histories to appreciate the challenges of organisational transformation in the emerging economy of Zimbabwe unearthed through the full study.

This article should also be used together with another article covering a comprehensive analysis of the social, political and historical context within which managers acted.

Introduction

A detailed case history of LEISURE, studied as part of my doctoral study for the degree of Doctor of Business Leadership with the University of South Africa's (UNISA) Graduate School of Business Leadership (SBL), is presented.

The main objective of this article is to appreciate the richness of unfolding events and complexities of LEISURE (a Zimbabwean company) reactions to internal and external pressures for change.

The within case analysis reflects that there is need to develop a deeper understanding of the Zimbabwean, regional and global environment within which the company operated.

This article should be used together with another article covering a comprehensive analysis of the social, political and historical context within which managers acted.

Three other case histories, documented as separate articles, constituted part of the full study and should be used alongside the LEISURE one to gain further insights into the challenges of organizational transformation in Zimbabwe.

Overview of LEISURE

> *In the process of creating a new corporate image and culture, the theme of cultural tourism was born within the Group. The LEISURE Board and management took a bold decision not to go the traditional way of franchising international brand names. The team rather sought to create a new image centred on a home-grown brand name.*
>
> *Prospectus 1999*

LEISURE was formed to acquire the commercial business and assets of a parastatal. The assets and business consisted of hotels, tour operations, conference operations and investments. The parastatal was responsible for promoting tourism in Zimbabwe. This was far from being an ideal corporate arrangement as the parastatal found itself competing with companies it was supposed to promote.

One executive said:

> The parastatal was like a referee who owned a team in the tournament.

At inception in 1991, LEISURE was faced with formidable challenges including poor financial performance, poor physical products, weak skills base, lack of business culture, negative image and lack of a saleable tourist circuit.

The board and management put together a recovery programme to address these problems. They also put in place a growth strategy aimed at increasing the company's presence in key strategic tourist locations while creating an optimal critical mass on which to spread overheads.

This paid off as the company, which was previously subsidised by government, made profits in 1992, its first year of operation.

LEISURE grew over the years from being a government parastatal to a private company listed on the Zimbabwe Stock Exchange in 1999.

Exhibit 1: Time Line of Major Events in the History of LEISURE

YEAR	SIGNPOST(S)
1981	Zimbabwe Tourist Board is formed as a body corporate, quasi-government with some staff civil servants and others not civil servants.
1984	Parastatal is formed.
1986	Parastatal takes over a hotel closed during Zimbabwe's liberation war. Hotel closes again due to security problems; government asks for its reopening. Parastatal acquires 2 hotels to avert their closure.
1986/87	Norm with parastatals is to justify losses. Government realise state is losing money.
1987	Parastatal establishes touring division as a joint venture under a different name with a Mauritian strategic partner managing it.
1989	Act is amended to hive off commercial side of parastatal operations.
1991	A company wholly owned by government is registered under the Companies Act, Chapter 190.
1992	First Board & CEO are appointed. Operations start.
1994	Witnesses first appearance of name LEISURE with LEISURE still wholly owned by government.
1995	Acquisitions include a lodge and a hotel with conference centre. A services unit is formed on a shareholding structure of 60% for LEISURE and 40% for a strategic partner Alfa.
1996	A hotel is acquired on a shareholding of 25% for LEISURE and 25% for a strategic partner Beta; a set of lodges is commissioned on a shareholding of 50% for LEISURE and 50% for a strategic partner Theta.
1997	A hotel is disposed of. Another hotel is purchased
1998	A set of lodges is acquired on a shareholding structure of 60% for LEISURE and 40% for Alfa
1999	LEISURE is restructured into four business units. A voluntary retirement scheme is offered. Cabinet approval for LEISURE privatisation is given. LEISURE's strategic partnership with Omega is approved. LEISURE is quoted on the Zimbabwe Stock Exchange.
2000	LEISURE/Omega strategic partner agreement is concluded; Omega's 35% shareholding becomes fully subscribed.

Source: Interview Evidence & Annual Report 1999

The Changes That Took Place

Broadly, the changes LEISURE experienced may be classified under turnaround, growth, privatisation and retarded growth.

Turnaround: 1992 - 1994

Evidence from company documents, confirmed by interviewees, reflects that the hotel operation suffered from lack of resources and poor management, which resulted in rundown facilities, loss making operations and a generally bad service image in the tourism industry.

In 1992, the new management drew up a Five Year Strategic Plan incorporating clear comprehensive solutions to these problems. This recovery programme focused on the following elements reflected in the 1999 Privatisation Prospectus:

- *Management restructuring*: Management was rationalised in order to facilitate the development of a customer and business centred culture. Experienced personnel from the private sector were recruited to fill the senior positions in Finance, Sales & Marketing, Public relations, Operations and Human Resources and Hotel Operations.
- *Staff Training*: Comprehensive training and induction programmes were implemented at all levels, to develop a measurable new sense of

Customer Care culture at all levels of staff.

- *Rehabilitation and Upgrading of Facilities*: A major rehabilitation and upgrading exercise was implemented in all business units. The profile of the new company LEISURE was aggressively promoted to project a new dynamic image.
- *Financial controls*: A budgeting system, cost control measures and treasury management were introduced to control costs at sustainable levels.

The 1999 Privatisation Prospectus further highlights:

> The programmes outlined above resulted in both a dramatic performance turnaround and a remarkable and positive change in corporate culture and mindset of employees and other shareholders alike. For the next 3 years, LEISURE consolidated its operations and built on the strengths generated by the strategies implemented.

Growth: 1994 - 1998

This phase of the business plan saw LEISURE grow through strategic acquisitions and disposals. Evidence in the Privatisation Prospectus indicates acquisitions and disposals, highlighted in Exhibit 1 above, were motivated by the following factors:

- The need to create a presence in major tourist destinations as well as enhancing LEISURE's tourist circuit across the country;
- The need to be the country's largest conference organiser;
- The need to rationalise the product portfolio in recognition of the fact that the future of tourism lies in Eco-Tourism.

The dramatic performance turnaround from the appointment of a new board and CEO and subsequent growth is reflected in Exhibit 2 below.

Exhibit 2: LEISURE Growth Statistics

	1 April 1992	31 December 1998
Number of Hotel rooms	528	893
Number of eco-tourism lodge beds	Nil	158
Number of buses for the tour operation business	7	15
Number of boats for commercial boat cruises	Nil	2
Turnover (Z$ millions)	25	605
Operating Profit (Z$ millions)	Nil	99

Source: Privatisation Prospectus 1999

Privatisation: 1998 - 1999

According to the 1999 Privatisation Prospectus, the objectives behind the privatisation of LEISURE were:

- To secure the company's future growth by broadening its capital base and improving its access to new markets;
- To enable LEISURE to establish a shareholding relationship with a strategic investor;
- To raise funds to redeem LEISURE's debt thereby strengthening the Group's balance sheet and raise funds for the government.

The government approved the privatisation by way of reducing its shareholding from 100% to 30% through an offer of shares to institutional investors and the general public It was the government's intention to encourage the widest possible cross-section of Zimbabwean population to acquire LEISURE shares. The intention was signalled by setting the minimum subscription at 100 shares (Z$150).

The simultaneous privatisation and listing of LEISURE was successful. An 8% over-subscription of the public issue resulted in $9 million being paid back to all investors who had subscribed more than 750 000 shares. Key benefits are reflected under the 'relevance of changes' section below.

Commenting on the group financial results in the 1999 annual report, the chairman said:

> Despite the impact of the unfavourable task environment …, I am pleased to report that the Group had a very successful year, meeting and even exceeding the forecasts presented in the Privatisation Prospectus.
>
> Turnover was 46% up on the last Financial Year. Profit before exceptional items is up 158% on last year at $127 million. The exceptional item of $23 million relates to a voluntary retirement scheme offered to make the company leaner and more effective in future.
>
> Pre-tax profit at $115million is up 7% on the Prospectus forecast of $107 million, and is 69% up on the last Financial Year. Expenses have been contained in spite of rising inflation and the pegged dollar. Debtors have been maintained at 60 days of sales.
>
> Following its successful privatisation during the year, the company held cash resources at the year-end amounting to $156million. …

Retarded Growth: 2000

According to economists, Zimbabwe's tourism industry experienced its worst tourist arrivals in a decade during 2000 – a 60% decline compared to 1999. Contributing factors included the fuel crisis, the perception of Zimbabwe being an unsafe destination, the furore of the land question and the withdrawal of some direct overseas airline arrivals.

The decline in tourist arrivals impacted the tourism industry particularly and the economy in general. The LEISURE chairman indicated in the 2000 annual report that there was:

- Reduction of occupancies to well below viability levels;
- Decline in revenues;
- Substantial operating losses;
- An estimated 80% reduction in foreign currency for the country;
- Direct loss of approximately 5 000 jobs, and
- Direct closing down of well over 100 registered tourism operations.

Exhibit 3 shows the effects of the decline on the LEISURE financials.

Exhibit 3: Extracts from Financial Highlights

	Inflation adjusted			Historical cost		
	% Inc./ (dec.)	31Dec. 2000	31 Dec. 1999	% Inc./ (dec.)	31Dec. 2000	31 Dec. 1999
In Z$ 000's						
Group Turnover	(44)	897 148	1 604 475	(14)	759 202	884 616
Group Operating Profit/(Loss)	(165)	127 385	196 484	(194)	(121 119)	128 393
Profit/(Loss) before taxation	(239)	(157 536)	112 937	(167)	(77 846)	115 547
Profit/(Loss) after taxation	(390)	(151 663)	52 264	(185)	(71 973)	84 101
In Z cents **Dividend proposed per share**	(100)	0	10.60	(100)	0	5.82

Source: Annual Report 2000

LEISURE responded to the decline by embarking on an aggressive cost cutting exercise and shifted its marketing-mix towards more regional and domestic clients. The chairman justified the shift in the 2000 annual report:

> Traditionally, 60% of the Group's revenue is generated from international market segment, which experienced the most significant decline as a result of the poor image of the country. However, the Company increased its domestic and regional marketing efforts considerably in recognition of the fact that these markets are more likely to respond favourably to the company's marketing efforts, due to their higher awareness of the actual situation in the country.

The shift helped to recover occupancies to some extent but impacted negatively on the average room rates due to their lower yields. The impact of the promotion of regional and domestic tourism was also reduced by the continued fuel shortages and declining discretionary incomes.

Under cost-reduction, a voluntary retrenchment exercise resulted in 380 employees leaving the company. All new capital expenditure as well as capital work in progress was suspended. The Omega branding exercise was postponed. Two lodges were temporarily closed. In the larger hotels, several floors were closed to save energy and other direct costs.

The company also successfully negotiated for a temporary reduction in management fees and a shareholders loan using cash reserves from management fees with Omega.

Triggers of Change

Environmental triggers to change included the government (turnaround, growth, privatisation and retarded growth), economic climate (retarded growth) and globalisation (e-commerce capability demands).

The government wanted the parastatal to be profitable. One executive said of the pressure for a turnaround:

> There was need to run 4 hotels owned by government professionally and turn these around from loss making entities.

Another interviewee confirmed:

> There was need to turnaround 4 hotels run by a parastatal from loss making.

A key internal trigger was the leadership who wanted to demonstrate their abilities to turnaround and grow a failing parastatal and have it listed on the ZSE. They achieved these objectives.

One interviewee said:

> There was need to raise money for expansion, have more shareholders and improve shareholder return.

Another interviewee confirmed:

> There was need to grow and expand business after turnaround.

In 1999, the government, through the then Minister of Mines, Environment and Tourism, also wanted to gain mileage financially and politically through the privatisation exercise as already highlighted.

Key Players

The government, board, CEO, management, staff, customers and strategic partners were key players in the changes in LEISURE. The chairman singles out the then Minister of Mines, Environment and Tourism and his officials in the 1999 annual report saying they had *"... tremendous dedication and single-mindedness in facilitating and expediting the Privatisation process."*

Time Available for Initial Stages of Changes

The new CEO had very little time to start work on turning around LEISURE. He took about 2 years to cultivate a corporate culture. LEISURE became profitable in the first year of the turnaround initiative. Although the growth time (1994 – 1998) was considered adequate by interviewees, they argued that the time (1998 –1999) to prepare for privatisation and listing of the company was not enough.

The Kind and Quality of Help Needed

Help around the three strategy areas (marketing and branding, skills development and operational excellence) came mainly from strategic alliances and consultants.

Summarising the kind and quality of help needed, one former middle manager interviewed had a mixed bag in comments:

> A consultant experienced in hospitality business was seconded to assist the CEO come up with world-class standard operating procedures. The consultant went to all 4 hotels to assess the situation on the ground. 1993/4 image building was through external consultants assisting internal consultants. Areas that needed rehabilitation were identified. The image building started from the worst of the 4 hotels which could have pulled down the whole Group if the image building had started elsewhere.
>
> There was management by walking around by CEO and directors. However preparation for listing on ZSE was only at the top. The only attempt was to explain employee share option scheme. The partner, Omega, was hungry for money and had little focus on staff issues. There was no external facilitator to help with the change management. Not even the CEO explained to everyone. In preparation for listing, there was no local benchmarking with a competitor who was performing well.

Similar sentiments were expressed by a former general manager:

> Very little, if any, help was given during the turnaround period. During the growth period, there were a lot of training programmes to close gaps that had been identified. Assurance came from Operations that there was an opportunity for personal growth during the same period.
>
> From 1998, leadership should have identified key persons to drive the change and disseminate information through these to the bottom. Communication was poor. We sold the employee share option, over 90% bought into it without understanding it.
>
> 2000 process of personal survival was key: Emotions were not managed properly. Head office support was zero. For example, the bus for employee transport broke down and I was told to find a solution on my own. I ended up arranging for employees to get bicycles.

Another view from an executive in LEISURE was:

> We hired a Tanzanian lawyer who had similar experience in writing up a Tourism Act in 1982. We discovered that the Tanzanian Act was a failure after the lawyer had done the work –we had not done investigations on the lawyer's experience.
>
> Various consultants were used for strategic planning, marketing plan, operating systems and procedures, team building, project planning and appraisals (looking at acquisitions and bringing them into one culture was not easy).

Company documents reflect that under marketing, strategic alliances between LEISURE and three international partners brought in a huge and experienced global e-commerce capacity. Co-branding international brands, particularly Omega's, with LEISURE's, assisted in maintaining the acclaimed African-ethnic positioning admired by local and foreign tourists.

Since people constitute an important component of the product-delivery process, Omega made its tourism university available for the training of managerial employees. LEISURE's technical staff were trained in Zimbabwe by Omega trainers. Interviewees indicated that a train-the-trainer facility for Zimbabweans should have been put in place for technical staff at the Omega university. This would have provided Zimbabweans an opportunity to then import Omega standards.

One interviewee said:

> One general manager was identified for a masters' degree in UK. The GM was appointed operations manager for the group upon completion of the studies.

The operations manager left to start his own business in the same industry.

Relevance of Change to Personal and Business Goals

Having started with only four hotels and a handful of dilapidated safari vehicles in 1992, seven years later (in 1999), the company had grown to 14 hotels and lodges and over 100 safari-related vehicles.

Reports by the chairman and CEO in the 1999 annual report indicate:

> While 80% of the public offer was taken up by institutional investors, the offer attracted a remarkable 1400 individual investors, many of whom were first time equity investors.

The privatisation saw a cash injection of $120 million through the sale of new shares, retirement of all debts resulting in a debt-free balance sheet and the selection of a strategic partner, Omega, subscribing 35% equity and gaining a management contract for the LEISURE brand.

It would appear the privatisation process and visibility of LEISURE was further enhanced by the networks built by the Board chairman and his participation in the constitutional debate as an analyst and commentator.

Whereas the changes were viewed as relevant to business goals, interviewees expressed mixed reactions over relevance of changes to personal goals.

Respondents generally argued personal goals and organisational goals needed to be married.

Concerning relevance to personal goals, one interviewee said:

> People wanted to grow as the organisation grew. There was slow movement. Some were acting managers for 2 years. In one case someone was called assistant manager when there was no manager in place. In another case the industrial relations climate was so bad there had to be an out of court settlement. Changes were not very relevant to personal goals.

One former GM had a different view:

> During the growth period, there was some succession planning and recognition of internal talent. There were internal promotions.
>
> Upon listing, 2 regional operations manager posts were created. Strategic partner did not believe in the positions. The regional managers were insecure and ended up doing GM's work, leaving the GMs, who were their subordinates, frustrated. After I resigned, one of the regional managers came back to work as GM, filling the post I left. This confirmed that there was a lot of dysfunctional politics.
>
> There was a lot of dissatisfaction at personal levels. Rate of turnover was very high at higher levels.

Advocates "Walking-the-talk"

Evidence suggests advocates walked the talk initially, particularly because systems had to be put in place to achieve the turnaround. Walking the talk faded with the passing of time.

One former general manager said:

> With growth came complacency. I left LEISURE because guys were not walking their talk. I was not learning anything positive anymore. But a lot of dirty politics. Opportunities for personal growth were limited as you could be moved at any time. This could disrupt studies like MBA which I am now doing outside LEISURE.

Acknowledgement of Fear and Anxiety

The CEO indicates in the 1999 annual report:

> The collective bargaining process was marred by a disruptive and sometimes violent collective job action which lasted for 7 days.

Interviewees suggested there was fear and anxiety induced through intimidation and victimisation, particularly during the turnaround period.

One said:

> Human nature is very afraid of change – everyone wants to go to heaven but do not want to die. Personal goals were threatened by the unknown. Fear and anxiety were acknowledged and had to be managed.
>
> Statements like 'if you can't see things this way, you leave' characterised communication in 1992 - 1994. Only those who could see the link between organisational and personal goals had to remain. Period of harsh talk was short. This was followed by a process of rehabilitation.
>
> Acceptance is now high and employees are on our values statement.

A former employee indicated:

> Leaders were ruthless. There was worry over the structure from 1992 to 1994.

Another former employee said:

> Partner would even say 'if you cannot work for us, go to our competitors. Change or leave'. A lot of suspicion existed around different camps. You

could tell who was next to go. Fear and anxiety were not managed properly and product quality went down.

Informants were appointed and there was a lot of GM dissatisfaction over the management style of the new operations director.

Assessment of Progress

There were six key areas of assessment: revenue growth, cost containment, skills retention and turnover, competitive analysis, product rationalisation and refurbishment.

Revenue growth was assessed per operating division through the following dimensions: growth in volume (room nights sold), average room rate, market mix and market share analysis.

The operating divisions for LEISURE, below, are code-named Hotels, Lodges, Investments and Tours.

Exhibits 4 through 7 are typical examples of measures classified under revenue growth. The target was to increase room occupancies and average room rates, grow revenue through high-yielding-hard-currency international market segment and improve market share.

Exhibit 4: Growth in Volume (Room nights sold)

	1999	1998	Change (%)
Hotels	129 922	126 564	3
Lodges	13 990	9 056	54
Investments	49 556	58 684	(16)
Tours (Passengers)	57 298	57 303	-

Source: Annual Report 1999

Exhibit 5: Average Room Rate (Z$)

	1999	1998	Change (%)
Hotels	1 595	1 008	58
Lodges	3 228	2 486	29
Investments	2 681	1 855	44
Tours	2 490	1 000	149

Source: Annual Report 1999

Exhibit 6: Market Mix

	1999 Domestic	1999 Regional	1999 International	1998 Domestic	1998 Regional	1998 International
Hotels	67	9	24	69	10	21
Lodges	50	11	39	49	12	39
Investments	73	6	21	48	8	44
Tours (Yield per Passenger)	65	7	28	40	12	48

Source: Annual Report 1999

Exhibit 7: Market Share Analysis

	1999 (%)	1998 (%)
Hotels	17	16
Lodges	5	12
Investments	21	26
Tours	20	20

Source: Annual Report 1999

For LEISURE, market share is calculated against products competing in the same basket or product market. Market share declined for Lodges and Investments, there was no improvement for Tours, and only 1% increase for Hotels.

Exhibit 8: Headcount

	1999	1998	Change (%)
Hotels	587	682	16
Lodges	276	298	8
Investments	426	502	18
Tours	80	85	6

Source: Annual Report 1999

Exhibit 9: Manning levels

	1999 Group	1999 Industry Average	1999 Variance	1998 Group	1998 Industry Average	1998 Variance
Hotels	1:1.0	1:1.3	23%	1:1.2	1:1.3	8%
Lodges	1:2.6	1:2.1	(24%)	1:2.8	1:2.1	(33%)
Investments	1:1.4	1:1.3	8%	1:1.6	1:1.3	(23%)

Source: Annual Report 1999

Competitive analysis

The competitive position of each LEISURE unit was documented and confirmed through observations during the study.

Exhibit 10: Competitive Analysis

	Strategic Positioning and Competitive Differentiation
Unit 1	Located near centre of Victoria Falls town; within walking distance of the falls; rooms the most spacious in Zimbabwe's 3 star hotel category; unique with its Moorish architecture.
Unit 2	Unique river bank location; thatched and presented as a typically African ethnic rustic lodge; a favourite with regional and international tourists desiring a typically African ambience.
Unit 3	Largest hotel in Bulawayo, located strategically in the city centre, most suitable and best suited for conferencing.
Unit 4	Centrally situated in Zimbabwe, has reputation as one of the best conference venues in the country.
Unit 5	Offers 2 star affordable accommodation for middle income corporate, conference and tourist clients in central Harare.
Unit 6	One of Africa's finest and best equipped conference venues with state of the art facilities including full air-conditioning, 24-hour close circuit television monitoring system, simultaneous interpretations and a fully equipped media centre; adjacent to Unit 7.
Unit 7	Adjacent to Unit 6; one of the most exquisite and elegant 5 star hotels in Africa, managed by an international strategic partner leading as a luxury hotel Group in the world.
Unit 8	Upcoming destination management company; offers airport transfers tailor- made tours and packages to Zimbabwe, Botswana and Zambia; offers multi-lingual guides in French, German and Italian; operates hospitality desks at most major hotels; management contract with an international partner gives this unit a regional and international network second to none in Zimbabwe.
Unit 9	Managed by an international partner; boasts of 6 five star exclusive, comfortable, quality lodges located in Masvingo, Bulawayo and Hwange.

Source: Annual Report 1999 & Observation Evidence

Product Rationalisation

The board and management made decisions on acquisition and disposals based on the ability of a hotel or lodge to achieve above industry average returns.

Refurbishment

Exhibit 11 details refurbishment progress assessments.

Exhibit 11: Refurbishment Progress Assessment

	1999 Condition & Requirements	2000 Status
Hotels	Structurally good condition; Need soft refurbishment to match products with strategic partner Omega specifications.	Omega branding exercise postponed as part of cost reduction
Lodges	Soft refurbishment completed during 1999. An annual replacement programme for division's fleet of safari vehicles in place on an ongoing basis.	No significant refurbishment required for next 4 years.
Investments	Comprehensive refurbishment completed in 1998.	No significant refurbishment required for next 3 to 4 years to benefit fully from the stipulated 6-year refurbishment cycle.
Tours	Vehicle replacement programme on-going.	Vehicle replacement programme on-going.

Source: Annual Reports 1999 & 2000

The assessment of progress relating to refurbishment had an influence on the maintenance of the status descriptions of LEISURE's strategic business units or divisions as reflected in Exhibit 12 below.

Exhibit 12: Positioning of Strategic Business Unit or Division

	1999 Description	2000 Status
Hotels	3 or 4 star, home grown brand, leader in cultural hospitality.	Same as 1999
Lodges	Strongest 5 star brand name in Zimbabwe's eco- and heritage tourism.	Same as 1999
Investments	5 star world leader in luxury business and resort hotels.	Same as 1999
Tours	Leading upmarket tour operator with a strong regional network	Same as 1999

Source: Annual Reports 1999 & 2000

The evidence above was supported by interview data. Further interview evidence indicated consultants also helped in job evaluations and setting up a performance appraisal system. Performance appraisal was continuous, starting with joint consultation and agreement of objectives between team leader and team member.

One respondent however said skills audits were done during the growth period and then fizzled out after.

Belief in Change

All interviewees agreed there were groups of believers and non-believers. One summarised:

> You see a lot of characters around the period of change – pretenders run around doing other downs. Some fell and never picked up.

Another commented:

> 1992 to 1994, the believers were at the top. From 1998 to 1999, senior management left. There was a gap in top leadership. New people brought into the organisation at head office level took over positions that could have been promotion posts for middle managers. New faces brought anxiety.

Power and Accountability Structures

LEISURE operated under a board and CEO appointed in 1992. This board was dissolved in 1999 to usher in a new board representing the new equity partners. The new board established the committees detailed in Exhibit 13 below

Exhibit 13: LEISURE 1999 Board Committees

Committee	Membership	Responsibilities
Directorate and Executive Management	3 Executive directors; 9 Non-executive directors (1 of these being overseas based)	Make decisions on strategy, operational performance, significant acquisitions and disposal of assets, approval of annual budget, capital projects, general treasury and risk management policies.
The Audit and Finance Committee	3 Executive directors; 3 Non-executive directors (chairperson drawn from these); Group Internal Audit Manager attends.	Meets 6 times a year; Reviews the company's interim and annual financial statements before submission to the board for approval; Reviews reports from both internal and external auditors on accounting and internal controls matters and monitors action taken where necessary; Recommends the appointment of and reviews the fees of the external auditors.
The Human Resources and Remuneration Committee	3 Executive directors; 3 Non-executive directors (chairperson drawn from these); Group Human Resources Director attends.	Meets 6 times a year; Reviews and approves remuneration for non-unionised employees including salaries, share options and other terms of remuneration packages and conditions of service.

Source: Annual Report 1999

Interviewees compared and contrasted the power and accountability structures before and after 1998.

One said:

> Before 1998, CEO was more of a consultant for government with very pronounced presence in the hotels division. CEO had level of power that controlled the Group strategically but not operationally. Heads of divisions for investments only consulted CEO but reported elsewhere. CEO was ceremonial as far as investments were concerned, was like a board member. Group financial director was not in charge of investments.

Interviewees indicated there was a Group executive committee after 1998 made up of divisional heads in head office and the whole company operated through functional divisions. A Group management committee was made up of general managers of all units. There also were unit management committees.

Scepticism was expressed around the structure. For example, one remarked:

> This structure was a quick-fix structure with 4 divisions with divisional GM's reporting to the CEO. There was a corporate head office with directors at par with divisional heads. There was no rationalisation of HR policies across divisions. A lot of remuneration imbalances existed e.g. hotels division made a lot of money although on the average, hotel staff remuneration was lower. This created a lot of tension.
>
> There was head office at unit level to the extent that when management fees were taken into account, units made losses. Units of different sizes and in different locations were measured from a blanket unit measure.

Another respondent added some further detail:

> HR is the worst enemy for LEISURE. HR died when the HR director left. Units had HR function. This role was then taken over by GM's. GM's had not been prepared to take on this additional responsibility. It was a quick-fix and repercussions have been enormous.

There also was a workers committee in line with legislation.

Organisational Learning

Interview evidence points out:

> In 1992/3, there was a quarterly in-house magazine for communication. In 1993/4 people were excited about growth with no learning. 1998 – 2000 learning has been after the period. For example, trainers from international partner came to Zimbabwe instead of Zimbabweans going out to get exposure to competencies and capabilities of partner from partner's home base. Now Zimbabweans are sent for this exposure.
>
> Communication is still a problem. There is talk that CEO now wants a black operations director to deal with the culture difference between locals and partners.

Further comments said there was panic related achievements. One said:

> We learn the hard way. Many times we had to react when results came earlier than expected e.g. Sustainability of ZTIC: objective was to turnaround into a profitable entity. We thought it was going to take a few years. Turning around in 1 year was a surprise. The challenge was to cope with early success.
>
> Employees' expectations were raised. As profit rose, expectations rose faster than the profits. There was pressure from outside to buy off talent that had led to the early success – competitors poached staff. How do you calm staff that the success is not the same as viability?
>
> Some left to join organisations where they were offered more money but ended up limiting their career progression.
>
> We are a transparent organisation. There are announcements at all levels, discussing challenges each time. Performance results are announced by workers' committee members. Works' Council and workers' committee have played a major role in the communication of the strategy.

New Ideas about Purpose and Strategy

In the 1999 annual report, the CEO said:

> Management and the board of LEISURE recognised very early in the history of the company the importance of forging strategic alliances with global operators in the tourism industry. This belief has become a core philosophy for LEISURE which has made the company unique and has given it characteristics that are second to none in terms of potential to create a lasting, growing, stable and viable corporate entity.
>
> This corporate strategy, which now forms LEISURE's core ideology, arose from an analysis of tourism's key value drivers (below) and an appraisal of the best strategy to achieve them.
>
> - Marketing and branding
> - Skills development
> - Operational excellence

There was another strategic planning workshop prior to privatisation.

Interview data suggests that the CEO played a critical role in the creation of new ideas. One GM said:

> The new CEO drove all processes. He was the only person with a vision of where we wanted to go. He came from the private sector with a mandate to turn the organisation into profitability. His mind was not tied to the past – we had lived in a luxurious past of explaining losses.

The same GM also explained how he has engaged staff:

> I have 2.5-hour lunch outside the premises with small groups of employees from departments. This is an opportunity for employees to informally talk about what we can do that we are not doing. There is a lot of strategic information I get from these sessions. There is no note taking. If there is need, one of the employees does the writing on any piece of paper and the information is kept on the table for all to see as we have lunch. Ideas translated into strategy are given back to a volunteer implementation team. I let them do it. Confidence is rising in staff as a result.
>
> New ideas from informal lunches and formal staff meetings help in strategy formulation. Before 1998, vision and mission were good. It made sense to have employees as a part of developing vision and mission but there was no implementation of this idea.

The issue of 'a customer is king' was pronounced during 1992-4 and there was a focus on eco-tourism.

One respondent claimed:

> 1998 strategic partner was hungry for money and had little focus on staff issues. There was no external facilitator to help with change management Not even the CEO explained to everyone.

Success of Change

One GM painted a broad picture of the events in an assessment of the success of the changes:

> ZTIC was able to turnaround business into profitability, identified loss-making units and disposed of them and acquired units with profit potential.

> The company grew from nothing to second largest destination management company in Zimbabwe. We brought in a strong strategic partner (one of the top 2 hospitalities in the world), tapped into the partner's reservation system and improved profitability.
>
> We have created the second largest hospitality Group in Zimbabwe and the most profitable Group in the country. Competitors poached staff because of our success, staff retention became a problem. The employee share ownership scheme is changing mindsets fundamentally, particularly at the lower levels. A lot of undesirable behaviours have been eliminated.

Other respondents concurred there was success from a financial perspective, LEISURE turned around, growth had been achieved by 1998 (through acquisitions, there was more geographic spread and representation) and LEISURE was debt-free after listing.

Turning to HR issues, interviewees indicated sound HR systems were in place before 1998 as HR was a serious function even at unit level. They considered growth up to 1998 as having focused more on investments and not operations.

One lamented:

> From an employee motivation perspective, change was not successful as talented employees are now running competitors' businesses and have taken ideas with them.
>
> Technical partner at listing took 35% and made demands for senior management positions in LEISURE at the exclusion of locals. Locals, who were already not cohesive in the different units, had to accommodate externals with new standards. Partner is highly automated and imposed same levels of efficiency without considering the inadequacies of the IT system in Zimbabwean units. For example, the partner demanded financial reports early in the month.

One former middle manager agreed that after 1998, HR was not given opportunity to assist in the culture change and there were no clear-cut remuneration policies for middle managers. This informant highlighted:

> There was a culture conflict when the partner came onto the scene. The partner was more interested in financials and had little interest in people. A lot of people left. There was mass departure at senior levels e.g. 3 of the most profitable units lost GMs. One unit had no GM for 2 years.
>
> There were ad hoc replacements with some coming to run hotels with no prior experience. One such appointee was fired within 1 year for incompetence.

A former GM confirmed the sentiments adding:

> 1998-2000, LEISURE did not handle issues well. Integration with partner was done poorly. Guys who had been given top positions were motivated initially until partner came with new procedures, deadlines and harassment shifted from top down.
>
> Operations died late 1998 when director with right qualifications left. There was no coherent operations strategy from there on. Sales and marketing had lots of changes and has never succeeded in LEISURE. Systems thinking was not applied.

Major Findings

Eight challenges and seven themes emerge from the LEISURE evidence.

EMERGING CHALLENGE	SUCCINCT DESCRIPTION
1: Employment creation and entrepreneurship	Organisations that transform in Zimbabwe have to create employment and upscale entrepreneurship to enable the state restructure its economy and compete globally.
2: Value-enhanced products and services	Organisations that transform in Zimbabwe have to (re)brand value-enhanced products and services for the global market.
3: Consensus building amongst stakeholders	To succeed in leading change in their companies in Zimbabwe, managers need to forge an institutional framework and process for consultation and consensus building amongst stakeholders on the make up of reform programmes.
4: Institutional capacity building	Organisations that transform in Zimbabwe need to build institutional capacity to minimise /eliminate the gap between designed plans and their implementation.
5: Role of international lending institutions	In the design and implementation of reform programmes in Zimbabwe, non-state actors will have to assist governments assess the role of international lending institutions. Business leaders, in particular, will have to play a pivotal role.
6: Privatisation	Managers of companies to be privatised in Zimbabwe are to undertake the privatisation process transparently, informed by a stakeholder driven team. Such privatisation is to be an effective vehicle for indigenisation of the economy.
7: Culture of non-performance	There is need to attract and retain capable staff to arrest movement of non-performing staff across Zimbabwean companies.
8: Consensus based systems	The cultivation of trust and credibility between key stakeholders in the constitution making process is critical. business leaders in Zimbabwe have to play a critical role

EMERGING THEME	SUCCINCT DESCRIPTION
1: Collaboration with key stakeholders	Intense collaboration with key stakeholders leads to the success of transformation efforts.
2: Stakeholder needs and expectations	Organisational transformation revolves around changing stakeholder needs and expectations.
3: Stakeholder promises	Organisational transformation revolves around changing promises to address changing stakeholder needs and expectations.
4: Delivery processes	Organisational transformation revolves around changing processes to deliver changing promises.
5: Structures and systems	Organisational transformation revolves around changing structures and systems to align with changing processes.
6: Capacity and capability	Organisational transformation revolves around changing capacity and capability to sustain the momentum of the change.
7: Capturing changing needs and expectations	Formal and informal promise delivery forums with staff need to be held to prepare staff capture changing needs and expectations of key business stakeholders.

Recommendations

The LEISURE case may be used for teaching/learning purposes.

I recommend that the LEISURE case be used alongside the other three case histories to appreciate the challenges of organisational transformation in the emerging economy of Zimbabwe unearthed through the full study.

This article should also be used together with another article covering a comprehensive analysis of the social, political and historical context within which managers acted.

SOURCE REFERENCE

Madzivire A. B. (2003). *Organisations That Transform: Exploring the Challenges in the Emerging Economy of Zimbabwe.* Unpublished Doctor of Business Leadership (DBL) Thesis: Harare.