

THE IMPACT OF CHANGE COMMUNICATION ON
THE RELATIONSHIP BETWEEN EMPLOYEES AND
THE ORGANISATION DURING THE IMPLEMENTATION
OF ORGANISATIONAL CHANGE IN TRANSNET
AND TRANSNET HOUSING

J. P. VAN JAARVELD

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by

JOHANNA PETRONELLA VAN JAARVELD

Mini-Dissertation submitted in partial fulfilment of the requirements for the degree

Master of Technology: Public Relations Management

in the Faculty of Business

at the Cape Peninsula University of Technology

Supervisor: Dr Nirvana Beekun

Cape Town December 2007

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Declaration:

I, Johanna Petronella van Jaarsveld, declare that the contents of this mini-dissertation represent my own unaided work, and that the mini-dissertation has not previously been submitted for academic examination towards any qualification. Furthermore it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed

Date

This mini-dissertation aims to investigate change communication and impact on the relationship between employees and the organization. The communication approach of Transnet during the implementation of its Four-Point Transport Strategy was investigated. Employees indicate that organizational change cannot be introduced without regular up-to-date communication to employees. Once the Executive Management of Transnet actively communicates, morale within Transnet and how employees behave more positive and supportive of the change. However, overlooking the role and belatedly informing the employees of Transnet Housing thereof increased employee resistance, negativity and non-commitment.

The contribution this mini-dissertation will make to the public relations field lies therein that through proper change communication, change can be implemented successfully within an organization. Inadequate change communication however negatively impacts on the employee-organization relationship and this in turn affects change implementation negatively. Change implementation is very ultimately added costs to the company in terms of time and money. This understanding could assist organizations to save millions, and in cases like Transnet, it could minimize how to act and negative impact on the company during organizational change implementation.

Abstract:

In the twenty first century, companies are forced to transform and adapt continually to ensure their survival and to stay competitive in a demanding and challenging business environment. Yet, 70 per cent of all change initiatives fail and 28 per cent of the variance of change successes is directly linked to employees. Research shows that one quarter to one third of the reasons why change fails or succeeds, is directly linked to employee communication. Change implementation failures come at a high cost to organisations. Research shows that poorly communicated strategies are the reason for approximately 14 per cent of lost financial value and that poor communication is the second largest factor that contributes to the failure in implementing strategic change.

This mini-dissertation aims to investigate change communication has and impact on the relationship between employees and the organisation. The communication approach of Transnet during the implementation of its Four Point Turnaround Strategy was investigated. Employees indicate that organisational change cannot be introduced without regular up-to-date communication to employees. Once the Executive Management of Transnet actively communicating started with Transnet employees, employees became more positive and supportive of the changes. However, concluding the sale and belatedly informing the employees of Transnet Housing thereof increased employee resistance, negativity and non-commitment.

The contribution this mini-dissertation will make to the public relations field lies therein that through proper change communication, change can be implemented successfully within an organisation. Inadequate change communication however negatively impacts on the employee/organisational relationship and this in turn affects change implementation negatively. Change implementation failure ultimately added costs to the company in terms of time and money. This understanding could assist organisations to save millions, and in cases like Transnet, it could minimise huge losses and negative impacts on the economy during organisational change implementation.

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CHAPTER ONE

INTRODUCTION PROBLEM SETTING

1. Introduction

In the twenty first century, companies are forced to transform and adapt continually to ensure survival and to stay competitive in a demanding and challenging business environment. Transnet is no exception.

“The ability to change an organisation will lie in the challenges of relationship management, and not in changing the structures or functions of individuals. Communication strengthens the connections between entities of a system.” (Ströh and Jaatinen, 2001:155).

Despite extensive research in the organisational change and change management fields, well formulated best practices for change implementation and change implementation models, 70 per cent of change initiatives fail (Daly, Teague and Kitchen, 2002:153). Larkin and Larkin (2006a) found that 28 per cent of the variance of change successes can be linked directly with employee communication (the study looked at 89 different organisational changes). One quarter to one third of the reasons why change fails or succeeds, is linked with employee communication.

These failures come at a high cost to organisations. A study conducted by Mankins, Marakon Associates (Mankins and Steel, 2005) shows that a poorly communicated strategy was the reason for approximately 14 per cent of lost financial value (230 US S&P 500 companies formed part of this study, Mankins and Steel, 2005). The same study shows that poor communication was the second largest contributing factor to the failure in implementing strategic change.

Henderson and McAdam (2003:775) state that one of the major challenges managers are confronted with during organisational change is: *“... harmonising the communication process with the communication needs of the changing organisation, where the process supports tangible movement of communication as well as subjective value-based needs of employees, including motivation and morale.”*

This mini-dissertation aims to investigate the impact that change communication has on the relationship between employees and the organisation during organisational change. The communication approach implemented by Transnet during implementation of Vulindlela and the sale of Transnet Housing’s lending book is discussed and compared best practice principles.

1.1 Background information

With the aim of identifying the dynamics that are at work in Transnet one has to understand the organisational structure and culture.

1.1.1 Transnet Limited Corporate Profile

“Transnet is a diversified transport and logistics group wholly owned by the South African Government. With over 65 000 employees and assets in excess of R77 billion...” (Transnet, 2006a:1). See Annexure A for more detailed information on Transnet’s Business Units.

Transnet is structured as follows:

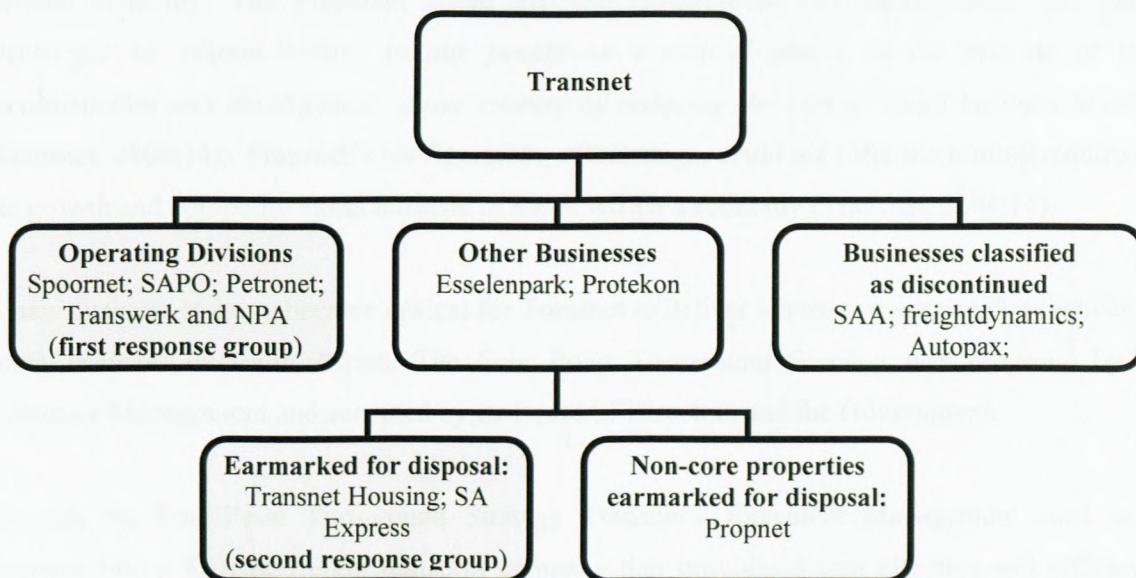


Figure 1.1: Transnet’s Corporate Structure (Transnet, 2006a:3) .

Transnet’s governing structure and management systems:

Transnet Ltd is incorporated in South Africa as a public company in accordance with the provisions of the Legal Succession to the South African Transport Services Act 9 of 1989. As a Schedule 2 public entity, it is subject to the provisions of the Public Finance Management Act 1 of 1999 and the Public Audit Act 25 of 2004. (Transnet, 2006a:7,28). Transnet’s Management Board consists of 13 directors, two of whom are executive directors. The non-executive directors may also be regarded as independent directors, as defined in the King II report.

The general powers of the directors of Transnet Ltd are conferred in the Company's articles of association. The Group Chief Executive exercises the powers delegated to her with the members of the Executive Committee. This committee in turn has the following sub-committees: Group Risk Management, Asset and Liability Management, Group Operations and Capital Investment. The Board has unrestricted access to all Group information, records, documents and property that it may need or request. Board members are entitled to take independent advice at the company's expense should they require it. Transnet's Board reports directly to the Minister of the Department of Public Enterprises.

1.1.2 Four Point Turnaround Strategy

In his State of the Nation address in May 2004, President Mbeki defined Transnet's role in the South African economy. The President stated that the Government will ensure that: *"the public sector discharges its responsibilities to our people as a critical player in the process of the growth, reconstruction and development of our country by reducing the cost of doing business in our country"* (Transnet, 2004:14). Transnet's configuration, at that stage, could not offer the footing required to expand the growth and competitiveness intrinsic in South Africa's economy (Transnet, 2004:14).

A new business strategy became critical for Transnet to deliver a transport service that reduces the cost of doing business in South Africa. The Four Point Turnaround Strategy was proposed by Transnet's Executive Management and accepted by its Board of Directors and the Government.

Through the Four-Point Turnaround Strategy Transnet's Executive Management aims to transform Transnet into a focused freight transport company that provides a cost effective and efficient transport service.

Working with the clients, employees must build on existing corridors and clusters and exploit the synergy between port and rail to tailor business solutions according to customers' needs.

The four point turnaround strategy seeks to:

- Redirect the business;
- Restructure the balance sheet;
- Implement and adopt strict corporate governance principles and adherence to a vigilant risk management process; and
- Develop human capital.

(see Annexure B for a more detailed explanation of the Four Point Turnaround Strategy).

1.1.2.1 Vulindlela

One of the incremental drivers to the sustainable accomplishment of the Four Point Turnaround strategy is Vulindlela.. Vulindlela focuses on the ‘Redirection and Re-engineering of the business’ through a three to five year programme. This programme will implement projects throughout Transnet’s core businesses with the objective of bringing about commercial and operational change (Transnet, 2006b: 2).

These projects will focus on improving operational efficiency, benchmarked against international standards. Approximately R40 billion will be spent on Vulindlela, a large portion of which will be utilised to address the maintenance backlog. Through Vulindlela it is expected to raise Transnet’s market share, optimise asset utilisation, improve profitability, increase efficiency, and make Transnet more customer-orientated, cut costs and increase productivity (Transnet, Transnet’s Vulindlela: Opening the way for economic growth and business success).

1.1.3 Company Profile: Transnet Housing

(See detailed profile in Annexure C).

Transnet Housing was identified as a non-core business and earmarked for disposal. The disposal was handled by Transnet’s Group Transformation Department. Transnet Housing, a business unit in the Transnet Group, is managed along normal business principles. The aim of Transnet Housing’s is to add value to Transnet and its businesses by enabling Transnet employees to become homeowners at a competitive cost.

Transnet Housing has a total staff complement of approximately 540 employees who manage a debtor’s book of approximately R5 billion, making it a significant player in the home financing and property management market in South Africa.

Transnet Housing consists of two separate Business Units: Lending, which is responsible for personal loans to all Transnet employees, and Properties which is responsible for the management of all Company Houses, Lodges and Hostels in the capacity of landlord.

Transnet Housing’s Mission is to be a: *Self-sustaining finance company that focuses on the promotion of affordable equality home ownership and financial assistance to clients.*

1.1.3.1 Selling/dismantling of Transnet Housing as non-core business of Transnet

Transnet's Four Point Turnaround Strategy aims to transform Transnet into a "... *dedicated bulk freight transport and infrastructure business...*" (Transnet, 2006b:1). Business Units that do not contribute to, or form part of freight transport or its infrastructure, were identified and labelled as 'non-core business units'. One of these was Transnet Housing. Transnet identified three means to dispose of non-core businesses:

- Sell shares;
- Sell the business as a going concern;
- Outsource the business.

Transnet Housing consists of two divisions: Lending and Property (see point 1.1.3 and Annexure C for more detailed information). It was decided to sell the Lending division as a going concern while a final decision on the future of the Property division has not been made to date (see Annexure D for more detailed information on the sale of the Lending book).

Tenders were invited for the purchasing of the Lending Book. A shortlist was compiled and First National Bank (FNB) was appointed as the successful bidder. With the final approval from the Competition Board, the Lending business of Transnet Housing became the property of FNB Housing Finance. The whole process commenced in 2004 when Transnet's Four Point Turnaround Strategy was first announced. Up until the eventual sale of the Lending Book, Transnet Housing employees have received very little communication from Transnet Group Head office who has the sole mandate to communicate all aspects regarding organisational change within Transnet. Transnet Housing employees were informed of the sale to FNB when they received the press release from friends employed at Transnet's core businesses. The press release was sent from Transnet Group Corporate Communication to the core businesses and media simultaneously. A day after the announcements in the media, Transnet Housing employees received a formal communication from Transnet Group informing them of the sale.

2. Problem Statement

The following section provides a view of the main research problem.

2.1 Problem background

“The history of Transnet Limited will show 2004 as a defining year – one in which the destiny of the Company was shaped in a way that will resonate within the economy for the foreseeable future” (Transnet, 2005:14). This prophetic statement from Transnet’s Group Chief Executive (GCE) precludes the most encompassing organisational change implemented (the Four Point Turnaround Strategy) in the history of Transnet. The impact of this resonated within the South African economy, alas not in the positive way envisioned by the GCE of Transnet.

2.1.1 Labour’s reaction to Transnet’s Four Point Turnaround Strategy

On 1 December, 2005, during a news broadcast at 21:00, the South African Broadcasting Corporation (SABC) reported that: *“Unions have put a spanner in Transnet’s turnaround strategy by winning the right from the parastatal’s Bargaining Counsel to engage in a protected strike”* (South African Broadcasting Corporation News, 2005). On 27 January 2006, the four trade unions (South African Transport and Allied Workers Union [Satawu], United Transport and Allied Trade Union [Utatu], United Association of SA [Uasa] and the SA Railway and Harbours Union [Sarwhu]), handed a forty eight hour strike notice to Transnet’s GCE. The SABC’s news broadcast at 17:15 reported that the motivating factor for the planned industrial action is Transnet Management’s repudiation to engage the four unions in the restructuring strategy (South African Broadcasting Corporation News, 2006d).

Analysts predicted that the cost of this industrial action to the South African economy could be as much as one hundred million rand per day. The strike would also impact on South Africa’s export sector (South African Broadcasting Corporation News, 2006c) and seriously damage international investors’ faith in South Africa (South African Broadcasting Corporation News, 2006a). These fears were not unfounded. When the South African Chamber of Business estimates the loss to the South African economy at R70 million per day (SABC, 2006b), Transnet’s spokesperson reacted: *“The strike merely affects the economy...”* (Ngqiyaza 2006:1).

This was not the first time that Transnet had to deal with an industrial action. It was however the first time in the history of the company that all employees supported and participated in a strike. The overwhelming response and support from all employees, across all levels, prompted the researcher to ask ‘What is the current perception of employees of Transnet’s Executive Management?’

Two perceptions, identified through media reporting became obvious. Prevalent throughout the organisation employees viewed Transnet's GCE as arrogant. Ngqiyaza (2006:1) reported in *The Star* that when Transnet's GCE was out of town and did not make an appearance to receive a memorandum from the striking workers they were "... *unhappy about the 'arrogance and intransigence' of the negotiating team and have called for Transnet chief negotiator.... To be removed from the team.*" In the same article Ngqiyaza reported that the unions accused both Transnet and the Government of "*pure arrogance*" (Ngqiyaz, 2006:1). Employees publicly displayed their feelings toward Transnet's GCE when she personally accepted a memorandum from strikers on 13 March 2006. The GCE was booed when she addressed the group, who also chanted "*Phansi ngo Maria Ramos*" (down with Maria Ramos) and "*You are gemors*", while some waved placards stating "*Futhsheke Maria Gamors*" (Sapa, 2006b:5).

The second perception was that employees *mistrust* Transnet's Management as embodied by the GCO. This decline in Transnet Management's credibility was further fuelled through contradicting statements made by the GCE, and the Minister of Public Enterprises. These conflicting statements centred on the issue of job losses. Bell (2006:2) quoted The general secretary of Utatu as follows: "*So when minister Erwin claims that there will not be thousand of jobs lost, he is just playing with words,... He adds that Erwin's comment is 'rather strange' since Ramos has already admitted that there will be job losses. Who pointed out that the verbal dishonesty about job losses extended to creating unemployment by means of 'voluntary severance packages' and early retirement offers*".

2.1.2 Transnet Executive Management's reaction to Labour demands

Transnet's Group Executive: Strategy and Transformation explained Transnet's media strategy during the strike when interviewed by the researcher in 2006 (Maharaj, 2006:4). It was decided not to respond to any allegations, comments, et cetera, made by Labour in the media. A standard response was used throughout the strike that stated that organisational change is critical to the survival of Transnet and no action will prevent implementation thereof. The rationale behind this strategy was that Transnet refuses to exchange comments with labour in the media. The media was also used to communicate with Transnet employees regarding the turnaround strategy. The motivation for using the national media for employee communication was that due to insufficient internal communication networks, more employees could be addressed through the national media. Examples of this was the full page article titled *Why the Transnet strike is bad for SA*, that appeared in *The Star* on 21 February (Ramos, 2006:13) and an article in *Financial Mail* on 17 February 2006 titled *Power play at Transnet* (Maharaj, 2006b).

Even though the strategy was not to engage in debate with labour in the media, the following comments from Transnet's media spokesperson were construed as provoking labour and employees: "*the strike merely affects the economy,.....*"; "*Transnet has noted the unions' intention to hand over yet another memo to management....*"; "*As with their concerns and contributions, we will consider their demands and, if necessary, respond appropriately when they decide to return to the consultation forum*"; "*Transnet, however, said the strike would accomplish nothing that the company had not already committed to*" (All the quotes were from Ngqiyaza, 2006:1).

The Minister of Public Enterprises further provoked labour and employees when he stated that the strike was misguided (Creamer media, 2006:2) and labour reacted by saying: "*We will demonstrate to the Minister of public enterprises how 'misguided' we can be...*" (Ngqiyaza, 2006:1).

These comments from Transnet and the Minister were all construed as extremely provocative as indicated by the general secretary of Satawu, Mr R Howard, who was quoted: "*He (Howard) thanked the marchers for their discipline 'in spite of this provocation'*" (Sapa, 2006a:2).

2.1.3 Further support for Transnet strike

The deadlock in negotiations and perceived arrogance of Transnet's Management, coupled with the provocative statements, prompted a response from the Congress of South African Trade Unions (Cosatu). The president of Cosatu reiterates their support of the Transnet strike. Cosatu also stated that: "*... if Transnet did not listen to the demands of the workers, they would mobilise all 3-million members of Cosatu and the Federation of Unions of South Africa to strike in sympathy*" (Sapa, 2006b:5). The South African Communist Party also entered the arena stating: "*They (Transnet) must stop this arrogance. ... We will die where our workers die...*" (Sapa, 2006b:5).

The threat of a National strike resulted in resumed negotiations. The restructuring process is well on its way in Transnet. Transnet Management and Labour jointly negotiate and agree on organisational change initiatives and both parties are optimistic about the future of Transnet. The organisational change implementation, however, was severely delayed by the strike. The cost of the strike to South Africa's economy on the one side and Transnet on the other cannot be fully determined, yet it is safe to conclude that it runs into hundreds of millions of rands.

Change communication to Transnet employees improved under the auspices of Vulindlela. Posters promoting the changes are prominently displayed at core businesses, a quarterly newsletter gives updates on the progress to date and highlight the next goals and steps. Twice a year all middle managers and higher are informed by members of Transnet's Executive Management in person of the progress and proposed way forward of the change initiatives. Acknowledgement is given to employees who embrace the new values and processes of the various Vulindlela projects. All these actions resulted in employees being more positive about the change initiatives and more motivated to participate.

2.2 Transnet Housing's Sale

Transnet Housing, as previously mentioned, was identified as one of the non-core business units and earmarked for disposal. The disposal process and conditions of sale is explained under point 1.1.3.1 and Annexure D. The communication about this process has however severely damaged the relationship of employees with Transnet.

An example of numerous e-mails sent to management from employees when months passed without any communication on the sale process reads: *"Its sad that we are continuously (sic) subjected to this suspense in our lives, where we are anticipating what the future will be like next week next month or year. I have never been this frustrated in my entire life"* (Makhosonke 2007:1). Further indications of the failing relationship came to the fore when employees found out about the sale through the national media and not from Transnet Management: *"Interesting that we were not informed first"* (de Beer, 2007:1) and: *"One sad side to this story is that 'we as Housing employees' were not informed! It is noted that relevant correspondence was communicated after the blunder was realized, this however cannot possibly restore positive sentiments! ...This strategy of Transnet to talk to the media and not to the people affected by their decisions is really in bad taste. Transnet publicizes that employees are the company's largest asset but definitely prove the opposite in their actions"* (Randall, 2007:1)

2.3 Research problem

Reaction of employees both in Transnet's core businesses (to organisational changes) and employees of Transnet Housing (to the sale of the lending book), indicate that organisational change cannot be implemented without regular up-to-date change communication. Once the Executive Management of Transnet actively started communicating with Transnet employees (core businesses) regarding Vulindlela, employees became more positive and supportive of the organisational changes being implemented. On the

other hand, concluding the sale and belatedly informing the employees of Transnet Housing (non-core business) that they have been sold to FNB increased resistance, negativity and non-commitment. Can this be proven scientifically? The answer to this question lies in the research that was conducted for this study.

3. Research Objectives

3.1 Primary Objectives

The main objective of this study is to determine if change communication impacts on the relationship between the organisation and its employees.

3.2 Secondary Objectives

In order to determine the above, the following secondary objectives have to be met:

- To explore theoretically the impact of change communication on organisational change process and implementation. This is done by means of a literature review.
- To assess the current relationship between employees of core businesses and those of Transnet Housing with Transnet. This is done by means of a quantitative study (questionnaires to Transnet and Transnet Housing employees) to a large degree and qualitative research (interviews with Transnet/Transnet Housing managers) to a lesser degree.
- To investigate the different change communication approaches used by Transnet to employee during change implementation in core and non-core businesses.

4. Hypothesis

De Vos (2002:36) concurred that a hypothesis is “...*a conjectural statement of the relation between two or more variables. ... they relate, either generally or specifically, variables to variables.*” Hypotheses must adhere to two criteria. The first criteria being that a hypothesis must be a statement vis-à-vis the connection between variables. The second criteria being that the connection stated in the hypothesis must be testable. A hypothesis is therefore a statement regarding the relation between two or more variables that can be measured (de Vos, 2002:36).

The following hypothesis was set:

H0: The relationship between Transnet and its employees will be positive because of regular change communication on change implementation (Vulindlela project).

H1: The relationship between Transnet and employees of Transnet Housing will be negative because change communication (sale of Transnet Housing) is virtually non-existent.

5. Definition of terms

The following section contains definitions of terms for this study.

5.1 Change Communication

Larkin and Larkin (2006b) say that Management must be confident that employees are mature enough to accept uncertainty, content and direction of proposed change. Management must therefore have the courage to communicate what happens and when it happens, from inception of the change through implementation and beyond, including the success and failures. They state: "*The goal of the (change) communication is not to showcase the intellectual prowess of the planning team but to protect the implementation*". It is at the implementation that the company derives the value from the change.

According to Henderson and McAdam (2003:775), it is change communication that prepares people for the effects of the change. Change communication creates understanding of the need for change and creates commitment to change. Communication is also the context in which the change occurs. They further state that culture change, pivotal to achieving organisational change, is facilitated through effective communication and transparency (Henderson and McAdam, 2003:775).

Change communication is thus focused exclusively on the need for change with the special emphasis to create support and commitment for the successful change implementation.

5.2 *Organisational change*

Gilgeous (1997:3) describes change as an organisation's response to a significant threat or opportunity that arose outside the organisation. Gilgeous (1997:4) identified two main causes for organisational change:

- External causes – changes in technology, markets, customer expectations, competitors, quality standards, legislations and economy
- Internal changes – management philosophy, organisational structure, culture and power and control systems.

Henderson and McAdam (2003:777) see change management as the means of changing the nature of an organisation and the way it does business. Management must therefore continuously ensure that all organisational resources are managed in such a way as to satisfy market and organisational needs.

Transnet has responded to threats as illustrated by Gilgeous. The strategies implemented as response to the threats by Transnet was designed to change the nature of the organisation as explained by Henderson and McAdam. For the purpose of this study, organisational change refer to both the organisational reaction to threats as well as strategies implemented to address these threats.

5.3 *Positive relationship*

There is no clear definition of a 'positive relationship' as relationships are complex, consisting of various indicators fundamental to the type of relationship.

Grunig and Hon (1999:18-20) suggested that successful relationships could be identified at the hand of their outcomes. They argued that research in interpersonal communication and the psychology of interpersonal relationships showed the following four outcomes as reliable indicators of positive relationships:

- Control mutuality. This implies the extent to which partakers agree on who has equitable power to persuade one another.
- Trust. This refers to the partaker's confidence in and willingness to open itself to the other party.
- Satisfaction. This bears on the degree to which one partaker feels favourably toward the other due to positive *expectations* about the relationship that's been *reinforced*.

- Commitment. This indicates the degree to which a partaker *believes* and feels that the relationship is worth spending *energy* to *maintain* and *promote*.

Bruning and Ledingham (2000:85) support Grunig's argument that relationships should not be measured by how much interaction took place but rather by looking at the behaviour of participants in the relationship. For the purpose of this study the participants are employees of Transent's core businesses and employees of Transnet Housing.

Grunig and Hon (1999:26-27) developed a questionnaire to measure these four outcomes and the researcher used their questionnaire to measure the outcomes of the relationship in Transnet and Transnet Housing to determine whether it is positive or negative (see Annexure E).

6. Benefits and Importance of this Study

Organisational change has become a necessity for all businesses in an ever changing business environment. Technology constantly evolves, thus creating opportunities for expansion in products and markets alike. This same technology also creates opportunities for better stakeholder management through inclusion and communication. It also poses a threat if not actively managed.

Organisational change is very costly and disruptive. Good relationships could be damaged or built, depending on management's ability to manage the 'softer issues'. These 'softer issues' include employees' fear of the unknown, perceptions, attitude towards the proposed changes and so forth. Ignoring adequate and timely communication has led to change implementation failure of very high percentages. Failure during implementation adds huge costs and time delays to change programmes and strategies.

If this study proves that inadequate change communication strategies have a negative impact on employee/organisational relationships, organisations could save money and time on the one hand, and increase change implementation success on the other through improved change communication. These savings and increased implementation success will be the major contribution of this study to the business environment.

7. Division of Chapters

Chapter 1 will cover the scope of the study, the methods used and the following points:

- Introduction
- Problem statement
- Research objectives
- Hypotheses

Chapter 2 will explore the literature on change communication during organisational change as well as employee/organisational relationships and will include the following points:

- Change communication and its impact on organisational change
- Relationships' impact on the organisation
- Elements of relationships
- Change communication best practice models and strategies

Chapter 3 describes research design and methodology:

- Research method used
- Questionnaire design
- Pilot studies
- Sampling method
- Distribution and response to questionnaires

Chapter 4 describes research results and drawing of conclusions from the data obtained.

Chapter 5 will focus on the final conclusions and recommendations on employee management during change.

8. Conclusion

Larkin and Larkin (2006a:9) find that a quarter to a third of the reasons for success or failure of change is linked to employee communication. They further find that poor communication was the second largest reason why change fails.

In the next chapter the researcher will look at and discuss the impact of employee/change communication on organisational change as proven by research in various business and public relation academic fields.

CHAPTER TWO

LITERATURE REVIEW

1. Introduction

“Managing change is one of the most important and one of the most difficult leadership tasks with which the communicating leader has to deal” (Puth, 2002:110).

This mini-dissertation aims to investigate one of the variables in successful organisational change namely, change communication. The change communication strategy carried out by Transnet during the Vulindlela project compared to the communication strategy implemented during the sale of Transnet Housing’s lending book will be compared. The two strategies will also be compared to ‘best practice’ as dictated by previous research and literature in the field of organisational change, and change communication.

There are undoubtedly a substantial range of factors that affect organisational change. The focus of this mini-dissertation however, is to determine if change communication to employees, has any impact on the relationship between the organisation and its employees.

In order to determine the above, the following secondary objectives have to be met:

- To explore the impact of change communication to employees on organisational change process and implementation. This will be done by means of a literature review.
- To assess the current relationship between employees of core businesses and those of Transnet Housing with Transnet. This will be done by means of a quantitative study.
- To explore the different change communication approaches used by Transnet during change implementation in core and non-core businesses.

These objectives listed above will be analysed at the hand of three constructs namely:

- Organisational Change
- Change Communication
- Relationships

2. Organisational Change

In Chapter 1, point 5.3, organisational change was defined as “... *the organisational reaction to threats as well as strategies implemented to address these threats.*”. There are however various facets of organisational change that need to be understood in terms of this study. The three facets identified are *Change Models*, *Change Process* and *Approach to Change*.

2.1 Change Models

From the literature study, two models were identified as most widely used during organisational change.

Model 1 (Gilgeous 1997:5) is the well known three step model that consists of:

- Unfreezing existing behaviour.
- Moving by developing new behaviour, values and attitudes.
- Refreezing the new behaviour.

BPP Publishing (2001:322) explains the three-step model in more detail. During the *Unfreezing* stage, the focus is mainly on the selling of the proposed change to employees. Should employees accept the change, they will be motivated to change their attitudes, values and behaviour; as well as support the new systems and structures. If the employees perceive immediately that the proposed change is crucial to the organisation's survival, the unfreezing stage will be accelerated. Transformational changes are easier to sell to employees than routine changes which are normally perceived by them as unimportant. The unfreezing process requires four factors: a trigger, someone to challenge and expose the existing behaviour pattern, the involvement of outsiders and alterations to the power structure (BPP Publishing, 2001:322).

In the case of Transnet, the first announcement of the Four Point Turnaround Strategy was made to the media and business stakeholders during the annual report presentations. This resulted in immediate reaction from labour that was not part of the process up till then, which ultimately led to a strike. The labour action prompted Transnet to rethink its approach and the Vulindlela team was called into being. This team not only actively drives the vast organisational changes, but also take responsibility for the communication of the proposed changes and implementation to all affected, i.e. employees of Transnet's core businesses. With regards to businesses earmarked for disposal, e.g. Transnet Housing, they do not form part of the information chain of Transnet or Vulindlela and therefore receive virtually no information on the disposal process. As far as the 'unfreezing' stage, through the Vulindlela team, it is addressed with

employees of Transnet's core businesses, but as non-core businesses fall outside the target market of Vulindlela, no 'unfreezing' has taken place.

The second stage, *Moving by developing the new behaviour, values and attitudes*, is mainly concerned with the change itself (BPP Publishing, 2001:322). During this stage the new desired behaviour must be identified, communicated to and encouraged with employees. During this stage a new culture is normally adopted. To ensure success it must be proven to employees that the change will deliver the expected results.

Within Transnet's core businesses this is done to a large degree and all employees affected by organisational change are informed in some way. Within in Transnet Housing, no employee was informed of the process or their required participation, adoption of new attitudes or behaviour. Employees are not even sure if and how business should or would be conducted up until the finalisation of the sale.

During the last stage, *Refreeze*, the focus is on the consolidation or reinforcement of the new behaviour (BPP Publishing, 2001:322). During this stage positive and negative reinforcement is used.

As organisational change implementation is still in progress in Transnet it is difficult to comment on how this will be achieved and/or if this has been achieved. With regards to Transnet Housing, the sale has been finalised and there is extreme employee resistance to the new owner's values and work processes.

Model 2 is a seven-step-model proposed in BPP Publishing (2001:321).

Step 1 is when the need for change is ascertained (in the case of Transnet it was the instruction for Government to become more cost effective after the loss of R6 billion). Step 2 sees the formulation of a provisional change plan (this is the Four Point Turnaround Strategy of Transnet). Alternatives are also considered. The most effective forum for this is brainstorming sessions. Step 3 is the surveying of feasible reactions to the proposed change (this was never done and led to a strike. If Transnet followed this step the strike could have been foreseen and prevented). Step 4 is to make a final decision from all the identified and researched options. Step 5 is the creation of a realistic timetable for the implementation of the change (this has been done and special project teams within Vulindlela drive these projects to meet the deadlines). The speed of change implementation depends on the reactions of all the affected parties. It is therefore of critical importance to identify employees who support the change and then involve them as change agents. At the same time communication must focus on those employees who resist the change in an attempt to create their acceptance and support. Transnet experienced huge setback because they did not obtain key stakeholder buy-in and support beforehand. Only after the strike did management met with labour and obtain their support. Step 6 is the communication of the change implementation plan/strategy. This should

actually commence during step 1 and conclude in step 7. In the case of Transnet it was only obtained after stage 5. Step 7 is the implementation of the organisational change. This step includes the continuous evaluation and modification of the implementation strategy and desired or expected outcomes. This is still continuing within Transnet's core businesses.

2.3 *Change process*

Gilgeous (1997:5-6) identified ten activities that need to take place during the change process.

1. Acknowledge the need for change, e.g. when Transnet announced a loss of R6,3 billion for the financial year, 2004/2005, the South African Government instructed Transnet's Executive Management to 'change' Transnet in two major sectors; firstly transport services must be delivered at a more market related cost and secondly, Transnet must deliver a market related return on investment (in other words, become profitable).
2. Define the problem(s), e.g. Transnet's Executive management identified four critical areas that would need to be changed in order for Transnet to deliver an affordable service and become profitable, these four areas were: New business definition, the balance sheet of the organisation, corporate governance principles and the development of employees.
3. Determine the company's position relative to the problem, e.g. Transnet's Executive management proceeds to investigate the exact state of affairs in relation to the four critical areas mentioned above (point 2). It was determined for example that Transnet is too diversified with regards to its businesses. Management thus identified the core business of Transnet.
4. Look for alternatives, e.g. Transnet's Executive Management had to decide on the core business of Transnet. Should it be freight or passenger transport, or should Transnet continue to provide both services as it has done in the past. After all the possibilities were investigated it was decided that passenger transport cannot be delivered on a profit driven business strategy as the Government will always be forced to regulate pricing. Therefore Executive Management decided that the passenger transport infrastructure be transferred to the full ownership of the Government and Transnet to focus on the provision of a freight transport service. This service has to be delivered at a market-related price, yet at the same time structured in such a way as to ensure profitability.
5. Set the goals (determine where the company needs to be after the change), e.g. Once Transnet's Executive Management decided that Transnet should focus on the transportation of goods only, they then looked at market trends in freight transportation regarding efficiency, productivity, cost effectiveness and growth. Market trends were then used to benchmark the 'new' Transnet's products and services.
6. Prepare for change, e.g. Once Executive Management has agreed on the 'new' Transnet, its core

business and principles, they appointed employees to drive the change strategy under the newly created department/programme Vulindlela. At the same time capital for the implementation was made available.

7. Unfreeze, e.g. under the project/department Vulindlela the restructuring of Transnet is slowly taking place. The new business principles are being communicated and implemented under various sub-projects of Vulindlela.
8. Move, e.g. Transnet is currently within the expected five-year implementation phase of the Four Point Turnaround Strategy. The selling of Transnet Housing's Lending book is evidence of the continuous movement of the implementation phase.
9. Arrive (when the goals have been met), e.g. At the end of the five year implementation period, the 'new' Transnet will deliver a cost effective freight transport service to South African businesses, and be profitable.
10. Refreeze, e.g. the new business values, profitability, cost effectiveness, efficiency and so forth, will be evident in the daily operations of Transnet once implementation is completed.

These activities mentioned above can be grouped into four phases (Gilgeous, 1997:6-7). These are the Exploration Phase; Planning Phase; Action Phase and Integration Phase.

During the Exploration Phase the organisation (mostly executive management) becomes aware of the need to change. Executive Management will then decide to proceed with the change and they will then commit resources to plan for the change. A consultant or facilitator will be selected that will lead the planning and implementation of the change and Executive Management will enter into a contract with the consultant that stipulates all the role-players' responsibilities.

During the Planning Phase the problem or concern will be studied to enable a full comprehension of all the dynamics involved from the organisation's point of view. In this regard all relevant information to diagnose the problem will be obtained. Once this is achieved, change goals will be set and appropriate actions will be compiled to achieve the goals. Then the support from key stakeholders must be obtained to facilitate their approval and support of the changes.

Action Phase sees the implementation of the changes according to the approved plan. The process is managed, the implementation is evaluated and the necessary adjustments are made.

During the Integration Phase the change is consolidated and stabilised to ensure it become part of the everyday operations. The new behaviour is reinforced through feedback and reward systems and there is a decreased reliance on the consultant.

2.4 Approach to change

Gilgeous (1997:11) highlights two approaches for introducing change in an organisation. The first approach is called the *Revolutionary approach*. In this instance, the change will be planned by a few individuals rather than a planning team. The change will be implemented in a rapid manner by those who support the change and those who are coerced to support it. This approach may at first excite those who are doubtful and this will move them to assist with implementation. There is however a high probability that the relationships will become more disagreeable and lead to conflict since those who resist the change will experience high levels of stress and insecurity. This was the initial approach of Transnet. This has changed with regards to organisational changes in the core businesses. With regards to the sale of the lending book (Transnet Housing) this approach was followed throughout the process.

The second approach is called the *Evolutionary approach*. Here the change is introduced slowly, very controlled and is thoroughly planned. Employees must first reach a degree of comfort and acceptance at each stage before there is movement to the next stage. Many people from all parts of the organisation are involved in the planning and implementing of the change. Everyone is patient and people are encouraged to become involved in an effort to minimise employee resistance. A huge effort is made to educate, solve problems in organisational development, in supervisory training and in team building. Transnet adopted this approach after the strike through the creation of the Vulindlela team.

BPP Publishing (1997:322-323) recommends three approaches to introduce organisational change. The first approach is called the *Coercive approach*. In this approach the cultural and structural changes are left for last and the change is enforced without employee participation. The dilemma of this approach is that there is an underestimation of the forces of employee resistance. This approach also fails to marshal all the forces of those who are in favour of the change. Because the root causes of resistance are not addressed and management's attention is shifted too quickly, it leads to failure in implementation. This approach is only effective during a crisis when there is simply no time for consultation.

The second approach is called the *Adaptive approach*. This approach is usually followed when the environment changes slowly, but there is major discontinuity. The changes are introduced in small stages and there is normally minimal resistance to change from employees.

The third approach is called *Managed resistance approach*. This can be seen as a middle road between the coercive and the adaptive approach. The environment is prepared for the change and an effort is made to gather employee support in order to provide momentum for the change. The change process is planned and the desired behavioural features are designed.

2.4 Organisational change and employees

Research shows that employees' emotional experience of organisational changes (e.g. mergers, selling of units) are equal to that of the loss of a loved one (Appelbaum et al, 2000:654). Employees experience grief during organisational change and grieving usually consists of four stages (Appelbaum et al, 2000:654):

- Denial – employees may not accept that the changes (sale) will actually take place or that the offer may be withdrawn somehow. In the case of Transnet Housing, pending final approval from the competition board many employees still believed that the sale would be cancelled;
- Anger – employees get angry with the acquiring firm or with executives for allowing this. This emotion is indeed experienced by some Transnet Housing employees. The acquiring firm is referred to by expletive language rather than its real name and executive management is not regarded in a positive light and also called expletive names;
- Bargaining – employees may develop unrealistic propositions to keep their comfort zone intact. Some of this was also evident in Transnet Housing. Employees expected that they'd be given a choice of employer, Transnet or FNB, even though they were informed that the lending business was sold as a going concern, i.e. employees, furniture and the lending book business. Employees inquired about beneficial interest rates to be offered to them as they are now FNB employees, and so forth;
- Acceptance – employees realise the sale will be finalised and they need to prepare for the inevitable. Even after the completion of the sale employees still resisted, e.g. refused to apply for positions for permanent employment and insisted to be placed by FNB. There is very little evidence of this currently in Transnet Housing.

How change is communicated greatly affects employee's experience and support thereof.

3. Change Communication

Frahm and Brown (2003:3) quote Wohlert's definition of change communication as: "*Communication is the process on which the initiation and maintenance of organisational change depends... Ultimately the success of any change effort depends on how effectively the strategy for and the substance of the change is communicated to those who are the targets of change*" (Witherspoon and Wohlert, 1996).

3.1 *Change communication statistics.*

Larkin and Larkin (2003:1) summarise the following facts, based on change communication research in over 400 companies:

- If a rumour is not stopped within the first three days, it cannot be stopped at all.
- Communicating change face-to-face is nine times more effective than printed communication.
- Communicating face-to-face resulted four times more in successful change taking place than an executive road show.
- The real suppresser of employee support is uncertainty, and not bad news.
- There is an 80% failure rate in the way companies communicate change.
- Internet, e-mail or print should never be used to introduce change.
- 80% of change communication is without real content.
- Where change was communicated early there was a 20% increase in employee performance.

With regards to the failure rate of communication on change in the organisations studied, Larkin and Larkin (2003:7) say: *“The failure rate of announcing major change is 80%. If all the research in this report is flawed; If all the communication examples in this report are idiosyncratic and unrepresentative; If all the recommendations are bad; If everything in this report is wrong and the companies following these recommendations have a 100% failure rate; It would still only be a little worse than the traditional way of communicating major change.”*

Professor D Schweiger and A Denisi’s study shows, an increase of 24% of employee’s uncertainty, a 20% decrease in performance, 21% decrease with job satisfaction, 11% decrease in commitment and 25% decrease in employee’s view of the company as trustworthy, honest and caring- where there was no communication during the planning phase (Larkin and Larkin, 2003:10).

The same study shows no change in performance and commitment levels, an increase of 2% of uncertainty, 7% increase in job satisfaction and 14% increase in employee’s view of the company as trustworthy, honest and caring – where frequent communication was done during the planning phase.

In the third edition of *Communicating the Big Change*, change communication statistics are as follows: (Larkin and Larkin, 2003:1).

- Employees spend a maximum of 2 minutes on communication from the CEO.
- No less than 53% of employees are of the opinion that their senior managers lie (study done in Australian companies).
- Only 37% of employees said that their executive management act consistent with the organisation's values.
- In only 13% of organisations information flows in steps from the top.
- No less than 70% of corporate e-mails are deleted without being opened.
- Today, even with modern, fast electronic communication media, 69% of employees still prefer face-to-face communication of important information.
- A total number of 4000 studies showed that face-to-face communication causes the most change.
- There is a distinctive negative correlation between early communication and the desire to sue the company.

Lewis's study shows that one quarter to one third of the reasons why change fail, or succeed, is linked with employee communication (Larkin and Larkin, 2006a:9). Smeltzer conducted a study of 43 companies who were relocating or downsizing and found that 80% of the employees viewed the employee communication as a 'major failure' (Larkin and Larkin, 2006a:9). Devoge's study, conducted amongst 65 high-tech companies including Microsoft, AIL and Sun Microsystems, shows that 85% of the subjects said change communication during the mergers, were 'poorly managed'. A study conducted by Markins amongst 230 American S&P 500 companies found that poor communication was the second biggest reason for the failure in implementing strategic change. The same study found that poorly communicated strategy was the reason for approximately 14% of lost financial value (Larkin and Larkin, 2006a:9).

Larkin and Larkin (2006a:8) summarised studies conducted on the success rates of companies who implement big change. This is set out in table 2.1.

In *Communicating Big Change* (3rd edition of 2006:6a) it states: "*The reason to change* (the method of communication) *is simple: traditional communication is killing the change's implementation. ...Traditional communication channels..... create maximum employee resistance. The full force of this resistance is felt the moment you begin implementing the change.*"

3.2 Barriers to change communication

Appelbaum et al. (2000:649): “The research literature implies that the communication variable is the most important factor throughout the entire M&A (merger and acquisition) process. ... true communication is difficult to achieve since the communication process faces numerous potential obstacles.”

3.2.1 Change communication is started too late.

Unpopular organisational changes will always result in employee resistance. When communication of these changes are delayed employee resistance increases. Mathoson’s study shows that one of the most important sources of uncertainty during change is inadequate information flow between management and employees (Henderson and McAdam, 2003:777).

Table 2.1 (Larkin and Larkin, 2006a:8).

Type of Change	Success Rate	Size of Sample	Source that did the research
Big Changes (Mergers, Major cost reductions, New pricing strategies)	<ul style="list-style-type: none"> • 58% of the companies failed to reach their targets. • 20% of the companies captured only a third or less of the expected value 	40 companies	LaClair and Ravi (2002)
Enterprise initiatives (ERP; SCM; CRM)	<ul style="list-style-type: none"> • Only 33% of the outcomes were viewed as positive • 60% of the companies indicated the initiatives delivered sufficient value to justify the effort 	100 Senior executives who were responsible for the ERP, SCM or CRM	Archibald, Saeed, Dickel, Sirkin and Petkewich (2000)
Outsourcing (IT)	<ul style="list-style-type: none"> • 66% stated that the expected business benefits were either ‘partially realised’ or ‘not realised’ • 55% of the ‘highly important’ benefits were not fully realised 	116 organisations in Europe, Asia Pacific and North America	PA Consulting Group
Spin-offs	<ul style="list-style-type: none"> • 66% underperformed the stock market • In the first two years, the media performing spin-off generated annual returns for shareholders that were 7.7% worse than the S&P 500 	232 spin-offs by S&P 500 companies	Lucier, C. Dyer, J. and Adolph, G. (2002).
Joint Ventures	<ul style="list-style-type: none"> • 53% were successful ‘Successful’ in this instance means each partner achieved returns greater than the cost of capital 	2 000 joint ventures	Bamford, Ernst, D. and Fubini, D.G. (2004)
Mergers (Revenue growth)	<ul style="list-style-type: none"> • A mere 36% of acquired companies maintained their revenue growth in the 1st quarter after the merger announcements 	193 mergers	Southern Methodist University
Mergers (Cost savings)	<ul style="list-style-type: none"> • 40% of mergers failed to capture the identified cost synergies 	160 mergers	Bekier, M.M., Bogardus, M.A. and Oldham, T. (2001)

Mergers (Cultural integration)	<ul style="list-style-type: none"> • 30% achieved cultural integration within 1 year, 60% expected to achieve this objective 	90 European company mergers	Mayes, C., Sims, J., Conway-Gordon, T. and Crowe, H. (2003)
Strategic change	60% of the projected value is ever realised	197 companies world wide	Mankins, M.C. and Steel, R. (2005)
Cost cutting	<ul style="list-style-type: none"> • 43% saw cost reductions within one year • 10% maintain cost reductions past 3 years 	230 S&P 500 companies	Nimocks, S.P., Rosiello, R. and Wright, O. (2005)

Larkin and Larkin argue that when communication is delayed, management in effect hands control to someone else, e.g. angry employees, unions, reporters, competitors, etc. This state of affairs creates a fertile breeding ground for rumours. When there is no change communication forthcoming and rumours are rampant, chaos and resentment builds (Appelbaum et al, 2000:650) and employees expect that management *WILL* do or say something to address the deteriorating situation. Management on the other hand, does nothing for they are waiting until the whole plan is certain and approved – a stage that will in reality never be reached. To prevent this from happening management should communicate the range of possible outcomes of the change as early as possible as this will enable them to communicate earlier and make corrections to plans, scenarios and implementation. Delaying communication furthermore creates an environment where change implementation becomes virtually impossible due to employee resistance and this, according to Larkin and Larkin (2006a:10) is one of the main reasons change fails. Henderson and McAdam (2003:777) point out that the main focus of all communication during change must be to reduce uncertainty. They say that effective and timely communication about issues of high concern to employees greatly reduces uncertainty.

3.2.2 *No clear understanding of the communication channels and their functions.*

To ensure effective internal communication, organisations should take into account the type of business, the size of the organisation, the organisational culture, the management style, the financial resources available, employees and the business environment before deciding what communication approach to use (Daly, Teague and Kitchen, 2002:154).

Research shows that:

- The website is best suited for short, quick information retrieval;
- The Printed media (paper) is best suited for long, complicated ideas and
- Face-to-face communication is best suited to overcome employee resistance.

Printed media and electronic communication will only create awareness but will not assist to overcome employee resistance (Larkin and Larkin, 2006a:10).

3.2.3 *There is no mention of outcomes.*

The biggest mistake an organisation can make is to address values, methodology, good intentions and the importance of embracing the change rather than the possible outcomes. Empty communication will lead to employees losing their trust in management (Appelbaum et al, 2000:650). In cases where outcomes are addressed, organisations should not communicate condescending attempts at persuasion and positive story spins (Larkin and Larkin, 2006a:10). Henderson and McAdam (2003:775) state that one of the major challenges managers are confronted with during change is: “... *harmonising the communication process with the communication needs of the changing organisation, where the process supports tangible movement of communication as well as subjective value-based needs of employees, including motivation and moral.*”

A study conducted by Matheson and Matheson in 1998 shows that secrecy and ineffective communications are some of the factors that impede the success of change management projects (Henderson and McAdam, 2003:777.).

3.2.4 *Inadequate management briefings.*

The following could have severe negative impact on change communication:

- Language delivery (the type of language used) - this may not always be understood by all levels in the organisation. Jargon used to describe the change can be confusing and this will alienate employees (Henderson and McAdam, 2003:781). It is the responsibility of the communication managers to create shared meanings regarding the interpretation of concepts and words (Ströh and Jaatinen, 2001:160).
- Feedback - this is critical to establish a work environment where employees are motivated to perform to their maximum potential. Feedback provides clear information about any errors as well as instructions on corrective measures, it also provides context and opportunity for employees to learn and make sense of the change information. Where feedback is given to employees on good performance, employees tend to be more cohesive, motivated, able, influential and to have a better understanding of their role (Henderson and McAdam, 2003:781). Feedback creates a better understanding of the drivers of successes, stimulates thinking and encourages employee involvement in the change processes.

3.2.5 *Communication delivery.*

Communication delivery is a critical element as it affects employee performance. Effective delivery was observed where managers were friendly, less argumentative, less aggressive and where they provided valid reasons for introducing the change (Henderson and McAdam, 2003:781). This was also the conclusion of Infante, Anderson, Martin, Herington and Kim, who find that employees prefer communication traits such as a relaxed affirming style, friendliness, attentiveness and enthusiasm from their managers.

3.2.6 *Communication practices not consistent throughout.*

The reason why the communication practices are not consistent throughout an organisation is a direct result of a lack of firm rules to guide the communication process. This can only be addressed with clear communication policies and guidelines that must be in place before any change communication takes place (Henderson and McAdam, 2003:781; Appelbaum et al, 2000:650; Ströh and Jaatinen, 2001:159). Timing of change communication is critical, to prevent uncertainty and in order to manage rumours. A high-quality, all encompassing communication plan must be formulated as part of the change strategy (Appelbaum et al, 2000:650).

3.2.7 *Management prevents open cross-functional communication.*

When management prevents open cross-functional communication this will lead to a lack of co-operation between the staff of the different departments or business units. It will also result in poor communication that will lead to a decline in organisational health (Klengales and Lyden, 2000:1). Another negative outcome is the creation of unhealthy internal rivalry between departments. With no cross-functional communication there can be no collaboration and correspondence between departments and this will negatively impact on organisational performance (Henderson and McAdam, 2003:781).

3.2.8 Lack of acting on information from other departments (especially customer information).

The reason this occurs is that during the change, no one is held accountable for communication. The communication process does not support the flow of information across functions and up and down hierarchies and there is no clear understanding of the shared knowledge requirements of the departments. When there are no formal communication channels, change communication decreases along with employee's receptivity to the change (Frahm and Brown, 2003:11). To prevent this, the information flow through the organisation must be reviewed and positions must be nominated that are accountable for communication (Henderson and McAdam, 2003:781).

3.2.9 Poor internal communication.

Departments sometimes act autonomously without regular correspondence with each other, thus acting on historical data and not current information. This leads to alienation of departments, no participative decision making, no learning principles, no opportunities through which explicit or tacit knowledge can be originated, discussed or processed. To prevent this, a focused communication strategy to enhance managerial effectiveness must be drafted and effective communication systems must be developed and implemented (Henderson and McAdam, 2003:782). It is critical to ensure that organisational change planning include communication of the proposed changes and its effects on the organisation and its employees (Appelbaum et al, 2000:650).

Remote locations. Employees in remote locations receive their information later and sometimes inaccurately. The reason being that there are no formal agendas to meetings that address change aspects, and there is also no clear time frame formulated for the dissemination of information (Henderson and McAdam, 2003:782). Larkin and Larkin (2006a:25) emphasise that speed is of the utmost importance for change communication. Business unit managers only have a maximum of 3 days to disseminate the message through the business unit. After 3 days, the message will be communicated through informal networks.

3.2.10 Briefing sessions from supervisors.

Sometimes these sessions are vague, too short and lack local content. The reason for this is that there are no clear agenda or communication guidelines. Management style and poor delivery could also contribute to dissatisfaction with briefing sessions (Henderson and McAdam, 2003:783). A briefing should consist of five to ten pages, each page covering only one topic. The briefing sessions should be conducted in smaller groups and managers must ensure they are not overly formal (Larkin and Larkin, 2003:18).

3.2.11 *Employees rarely see senior managers.*

The lack of visible leadership de-motivates employees. Charismatic leadership is normally linked to organisational success, as good leadership creates opportunities for individuals to meet each other in intense communicative engagements. These engagements lead to a deeper understanding than a mere personal viewpoint. Poor leadership however prevents the development of effective communication and hampers employee contributions that affect organisational health (Henderson and McAdam, 2003:783). Appelbaum et al. (2000:658) state that it is obvious that change management requires a significant effort and dedication from management for any chance of success.

4. Best Practice: Communicating Organisational Change

Larkin and Larkin (2006a) describe 'best practice' when communicating organisational change as: (a) Start the communication early; (b) manage rumours; (c) avoid secrecy; (d) use the correct communication medium; (e) communicate uncertain information; (f) communicate possible outcomes; (g) merge internal and external communication and (h) do not try to persuade or paint a positive story.

4.1 *Start the communication early.*

Delaying change communication severely damages the supervisor/employee relationship (Larkin and Larkin, 2006a:12; Appelbaum et al, 2000:650; Henderson and McAdam, 2003:777 Daly, Teague and Kitchen, 2002:49). When supervisors are not able to answer questions, or refuse to answer questions posed by employees, employees will stop using the supervisors as a source of information. Supervisors will then be viewed as un-trustworthy (Fedor and Herold, 2004:2; Frahm and Brown, 2003:12). The closer the organisation moves towards implementation of the change, the worse the supervisor/employee relationship becomes. Damaging the supervisor/employee relationship is the last thing management can afford during implementation of major organisational changes. Research proved that a delay in change communication resulted in a 20% drop in employee performance (Larkin and Larkin, 2006a:12; Appelbaum et al, 2000:650; Daly, Teague and Kitchen , 2002:50).

Larkin and Larkin (2006a:21) say that management's decision to delay change communication is based on pure fantasy:

- Fantasy number one - management believes that no information will 'leak' to other employees even though 30 -100 employees work on the planning team.
- Fantasy number two - management believes that the anxious and worried employees will say '*Let's not speculate about these changes for months on end, let's rather wait for the planning team to finish their reports.*'
- Fantasy number three - management believes that Labour, competitors, and so forth, will never communicate exaggerated versions of the change to other role players.
- Fantasy number five - management believes that when implementation starts employees will say: "*yes, our managers are liars and heartless but let's forget all about that and give this implementation our best.*"
- Fantasy number six – management waits for certainty. There is never 100% certainty during change for the process is much too complicated and business conditions change much too rapidly. Certainty sometimes comes only days or minutes before implementation and sometimes only during implementation. Therefore since uncertainties are going to be communicated, organisations may as well start in communicating change at the beginning of the change process (Appelbaum et al, 2000:650; Papadakis, 2005:241).

Larkin and Larkin (2006a:13) recommend the following timeline to communicating change in an organisation. The planning team should begin communication on its first day of work based on the strategy team's report. This report should contain projected economic advantages and possible outcomes (scenarios). These estimates must be based on key change drivers and timetables. This early communication will manage employee expectations (Appelbaum et al, 2000:650).

Research has shown that when management communicate within 5 days after a public announcement, employees expect 'imprecise' plans, estimates, probabilities and contingencies. The longer communication is delayed, the more employees will expect a precise plan and detail to be communicated. Therefore, when delayed communication contains estimates, probabilities and contingencies, the employees perceive the planning team either incompetent or they are hiding the truth. These perceptions will negatively affect implementation (Larkin and Larkin, 2006a:14).

Early communication must centre on scenarios, ranges, estimates, biases and probabilities (Liu and McMurray, 2004:9). The communication must be interactive and evolving in nature and only reflect the level of certainty available to the planning team at the time of transmission (Appelbaum et al, 2000:650).

The following communication diagram is proposed (Larkin and Larkin, 2006a:15).

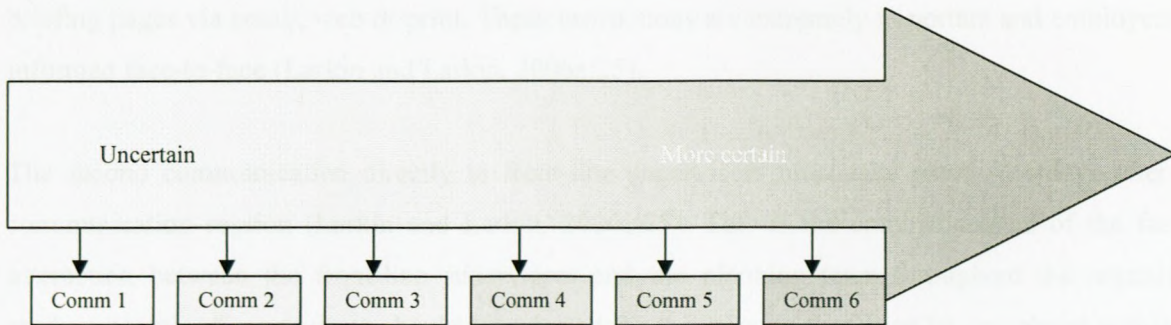


Figure 2.1: Communication 1 = several possible outcomes; Communication 2 = most likely outcomes; Communication 3 = Plan as submitted for final approval; Communication 4 = Plan as approved; Communication 5 = Changes to plan after approval; Communication 6 = on and on until implementation (Larkin and Larkin 2006a:15).

Larkin and Larkin (2006a:24) recommends the following change communication process:

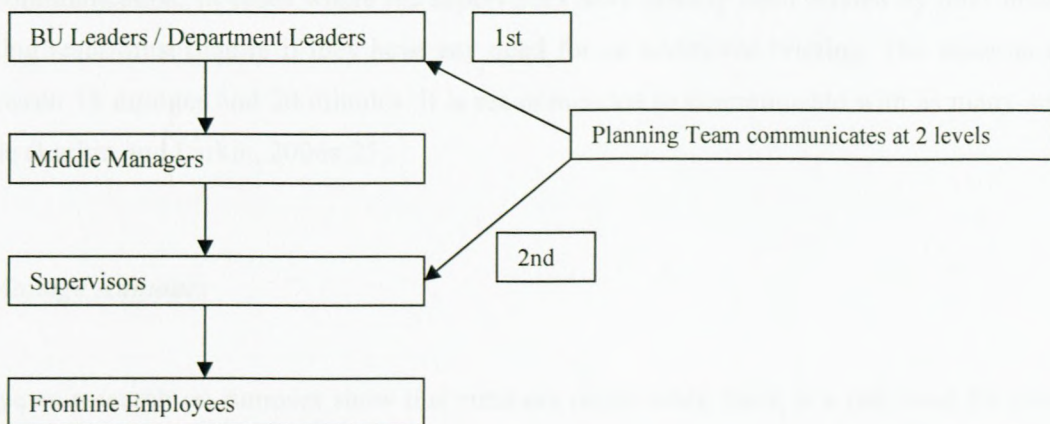


Figure 2.2: Change communication Process.

To commence change communication the Planning team must first develop the briefing pages, obtain management’s approval to communicate and practice face-to-face message delivery (Larkin and Larkin, 2006a: 25). The briefing page messages should not ask employees for advice, or ask employees to evaluate the change, or involve employees in the planning phase, or attempt to persuade employees or encourage management to persuade employees.

The first communication between the planning team and the Business Unit managers and Departmental heads must be face-to-face (Larkin and Larkin, 2006a:25). This communication should be an informal conversation that covers the points of the briefing pages. The business unit managers and departmental heads must be motivated and empowered at this session to disseminate the information on the briefing pages throughout their business units and departments. In this regard, they should be informed to avoid formality, avoid big meetings as forums to communicate the briefing pages and desist communicating the briefing pages via email, web or print. These instructions are extremely important and employees *must* be informed face-to-face (Larkin and Larkin, 2006a:25).

The second communication directly to front-line supervisors must take place five days after the first communication session (Larkin and Larkin, 2006a:25). This is the commencement of the face-to-face interaction between the front-line supervisors and the planning team throughout the organisation. A random sample of supervisors should be selected for this session that must be completed within one day because;

- (a) Supervisors are the most important layer and most frequently missed and
- (b) Changes need to be explained by the planning team personally as this will keep the plan and planners in touch with the company.

The format of these sessions is an informal conversation covering the same briefing pages discussed at the first communication. In cases where the supervisors have already been briefed by their management, the planning team must inquire if they have any need for an additional briefing. The sessions should be short, between 15 minutes and 20 minutes. It is recommended to communicate with as many supervisors as possible (Larkin and Larkin, 2006a:25).

4.2 Manage Rumours

Over 40 years research on rumours show that rumours occur when there is a real need for information: "*Rumours are created by groups not individuals and that a rumour develops through stages*"(Larkin and Larkin, 2006a:17).

There are four stages to rumour development (Larkin and Larkin, 2006a:17):

1. Predictions of rumours. During this stage, the group feels anxiety and stress and identify rumour topics that are important to them. This stems from uncertainty that is caused by lack of legitimate information (Appelbaum et al, 2000:650; Henderson and McAdam, 2003:778).

2. **Construction of rumours.** The group will start to search the range of possible scenarios, predictions or outcomes and they test a variety of possibilities. At this stage, 30% of all the comments that is made in the group are 'sense making comments' as the group is trying to unravel what may happen. Another 10% are cautionary, e.g. "I'm not sure this is true." Information that is provided at work area level during this stage will strongly influence the rumour's accuracy (Appelbaum et al, 2000:650). The group will then test the scenarios or outcomes against any available and legitimate information available to them. At this stage rumours can still be stopped through communication actions.

3. **Confirmation of rumours.** The group confirms a particular scenario or outcome as the most likely and see it as 'truth' and continue to consolidate around this 'agreed upon' position. The group norms will then resist any further evaluation or doubt. At this stage, the cautionary statements are reduced to 1% of all comments made in the group. This is a critical stage for no information communicated will make a difference any longer. Executive's credibility is far outweighed by the strength of the group's convictions and local managers have double the credibility than any senior executive.

4. **Transmission of rumours.** After the confirmation of the rumour, members begin communicating the rumour. Within a week or two, a single employee will tell the rumour to approximately 30 other employees. At this stage a rumour cannot be stopped at all.

Once a rumour is confirmed, it cannot be stopped. The only solution is to anticipate rumours and to communicate to beat the approximation of the truth to the group before rumours develop (Appelbaum et al, 2000:650; Lui and McMurry, 2004:7).

Anticipating rumours is not that difficult for they usually involve the following issues:

- (a) Job losses;
- (b) Closure and redeployment;
- (c) Procedures for the selection of new positions;
- (d) Reporting lines and
- (e) Organisational structure.

If the communication addresses these issues as early as possible, most of the rumours can be prevented according to Larkin and Larkin (2006a:17) and Appelbaum et al. (2000:650).

The difficult part, however, is to convince management that early communication is critical. Management must be convinced that communicating 'bad news' early on is a more viable option than running the risk of rumours developing that cannot be stopped. "*Failure to quickly communicate with employees could result in the spreading of sometimes-unfounded rumours, while anxiety increases and may lead to negative attitudes...*" (Papadakis, 2005:241).

The following research substantiates statements and assumptions regarding the formation and management of rumours:

- Smeltzer's study of 43 companies that communicated change shows that inaccurate rumours were the largest factor that created the difference between successful and unsuccessful communication (Larkin and Larkin, 2006a:18).
- Rosnow's study shows that people generally do not pass on rumours they believe to be false "*Results indicate a strong linear relationship between belief in the rumor and the likelihood of its being passed on*" (Larkin and Larkin, 2006a:18).
- Kurland's study shows that passing a false rumour knowingly is considered very risky as it will lower the sender's trustworthiness and credibility within his/her network (Larkin and Larkin, 2006a:18).

Organisations use the following 5 most common methods for responding to rumours, all of which are totally ineffective (Larkin and Larkin, 2006a:18):

- (1) State the values that were used to guide the upcoming change;
- (2) State the procedures by which the change will be decided;
- (3) Explain why management cannot comment on an issue;
- (4) Set timelines for official announcements with more information and
- (5) Explain how decisions will be made.

The only way to effectively combat and manager rumour is to ensure that the communication focuses on reducing uncertainty (Appelbaum et al, 2000:650).

4.3 Avoid secrecy

Secrecy and ineffective communication severely hamper change implementation (Henderson and McAdam, 2003:777). Traditionally, management has very 'sound' arguments for not communicating. Ströh and Jaatinen (2001:160) support Flower's approach of overwhelming employees with information to such an extent that they become frustrated. This will result in employee's attempts to control the information that will ultimately force employees to look at the change holistically and thus form their knowledge and support. Larkin and Larkin (2003:16) argue that secrecy increases the cost of change implementation.

Fear is the biggest reason for secrecy. Mainly executives are afraid of employees' reaction to 'bad news', for example, reduction in productivity or an exodus of employees (Appelbaum et al, 2000:650). Secrecy can, sometimes be beneficial. Here are two guidelines to assist management's decision on secrecy:

(a) When secrecy will solve a business problem and

(b) when secrecy will have a specific end date (between 3 to 14 days) (Larkin and Larkin, 2006a:19).

Table 2.2 shows examples on where secrecy is beneficial: (Larkin and Larkin, 2006a:20).

Table 2.2

Type of change	Topic kept secret	Reason
Restructuring in an oil company	Company plans to sell fleet of oil tankers.	Head of industrial relations was in secret negotiations with head of union
	Laying off company employees working on these ships	Negotiations progressing well and both parties preferred to communicate a completed agreement
	Contracting this service	Communication delayed for 7 days
Cost cutting in a telecom company	Downsizing employees in the R& D department	1. HR had a list of 25 key R& D employees the company needed to keep. 2. HR wanted to offer written retention bonuses on the same day the downsizing communication begins. 3. Communication delayed for 3 days while those offers were composed
Merging two pharmaceutical companies	Reason for merger highlighted post-merger market share across several therapeutic categories	1. Legal department worried the deal teams shared too much market sensitive information – before merger approval. 2. Legal department wanted information to be kept secret until formation of a *clean team. 3. Communication delayed for 5 days as legal wanted the estimates to come from independent clean team not the company deal teams.

* Clean teams are usually outside consultants, used in mergers to collect sensitive information from the merging companies before regulatory approval. They collect information and prepare commendations but prohibit sharing of detail information between the two companies.

In the case of Transnet, the proposed changes were kept secret until approval was obtained and implementation started. In the case of the sale of the lending book, the process, progress and finalisation was kept secret until the transaction was completed. In both instances secrecy was neither beneficial nor required.

4.4 Use the correct communication media

Identifying the appropriate communication channel at the relevant time of the change process is vital for building relationships with employees and thereby creating support for the change implementation (Burnett and McMurry, 2004:2).

4.4.1 Face-to-face

Smaller groups, face-to-face between managers and employees are still the preferred information channel of employees when communicating change. This method of communication also provides maximum support for the change initiatives (Lloyd and Varey, 2003; Appelbaum et al, 2000:650).

Research conducted on communication to change group behaviour shows that information on video, print and web (called mediated information) only creates an awareness of new ideas but seldom creates any change in behaviour (Larkin and Larkin, 2003:20).

The Hay Group study, Key driver Analyses showed that information received face-to-face from a manager created nine times more support from employees than when they read about the change in the organisation's newsletters. The same study shows that receiving the information on change face-to-face from the manager, created four times more support from employees than when they receive the information face-to-face from senior executives (Larkin and Larkin, 2003:20).

Larkin and Larkin (2003:21) find that only 5% of employees prefer to receive information on change through a publication, but 90% of organisations use publications to introduce major change. One of the most commonly used reasons for an organisation to revert to print media to communicate change, is that they are too 'large' for face-to-face communication. If an organisation is too 'large' for face-to-face communication, it would stop operating. Face-to-face interaction has always been the most used, most preferred, most trusted and fastest channel for disseminating information (Lloyd and Varey, 2003:200).

Research showed that: (Larkin and Larkin, 2006a:26)

- (a) 70% of all communication in large organisations is informal.
- (b) 62% of managers said that the informal communication network is their best source of information.
- (c) Informal face-to-face communication is the major medium used by employees to solve problems.
- (d) Managers spend 50% of their time in oral communication.

Captured in table 2.3 below are the results of a communication campaign, whose goal was behavioural change (encouraging employees to take an online Health Risk Assessment – HRA):

Table 2.3 (Larkin and Larkin, 2006b:1)

<i>Campaign</i>	<i>Typical result</i>	<i>Problem</i>	<i>Solution</i>
Newsletter (HRA)	Only 2% of the employees took the online HRA during the 12 month campaign	Print and electronic media rarely change behaviour	Cash incentives for supervisors who take HRA
Pop-up HRA page on the intranet		Campaign increases awareness but awareness is only the first step toward behavioural change	One-on-one, face-to-face information sessions with supervisors only
DVD – HRA demo handed to employees		Campaign needs to influence that this can only be done face-to-face	Special executive presentations for supervisors only
Posters encouraging HRA		They targeted the supervisors as opinion leaders	A supervisor advisory council guiding the communication campaign
HRA t-shirts and coffee mugs			

4.4.2 Intranet's role in change communication

The intranet should not play a large role during the early stages of change communication (Larkin and Larkin, 2003b:23 and 2006a:34). When topics are very sensitive, the closing of a plant for example, using the internet as a major communication channel could be interpreted as a lack of respect from managers. The intranet is best suited for retrieval of information and the information should be short, factual and direct. The task of navigating links uses mental resources that reduce comprehension; therefore people print complex material rather than read it from the internet (Larkin and Larkin, 2006a:35).

4.4.3 Printed media's role in change communication

Printed media should not play a major or leading role during the early communication of change but it does have a very important supportive role to play during the early communication stages (Larkin and Larkin, 2003b:24). Employees *believe* they are entitled to face-to-face communication of sensitive and important issues. Should this be ignored, the price will be a decrease in employees' support for change (Appelbaum et al. 2000:650; Lloyd and Varey, 2003:200).

During implementation, printed media becomes very important for topics that are new; complicated, long or difficult (Larkin and Larkin, 2006a:26).

4.5 *Communicate uncertain information*

The best communication strategy is to divulge consistently what is known at that point in time (Appelbaum et al, 2000:658). The Greenspan approach is considered the most effective for change communication. The Greenspan approach is named after the Former Chairman, Greenspan, of the U.S. Federal Open Market Committee (Fed). Since 1987 to 1995 the Fed did everything to attempt to keep interest rates changes a secret but it never achieved secrecy. Mr Greenspan changed this approach to a more transparent communication style. He opened his “thinking” to the public through continuous communication of direction towards a lowering or increase of rates. This approach did not result in a negative reaction from markets for the market prefers uncertain information to silence, rumours or surprises. This approach did not ‘lock’ the Fed into a certain policy direction because when the Fed’s thinking changed; the new direction was simply communicated.

When communicating change the same approach should be followed. The most important parts of the change, e.g. layoffs, closings, outsourcing, new organisational structure, etc. should be communicated continuously (Larkin and Larkin, 2006a:16). Employees want a reduction in uncertainties and this will be achieved by focusing communication on alternate scenarios, ranges and estimates, working models and hypotheses (Appelbaum et al, 2000:655; Henderson and McAdam, 2003:777).

4.6 *The more negative the information the clearer, the communication*

Employees need to receive as much specific and clear information as possible during organisational change (Appelbaum, 2000:658). Larkin and Larkin (2003b:29) recommend that communication be very clear when the facts are bad. They state that it goes against every intuition to communicate ‘bad news’ as clearly as possible, but argue that the ‘bad news’ *is* going to get out sometime, somewhere, somehow. The important issue is that the credibility must survive. If the credibility is lost, management cannot balance the good and bad news. Therefore: The question to ask in this situation is simply ‘will the bad news get out?’ If the answer is ‘yes’, the best policy is for management to communicate it themselves. If the bad news is communicated by other parties, management loses credibility and without credibility no other advantages can be communicated effectively. The challenge is thus not ‘how to communicate bad news’ but rather ‘how to sustain credibility’.

4.7 Do not attempt to persuade employees nor to paint a positive picture

Management must realise that the communication cannot persuade employees. Research shows that attitudes change primarily at interpersonal or small group level. Attitudes are changed by people with whom someone has a long, trusting, personal relationship. People with the power to change the attitudes of others are called 'reference groups', 'significant others' or 'opinion leaders' (Larkin and Larkin, 2006a:41). The best utilisation of these people is to provide them with information on the possible outcomes. They will then advise their followers on what could be expected and how to best prepare. If these people are not informed, they will have a 'free hand' with regards to the formation of attitudes and that will give them tremendous power (Larkin and Larkin, 2006a:41).

Positive stories, if believed, raise expectation. Should these expectations not be met, morale will crash and implementation will be severely hampered. Research spanning 40 years, done by Professor Hubbard (University of Oxford), shows that a positive story that is not realised is worse than a balanced story that is realised. The unrealised positive story resulted in:

- Less commitment;
- Lower productivity;
- More employees leaving and worse implementation.

Expectations can be managed through communication of a wide range of possible outcomes, from negative to positive. If reality falls near the range, morale will not suffer (Larkin and Larkin, 2006a:42).

4.8 Merging the internal and external communication

Larkin and Larkin (2006a:43) suggest that the internal and external communication should run simultaneously. Both audiences want the same thing namely early communication, face-to-face communication and information about possible outcomes. The fear of 'leaks' is an unrealistic reason for delaying communication. There are so many people working on the change, gathering information, planning implementation, amongst other things that it *will* leak (Larkin and Larkin, 2006a:43).

4.9 Change Communication within Transnet – Vulindlela

Vulindlela's mission is to enable change in Transnet through improving efficiency. The overall goal is to realise R6.7 billion on net operational profit by 2009. The key stakeholder of all Vulindlela's efforts is the

employees of Transnet's core Business Units. Vulindlela has a three tier approach to communication: the first being communication within Transnet mostly done by Transnet's Group Chief Executive. The media used for this is a website, e-mail and live broadcasts. The second is communication within the core Business Units, handled by the unit's CEO. The media used here are in-house newspapers, websites, e-mails and information sessions. The third is communication on specific Vulindlela projects is handled by the relevant Vulindlela project team. The media used here are information sessions, website, posters and newsletter.

Face-to-face communication consists of information sessions of 300 people per session and green room meetings. These information sessions take place once a year and attendance is not compulsory. There is no control measure in place to ensure the green room meetings take place or to govern specific communication topics addressed.

Vulindlela issues a quarterly newspaper as well as posters and make use of the in-house publications of the business units. There are no control measures in place to ensure that Vulindlela newspapers and posters are distributed as instructed.

Vulindlela has its own webpage that is updated on a weekly basis or when there is critical information to be communicated. There are only approximately 20 000 desktop computers in Transnet which means that approximately 28% of employees have direct access to the website and e-mail communications. There is no control measures in place to ensure information on the website or communicated via e-mail is distributed to employees who do not have access to these media or who are illiterate.

The Vulindlela team found that critical information was not filtered throughout the company and one of the problems was the communication gap that exists between executives and the managers and middle managers. In order to address this, middle managers are trained to communicate. There is however no control measure in place to ensure managers disseminates the information on to their subordinates.

The message generation and communication delivery is handled by Group Corporate Communication and the communication departments of the business units. No scenarios or projections are ever communicated, only certainties. Employees may e-mail or post questions or comments to the Vulindlela team.

4.10 Change communication within Transnet Housing -sale of lending book

There is no face-to-face communication between managers and their departments because management, including executive management, is prohibited by Transnet Group Transformation to communicate on any issue pertaining change. Only Group Corporate Communication may generate messages relating to change. The only face-to-face communication that is planned is a road show where Transnet Housing's Executive Managers, the new owners and representatives from Group Transformation will address employees. This severely limits interpersonal interaction that is critical to address personal fears, concerns and questions.

There are two major shortcomings of road shows:

- Frequency – during organisational change employees need continuous face-to-face interaction to address their concerns and fears. For example, when the sell of the lending business was announced, employees wanted information about the process and expected time line. Meeting the communication needs of employees greatly reduces anxiety and creates their support for the change and their cooperation during implementation. Because of the high-level management involved in road shows (Executive Managers along with Transnet's Transformation department representatives) these sessions cannot take place very often. The purpose of a road show is normally to communicate only limited information pertaining to a specific part of the change process and therefore road shows only occur on an ad hoc basis. For instance, once the new owners officially take over the management of Transnet Housing's lending division, a road show will be scheduled to inform employees of the new operating procedures.
- Issues addressed – Issues addressed during a road show usually focus on a specific part of the change process. These issues to be communicated are identified beforehand by the people who will conduct the road show and seldom correspond with issues employees urgently need information on. For instance, the road show will address the new operating procedures in Transnet Housing but will not address the more personal issues of employees, such as: 'will I be afforded an opportunity to transfer to another department of the new employer?' or 'what will the impact be on my future and continued employment?' or 'who are the labour unions that represent workers and how do I go about joining them?' (These are examples of questions received via e-mail from Transnet Housing employees). Road shows very seldom afford employees the opportunity to ask questions outside the 'scope' of the road show and even though it provides some vital information, employees are often left frustrated when their information needs are not met.

In conclusion, Transnet's change communication strategy, followed in both Transnet (Vulindlela) and Transnet Housing (sale of the lending business) indicates a clear case of 'Merger Syndrome'. The 'Merger

Syndrome' phenomenon was first documented in 1985 by Marks and Marivs (Appelbaum et al, 2000:650). This phenomenon is characterised by an increase in communication centralisation (only Transnet Group Corporate Communication may generate change communication in Transnet) and a decrease in direct communication between management and employees (non existent in Transnet).

5. Organisational Relationships

Paul Strebel (1996:1) states that when it comes to organisational change, management almost always miscalculates the gap that exist regarding the perception of change between executive management and the rest of the employees. For management change means opportunity and for employees it means disruption. This difference in view has a negative effect on the management / employee relationship. Management often does not realise the huge effort that will be required to create employee's acceptance of the change. Strebel says: *"From subordinates, management looks for enthusiasm, acceptance and commitment. But it gets something less. Communication breaks down, implementation plans miss their mark and results fall shor."* (Strebel, 1996:1).

5.1 How organisational relationships form

An organisational relationship forms when one party has a consequence over another party, for instance; when a decision of management have consequences on employees, or when employees' behaviour have consequences on the implementation of an organisational decision. These relationships are normally referred to as 'strategic relationships' (Grunig and Hon, 1999:12). There are different versions of strategic relationships, for example; an organisation and a stakeholder can form a coalition to affect another organisation; or an organisation and a stakeholder form a coalition to affect another stakeholder; or and organisation affects another organisation-stakeholder coalition or multiple organisations can affect multiple stakeholders (Grunig and Hon, 1999:12).

These different variations of organisational relationships show that relationships can be two-party or multiple parties and are always situational and behavioural. They are situational for they form and change according to the situations that develop as a result of organisational decisions. They are behavioural because they are all dependent on how the parties in the relationship behave toward one another (Grunig and Hon, 1999:13).

5.2 *The value of positive relationships for an organisation*

When an organisation has a positive relationship with stakeholders, it will save money for stakeholders, will be less inclined to take legal action against them, less inclined to campaign and boycott them, and less inclined to strike. On the other hand, organisations can increase their income through positive relations with stakeholders whose support is needed to reach organisational goals (Grunig and Hon, 1999:11). Positive employee relationships increase the possibility that employees will experience job satisfaction, which makes it more likely that they will support and not resist organisational objectives and goals including organisational change programmes (Grunig and Hon, 1999:11).

Grunig et al's study showed that there is a correlation between achieving short-term communication objectives and building positive long-term relationships (Grunig and Hon, 1999:9). The explanation for this correlation is as follows: When an organisation communicates effectively with a stakeholder, e.g. during organisational change, it creates mutual understanding and this in turn develops the relationship. When mutual understanding is created between the organisation and a stakeholder, neither party is likely to behave in ways that will have negative consequences to the other (Grunig and Hon, 1999:9).

The study shows that good communication leads to behaviour changes in both the organisation and the stakeholder and this continues into a positive relationship between the two parties (Grunig and Hon, 1999:9). Therefore, during organisational change, change communication will not only ensure shared understanding of the change, but if done correctly will create support and acceptance of the change.

The Excellence study also shows that positive relations do not always manifest in behaviour change, but sometimes it is showed in what is *not* done, for example; no litigation actions, a strike is called off, no protests and in case of organisational change, no or less change resistance. Relevant to this specific study was the conclusion that at times communication contributes to a stakeholder developing trust in management and thus accepting a decision that management made before any communication took place (Grunig and Hon, 1999:9), as could be the case during organisational change.

5.3 *Measuring Relationships*

Grunig and Hon (1999:2-3) found that long-term relationships between an organisation and key stakeholders can be measured through six components of the existing relationship. In order to measure relationships in terms of these six elements, Grunig and Hon (1999: 28) developed a questionnaire. The questionnaire contains a series of statements to which respondents agree or disagree. They developed a 9

point scale on which respondents can indicate to what level they agree or disagree. It was this questionnaire that was used in this study that is explained in more detail in chapter 3. The elements are:

Control Mutuality. This refers to the measure of an agreement between the parties on who has the right and power to influence the other. Stable relationships require that both organisation and stakeholders have a measure of control over each other.

Trust. This element is described as: “*One party’s level of confidence in and willingness to open oneself to the other party*” (Grunig and Hon 1999:3). Three dimensions of trust are identified by Grunig and Hon (1999:3), namely:

a. Integrity – the belief that the organisation is fair and just;

b. Dependability – the belief that an organisation will in fact do what it stated it is going to do;

c. Competence – the belief that an organisation has the ability to do what it stated it is going to do.

Satisfaction. This element refers to the degree to which each party feels positive toward the other. This stems from the extent to which positive expectations of the relationship are being reinforced. If there is a high level of satisfaction from one of the parties, that party would be more willing to make sacrifices. The benefits it will obtain from the relationship will outweigh any costs.

Commitment. This element reflects the degree to which the parties believe and feel that the relationship is worth their time, effort and energy. Grunig and Hon (1999:3) identified two types of commitment namely:

a. Continuance commitment – that refers to action and

b. Affective commitment – that refers to emotion.

Exchange relationships. This element refers to the ‘exchange’ of benefits. One party will be more willing to give benefits to the other if the other has given benefits in the past or could be expected to give benefits in the future.

Communal relationship. This element differs from exchange relations in that parties will be willing to give each other benefits because they care about the other’s welfare. Here benefits are given without any expectations to receive benefits in turn. The development and maintenance of this particular element is extremely important for public relations and is further explained in chapter 3.

5.4 Employee/organisational relationships and the six relationship elements

Grunig and Hon (1999:24) found that in order for employees to be most productive, they need to *trust* the organisation for which they work. On the other side, management needs and wants employees who are *committed* to the organisation and its goals. Employees also need job *satisfaction* and a *communal relationship* with the organisation; employees want to go beyond the work-salary exchange. Employees furthermore want a *mutuality of control* with management. Management however may not want to cede *control* to employees when they strive for a *communal relationship* – they want employees to deliver even

if they are not paid to do so. Managers want to *trust* labour and employee groups and they want a *satisfactory* relationship with employees.

Communication and information processing are two key instruments for building Trust (Lui and McMurry, 2004:4). Communication however will only be effective if employees perceive the organisation as having integrity and executives as behaving consistent with organisational values.

Trust:

Trust can be established as follows (Garside, 1998, Larkin and Larkin, 2006, Appelbaum et al, 2000 and Grunig and Hon, 1999):

- Ensure the change team is competent and confident in what they are doing. Management must ensure they support the change team and that the change team on their part understand why they are doing certain things;
- Ensure openness and transparency of the change process through continuous communication. Face-to-face communication from managers to subordinates is critical. This can be done via briefing pages on a weekly or monthly basis, depending on the stage of the change process;
- Feedback channels must be in place to afford employees to raise their concerns and fears on the one hand and to afford management to encourage, praise and caution on the other hand;
- The communication must be monitored and managed. Managers must be held accountable for communication. The most effective means of management would be to make communication a KPA (Key Performance Area) for managers. The briefing pages will ensure that the same information and message is delivered to all employees;
- Increase participation of employees to ensure that they share responsibility for the change and will ultimately create trust. Employees can participate in decisions making, dissemination and interpretation of information.

Control Mutuality:

Grunig and Hon (1999:24) state that employees want some mutuality of control with executives. Symmetrical communication with employees should improve this imbalance of power perception of employees. Symmetrical communication can be achieved via regular departmental meetings where change issues are addressed by management with their subordinates in a relaxed environment in an open and friendly manner. If this is not addressed urgently the changeover in ownership may be severely disrupted. Folger and Skarlicki state that when employees feel they have less power than the source of injustice (the organisation), they will attempt to restore the imbalance. These attempts will take the form of resistance and range from non-cooperation to sabotage. These resistant behaviours, whatever form it takes, are intent

to harm and disrupt workplace activities. Folger and Skarlicki warn that managers and technical staff increasingly engage in oppositional behaviour and they are able to do more harm with a keyboard than with a bomb (Folger and Skarlicki, 1999:35-37).

Satisfaction:

Satisfaction refers to the following three aspects (Grunig and Hon, 1999:20):

- The degree to which each party feels positive towards the other. This stems from the extent to which positive expectations of the relationship are being reinforced;
- When a party feels the benefits derived from the relationship will outweigh the costs of the relationship;
- When a party believes the other party's behaviour to maintain the relationship is adequate. If there is a high level of satisfaction from one of the parties, members are more willing to make sacrifices, for the benefits they will obtain from the relationship will outweigh any costs to them. Figure 4.7 below illustrates the result on the satisfaction outcome of the employee/organisational relationship.

Commitment:

This element reflects the degree to which the parties believe and feel that the relationship is worth their time, effort and energy. Grunig and Hon (1999:3) identified two types of commitment namely:

- a. Continuance commitment – that refers to action;
- b. Affective commitment – that refers to emotion.

Strong commitment indicates that there is a shared understanding and agreement with regards to the organisational goals. When an organisation realises its goals, it is considered successful and this cannot be done without a shared understanding and support amongst all stakeholders. It is for this reason that organisational change implementation often fails. Shared understanding and support is created through participative decision making, empowerment and transparency throughout the whole process, from investigation, planning, implementation and conclusion of organisational strategies.

6. Conclusion

In the twenty first century, companies are forced to transform and adapt continually to ensure survival and stay competitive in a demanding and challenging business environment but implementing change can become very costly and time consuming when management does not carefully manage the process from conception to implementation. One of the key factors in the change process is change communication. When change is introduced in 'secrecy' or without adequate, timely and up-to-date communication

implementing the change runs the risk of failure. Important goals and objectives of the change may not be achieved at all, or only partially.

RESEARCH METHODOLOGY

It is recommended that organisations start with change communication the instant the planning team is assembled. Even though certainties may not be communicated, it is advised to communicate projections, scenarios and estimates rather than attempting to keep the planning a secret. Selecting the correct information to communicate is essential together with selecting the appropriate medium. Face-to-face communication is by far the most effective and most preferred communication medium for change communication. Communicating early will assist management to manage and prevent rumours that could seriously hamper change implementation. Change communication's largest impact is on the relationship between employees and Executive Management.

Successful organisational relationships, such as those between management and employees are essential for successful organisations. Negative relationships result in employees resisting organisational goals and they will thus disrupt attempts of reaching these goals. Positive relationships on the other hand ensure support, and employees are willing to work together with management to reach organisational objects. These relationships are built and maintained to a large extent by public relations and can be measured in terms of six variants Control Mutuality, Trust, Satisfaction, Exchange Relationships, Commitment and Communal Relationships. The following section, Chapter 3 will describe how the employee relationship with Transnet's Executive management was measured during change implementation in Transnet.

This section describes the theoretical framework that forms the basis of this study covering Organisational Relationships, Organisational Change and Change Communication as discussed in Chapter Two.

2.3 Summary of the study

The major concept being tested is the impact of change communication on the employee-organisational relationship during organisational change. This is done by means of the following:

- Organisational change model used
- Change communication strategy implemented
- Employee reaction to change (acceptance or resistance) for reasons of measuring the relationship of the variables of the following variables:

CHAPTER THREE

RESEARCH METHODOLOGY

1. Introduction

Chapter three includes a description of the research strategy and methodology that was used for this study. The theoretical framework and conceptualisation for this study is as follows:

2. Theoretical Framework and Conceptualisation

2.1 Domain

This research is done in the Public Relations domain. Grunig, Grunig and Dozier (2002:2) define the function of Public Relations in an organisation as assisting the expansion and preservation of relationships between the organisation and public within its stakeholder categories.

2.2 Theoretical Framework

There are three different theoretical frameworks that form the basis of this study namely Organisational Relationships, Organisational Change and Change Communication as discussed in Chapter Two.

2.3 Constructs of the study

The major concept being tested is the impact of change communication on the employee/organisational relationship during organisational change. This is done by means of the following:

- Organisational change model used;
- Change communication strategy implemented;
- Employee reaction to change (acceptance or resistance) by means of measuring the relationship at the hand of the following outcomes:

- Trust (Integrity, Competence and Dependability);
- Control Mutuality;
- Commitment;
- Satisfaction;
- Communal Relationships;
- Exchange Relationships.

3. Research Strategy and Methodology

Quantitative research is defined by Struwig and Stead (2001:4) as: “*Quantitative research is a form of conclusive research involving large representative samples and fairly structured data collection procedures. A primary role of quantitative research is to test hypotheses.*” Leedy (1997:106) states that the purpose of quantitative research is either to explain and predict, confirm or validate, to test theory or to reach an outcome.

This study aims to determine if change communication has any impact on the relationship between an organisation and its employees. As this meets the criteria stated above it the study will be conducted as quantitative research.

Babbie (2005:88-91) identified three purposes of research namely:

- Exploration – research that explores a topic. This approach normally occurs when interest or subject of study is relatively new.
- Description – a study that describe a situation or events. This approach normally occurs when a wide range of characteristics is described.
- Explanation – explain trends. The approach normally occurs when the question “WHY” is answered.

As the author could not find any study done on this specific topic, this study meets the first criteria of being a new or relatively new subject of study is therefore exploratory in nature.

Information for this study is acquired from primary and secondary sources.

3.1 *Primary source:*

3.1.1 *The questionnaire:*

Information is gathered by means of an empirical study. The questionnaire (see Annexure D) comprises of Likert-type and open-ended questions. The questions are formulated according to a questionnaire developed by Grunig and Hon (1999).

Grunig and Hon identified reliable indicators for public relations. They piloted this study amongst five organisations representing both public and private organisations with both good and bad reputations. Grunig and Hon had to develop reliable scales for trust, control mutuality, satisfaction, commitment, communal relationships and exchange relationships by researching the interpersonal communication and psychology literature and identifying appropriate relationship indicators. Questions were developed around these relationship indicators that enabled them to measure organisational-stakeholder relationships. In order to ensure reliability Grunig and Hon formulated different questions that measured the same relationship indicator, the premises being that responses should be similar from a respondent to all questions pertaining to a specific indicator. For that reason, each relationship indicator was measured at the hand of at least four questions.

Grunig and Hon's questionnaire consisted of 52 questions, 12 questions measuring trust at the hand of integrity, competence and dependability, and eight questions each for the other five relationship indicators. The questionnaire proved to be too long and they decided to eliminate on trust items, on communal relationship items and four of the exchange relationship items. Reliability was measured at the full set of items but Grunig and Hon took five, after which they took four of the most reliable items to see if a shorter questionnaire will be as reliable as the longer one. The shorter questionnaire contained six questions for trust and two each for the three dimensions.

Reliability's measurement is normally expressed by the Cronbach's Alpha statistic. Alpha is an overall measure of how well the items measuring the same characteristics correlate with each other. There is no set level of Alpha that indicates acceptable reliability, but it is generally accepted that a scale below an Alpha of 0.60 is not very reliable and an Alpha close to 0.90 is excellent. Furthermore, the shorter the questionnaire (the fewer questions to measure a variant), the lower the Alpha and the more questions measuring a variant, the higher the Alpha. Grunig and Hon produced highly reliable scales for all the relationship variants with the exception of exchange relationships. All the Alphas were above 0.80 and most very close to 0.90, with the exchange relationship's Alpha at 0.70 which was considered an acceptable level. Table 1.5 shows the relational variables for the five organisations:

Table 3.1 (Table borrowed from Grunig and Hon 1999:40).

Relationship Indicator	General Electric	National Rifle Association	Social Security	Microsoft	Red Cross	Average
Trust						
11-item scale	.90	.89	.93	.91	.91	.91
6-item scale	.86	.81	.89	.89	.86	.86
Control Mutuality						
8-item scale	.88	.90	.90	.91	.89	.90
5-item scale	.86	.87	.86	.88	.86	.87
4-item scale	.85	.85	.86	.86	.84	.85
Commitment						
8-item scale	.85	.89	.87	.88	.87	.87
5-item scale	.82	.88	.84	.84	.87	.85
4-item scale	.81	.89	.83	.82	.84	.84
Satisfaction						
8-item scale	.87	.91	.88	.91	.89	.89
5-item scale	.87	.90	.88	.91	.87	.89
4-item scale	.86	.89	.89	.88	.86	.88
Communal						
7-item scale	.86	.88	.85	.85	.84	.86
5-item scale	.83	.86	.84	.81	.81	.83
4-item scale	.82	.82	.80	.80	.75	.80
Exchange						
4-item scale	.73	.78	.68	.68	.62	.70

3.1.2 *Administering the questionnaire*

The first group of respondents consisted of middle managers of Transnet's core businesses. Permission was first obtained from the Transnet's General Manager (Transformation) for the distribution of questionnaires to Transnet employees. The middle management cadre of Transnet's core businesses is invited to information sessions twice a year. These information sessions take place countrywide at the core business' main centres and successes, implementation strategies and expected results of Vulindlela is communicated at these sessions. A complete name list of the managers involved (invited to these sessions) was obtained from the Vulindlela implementation and communication team.

The researcher first randomly picked 10 names from the five business units, Spoornet, National Ports Authority, South African Port Operations, Petronet and Transwerk. The names were picked as follow: the first two names on the list, however still ensuring a mixture of male and female, as well as ethnic group based on language (all this information was on the lists provided to the researcher). The questionnaires were sent to these 10 respondents as a pilot study and four responses were returned. No changes to the questionnaire were required and it was then sent to the remaining group on the list. The questionnaire was sent after two successful information sessions regarding Vulindlela.

The complete list contained a total of 1 604 names. The questionnaire (see Annexure D) was then e-mailed to all people on the list (the e-mail addresses were obtained from the company's global address list and from human capital offices). Respondents were assured that the information obtained will be treated as confidential and results will be used for research purposes only. At the first round, 292 (18%) e-mails were not delivered. This is contributed to the following: employees may have left the service, may not have direct e-mail access, (employees working in the lighthouses and airline pilots). After two weeks, the questionnaire was again e-mailed to all 1604 and this time 309 (19%) could not be delivered. After four weeks and two distributions of the questionnaire, a total of 248 responses were received. This equals a response rate of 19, 5%. $4 \text{ pilot} + 248 = 252$. Total sent 1504 - 1312 (not delivered) = 1295. $252 = 19, 5\%$ of 1295. This was deemed adequate for a reliable result.

The second respondent group consists of supervisors and middle managers from Transnet Housing. A complete list was obtained from Transnet Housing's Human Capital department and contained 123 names. Permission was obtained from the Acting CEO of Transnet Housing to forward the questionnaire via e-mail. The same questionnaire was used as before and this was mailed approximately two weeks after Transnet's Executive Management announced the sale of Transnet Housing. Again the questionnaire was mailed twice to all respondents (two weeks apart). A total of 41 (33%) responses were received. The 33% response was considered enough for a reliable result.

3.2 Secondary Sources:

Strydom and Delpont (2002: 321) say that in the context of quantitative research, the primary source for information is a questionnaire, but the secondary source, which is the study of documents and secondary analyses, is often neglected. Documents are classified into four categories by Strydom and Delpont (2002:322), namely Personal documents, Official documents, Mass Media and Archival material.

3.2.1 *Personal documents*

Personal documents are defined in Strydom and Delpont (2002:323) as: “... *a personal account of the author’s environment and his subjective perception and interpretation of his own life and the events in the world around him*” Strydom and Delpont (2002:323) say that the researcher is allowed in some degree to study personal documents and use parts thereof for research purposes. Examples of personal documents quoted by Strydom and Delpont (2002:323) include: personal letters, diaries, autobiographies, memos, verbal communications, photographs, films, personal video recordings, biographies, graffiti, memoirs, letters to the press, inscriptions on tombstones or monuments, letters of confession, travelogues and folk tales.

According to the Strydom and Delpont (2002:323) the nature, contents and scope of personal documents vary. They can be solicited or unsolicited, limited or comprehensive, complete or edited, authors can be famous or ordinary people, alive or dead, selected randomly or chosen deliberately, be a chance discovery or a volunteer.

The value of personal documents varies, and Strydom and Delpont (2002:323) summarise it as follows:

- A benchmark for the evaluation of theories, hypotheses and assumptions;
- Assist the researcher to look into the centre of the phenomenon being researched;
- They attribute to objectivity in the research process;
- Provide a holistic view of a person in the context of his life;
- Assist with sensitising concepts, theory development and verification.

Only a limited source of personal documents was used for this study. Those include the memos written on Vulindlela’s scope, objectives and goals and e-mail responses to the researcher from Transnet Housing employees. Official documents however was the main document source used for this study.

3.2.2 *Official documents*

Strydom and Delpont (2002:323-324) defined official documents as “... *documents that are compiled and maintained on a continuous basis by large organisations...*” This type of document is more formal and structured and includes some of the following: statistical reports, minutes and agendas, inter-office memos, financial records, annual reports and so forth.

Official document sources used for this study include; Transnet's annual reports and financial reports, presentations from Transnet's Vulindlela project team, Transnet Housing's business strategy and so forth.

3.2.3 *Mass media*

"This category includes all information that is freely available to the public, and thus to any individual." (Strydom and Delport, 2002:324). Sources of these documents include; newspapers, magazines, journals, newsletters, television, radio, film and books. Strydom and Delport cautions that these documents can be subjectively coloured because of the subjectivity of the writer/producer thereof (Strydom and Delport, 2002:324).

Mass media documents used for this study include amongst others: publications such as Vulindlela newsletters, text books, National media articles regarding Transnet's Turnaround Strategy and its implementation and radio broadcasts.

3.2.4 *Archival material*

This material consists of documents and data that are preserved in archives for research purposes. Examples of documents used for this study are previous studies and articles on organisational change, change communication and organisational relationships. A complete list of secondary sources is listed under the Bibliography at the end of this document.

3.2.5 *Reliability and validity of document study*

Strydom and Delport (2002:324) warn researchers to evaluate document authenticity to ensure validity and reliability. Documents are generated by people, and people may have ulterior motives which may impact on the validity and reliability of documents. Sometimes a document's age, and time when it was compiled, could affect its validity and reliability, as new studies and new findings may contradict the theories and findings of an older study (Strydom and Delport, 2002:324). Strydom and Delport suggest the following ways to ensure validity and reliability of documents:

- If the author is still alive, he/she may be requested to read the product and offer an auto critique;
- Where possible compare the relevant document with other similar documents or data;
- Interview other informants or persons who are knowledgeable on the subject;

- Check other similar documents at two or more points in time or compare the results of two or more researchers.

It is suggested that the researcher pay more attention to assessing inter-analyst reliability than inter-document reliability (Strydom and Delpont, 2002:324-325).

Struwig and Stead (2001:84-85) added the collection of data using the Internet as another secondary data source. Six ways to access information is discussed namely:

- E-mail and discussion groups or usenet newsgroups
- Direct site access
- Browse
- Explore a subject directory
- Conduct a search using a web search engine
- Explore the 'invisible web'

For this study the author explored the subject directories for the three constructs of this study as well as conducted searches using Google for media information on the Transnet strike and related information.

The researcher spent approximately 18 months reading and evaluating documents as secondary sources of information with the aim of understanding the concepts involved in organisational change, change communication and organisational relationships. Company documents were studied and compared to similar documents. Interviews were conducted with the Project leader of Vulindlela and the General Manager, (Transformation) in order to validate statements in newspapers and other organisational documentation. Several studies were looked at to ensure findings on key issues, e.g. effects of change communication on change implementation and effects of change communication on employee/organisational relationships: correspond with each other. One of the major literature sources, Larkin and Larkin's *Communicating the Big Change* was selected specifically because it is a summary of various studies on change communication concepts, all of which are collaborating each other's findings.

3.3 Research design

This study's emphasis is on discovering the impact change communication has on the employee/organisational relationship in Transnet during organisational change. For this reason, the questionnaire was sent to all middle managers in Transnet's core businesses to determine their relationship with Transnet, only after regular communication and feedback channels were implemented and were functioning efficiently within Transnet. The same questionnaire was sent to all middle managers in

Transnet Housing after the announcement of the sale of Transnet Housing's lending book to another company was made public. In the first instance regular up-to-date change communication takes place and in the second case, virtually no change communication takes place.

3.4 Interpretation of the results

For the purpose of this study, not all results will be analysed between the two respondent groups. The aim is to determine if there is a marked difference in the six relationship indicators, namely trust, commitment, communal relationships, exchange relationships, control mutuality and satisfaction. The preferred change communicator and communication media is also analysed and compared to change communication practices followed in Transnet in an attempt to explain successes and/or failures.

Negative indicators of components were reversed and the final score on the charts also reflect the 9-point scale of the questionnaire.

4. Delimitation of the Study is as follows:

- Respondents are all employed at Transnet Ltd. The first group is employees of Transnet's core businesses and the second group employees of Transnet Housing (a non-core business unit).
- The study aims to determine if change communication has any impact on employee/organisational relationships.
- The study focuses exclusively on the employees (middle manager grade and manager grade) as stakeholder group.
- It explores literature to determine what the best strategies are with regards to change communication during organisational change.
- Emphasis will be placed on change communication as the major component.
- Proposed change communication strategy as per literature is compared with actual change communication strategy as implemented by Transnet to explain relationships as shown in the results.
- Respondents' relationship with Transnet is measured to ascertain whether it is positive or negative.
- Inadequate change communication strategy that could be linked with a negative relationship would indicate that change communication has an impact on employee/organisational relationships.
- No other stakeholder group, apart from employees, forms part of this study.
- No other means of stakeholder management apart from communication forms part of this study.

5. Benefits and Importance of this Study

Puth (2002:110) states: "... organisations that cannot manage change effectively are not likely to survive for long." Technology evolves continually and creates not only business opportunities for new products and markets but also an array of means and ways for excellent stakeholder management, especially through development of communication tools. These new and exciting communication tools, however poses a very real threat if not well managed.

Organisational change are costly and disruptive and more often than not threatens the top leadership. Support, loyalty, commitment and trust become essential to ensure successful organisational change. These are also relationship outcomes and is either enhanced or diminished depending on management's ability to manage change effectively. People fear change and should therefore be one of the key focuses during organisational change' Communication is key to any organisational change, Puth (2002:112) states: "*Because of its role in explaining change and stimulating discussion of the processes of change, communication services as a powerful agent of change in its own right*". Inadequate communication during organisational change will have severe implications on change implementation. Change implementation failure or delays always increases costs and time delays.

Should this study proof that inadequate change communication negatively impacts on employee/organisational relationships, it will mean that the management of employee/organisational relationship through change communication is critical to ensure change implementation success. Successful change implementation saves time and money. The value of this study lies in that it shows the real impact on change communication on relationships that in turn impacts on change implementation's success rate. A breakdown in employee/ organisational relationship is one of the major causes for change implementation failure.

CHAPTER FOUR

RESEARCH RESULTS

1. Introduction

In this chapter the research results will be analysed and conclusions will be drawn from the data obtained. The researcher will not attempt to analyse and interpret all the results of the research. Only the overall results for each of the relationship concepts tested will be discussed as well as the preferred communicator and communication media. The results show responses from two groups:

- The Transnet employees;
- The Transnet Housing employees.

2. Research Results

2.1 Preferred Communicator

The literature studied for this project showed that employees prefer to be informed by their direct supervisor/manager: *“People prefer to hear about the changes that might affect them from their bosses, not from their peers or the grapevine”* (Liu and McMurry, 2004:9). Figure 4.1 below represent the results to question 6 of the questionnaire that read: *Who would you prefer to communicate with you on information regarding change, e.g. Selling of the lending Book, Property’s future? / regarding Vulindlela?* - (the underlined part was for the Transnet Housing response group and the part not underlined for Transnet response group)

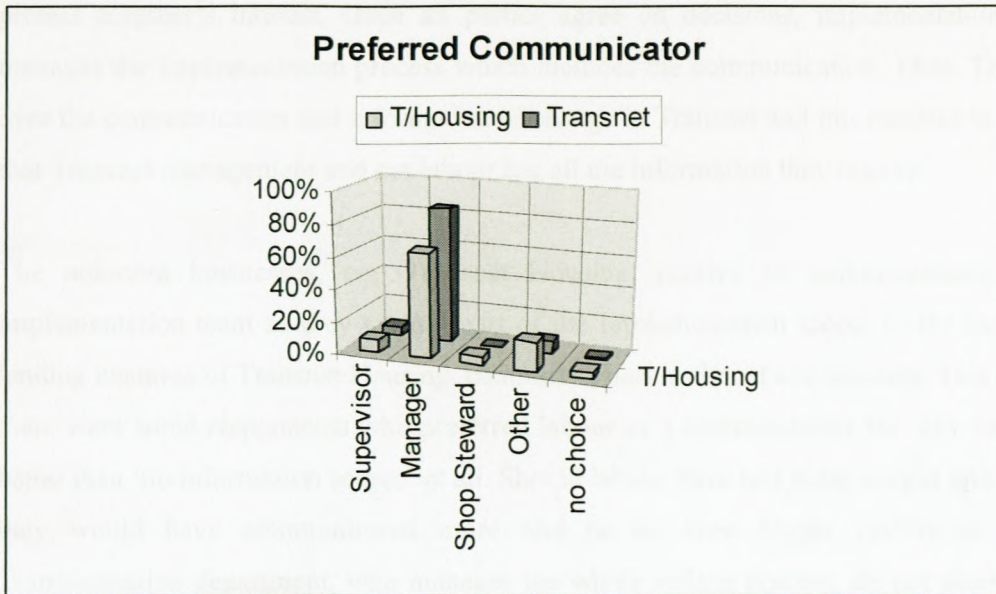


Figure 4.1: Preferred change communicator (source of change information).

The results obtained reiterate previous findings as stated in literature that employees prefer information regarding organisational change from their managers. What was interesting however is that the second choice of communicator was not the supervisor as expected but ‘other’ (18% for Transnet Housing and 8% for Transnet). The reason for this is most likely that the ‘supervisor’ grade is not very common in the Transnet environment. A middle manager is referred to as ‘management’ and this grade usually fulfils the position known in most other companies as ‘supervisor’.

The ‘other’ referred to by Transnet Housing respondents include the Executive Management (of Transnet Housing), the CEO (Transnet Housing), First National Bank (who bought the lending book) and Transnet’s Restructuring Department.

The ‘other’ referred to by Transnet respondents include representatives from Vulindlela implementation teams and the Executive Management of the Business Units.

An unexpected finding was that not one respondent in Transnet preferred the shop steward (labour) as a preferred communicator and only 5% of Transnet Housing’s respondents preferred this option. During the Transnet strike, Transnet management did not interact in any way directly with employees. Labour on the other hand communicated with its members in their forums, through the national media and in the workplace. After the issues causing the strike were resolved, Transnet started direct communication with employees under the auspices of the Vulindlela implementation team. Labour participates in the restructuring forum (Joint Transformation Committee - JTC) to ensure the change processes are fair and to

protect member's interest. Once all parties agree on decisions, implementation occurs and Transnet manages the implementation process which includes the communication. Thus, Transnet effectively took over the communication and information of change in Transnet and this resulted in employees' perception that Transnet management and not labour has all the information they require.

The non-core businesses, e.g. Transnet Housing, receive no communication from the Vulindlela implementation team as they are not part of the implementation scope. In the case of the selling of the lending business of Transnet Housing, communication is almost non-existent. This may be the reason why there were some respondents who preferred labour as a communicator for 'any source of information' is better than 'no information source' at all. Should labour have had more insight into the process of the sale, they would have communicated more and be an even bigger preference. However, Transnet's Transformation department, who manages the whole selling process, do not share any information with Transnet Housing's management or labour other than what directly involves them, e.g. the package equalisation negotiations. At the JTC where these issues are discussed, the committee agree upon the communication strategy, i.e. who will communicate what information at what time. All parties keep with the agreed upon communication strategy. What this all boils down to is that the preferred communicator(s) as indicated by the Transnet Housing respondents sadly do not have the authority or access to information to communicate, and the party who does (Transnet's Restructuring department) barely communicate with employees.

2.2 Communication media ratings

Face-to-face is the most preferred communication media for change communication as proved over and over by research: "*Face-to-face communication is considered the best option. Senior influential role refuses to use alternative methods and site workers prefer it to gauge reaction and honesty*" (Lloyd and Varey 2003:200).

Question 7 instructed respondents to rate 10 forms of media, which is used in Transnet and Transnet Housing for change communication. The number 1 indicates the first choice and number 11 the last choice. Figure 4.2 below represents the average rating score per form of media.

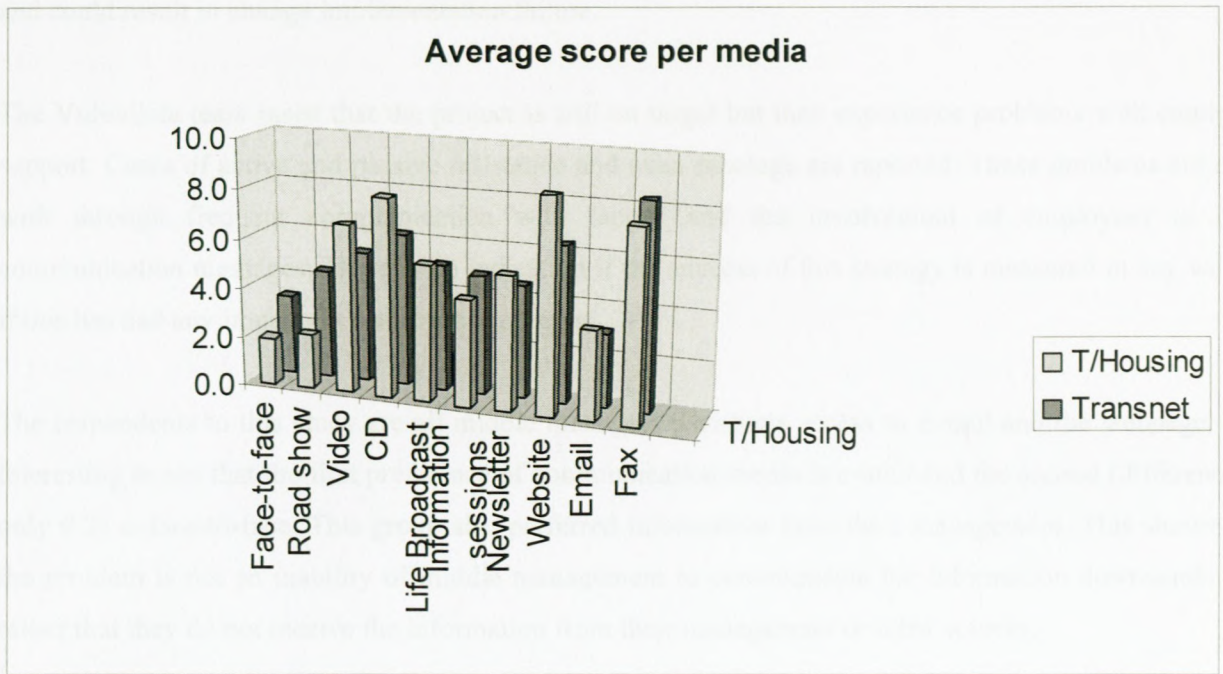


Figure 4.2: Preferred change communication media

Transnet and Transnet Housing respondents ranked their preference of communication channels as follows:

Table 4.1

	1 st choice	2 nd Choice	3 rd Choice	4 th Choice	5 th Choice	6 th Choice	7 th Choice	8 th Choice	9 th Choice	10 th Choice
Transnet	E-mail (3)	Face-to-face (3.2)	Road Shows (4.4)	News-letters (4.6)	Information sessions (4.8)	Life Broadcast (5.1)	Video (5.3)	CD (6.2)	Web-site (6.3)	Fax (8.8)
T/Housing	Face-to-face (1.9)	Road Show (2.2)	E-mail (3.6)	Information sessions (4.3)	News-letter (5.4)	Life Broadcast (5.5)	Video (6.8)	Fax (7.7)	CD (8)	Web-site (8.6)

The values in the table represent the average score of the communication channel. The total responses per choice were added and then divided by the total number of respondents; the value obtained is used to determine the ranking of the communication channel.

2.2.1 Transnet results

The literature study in chapter 2 shows that the most effective media during organisational change is face-to-face, manager to subordinates in small groups. Communication must take place on a regular basis and the message must be disseminated throughout the organisation within three to five days. Research proved that where there were no clear policies guiding the communication and control measures to ensure

communication takes place, communication is hampered. Inadequate communication affects relationships and could result in change implementation failure.

The Vulindlela team insist that the project is still on target but they experience problems with employee support. Cases of active and passive resistance and even sabotage are reported. These problems are dealt with through frequent communication with labour and the involvement of employees to draft communication messages. There is no indication if the success of this strategy is measured in any way or if this has had any impact on employee resistance.

The respondents to this study are all middle managers who have access to e-mail and the webpage. It is interesting to see that the first preference of communication media is e-mail and the second (difference of only 0.2) is face-to-face. This group also preferred information from their management. This shows that the problem is not an inability of middle management to communicate the information downwards, but rather that they do not receive the information from their management or other sources.

This is confirmed by some responses from question 49: *“Any comments or suggestions regarding Vulindlela?”*:

- Vulindlela’s strategic objectives are not communicated effectively to all employees of Transnet;
- I cannot access the Vulindlela website on the intranet due to technical reasons;
- [I] heard something about it [but is] not sure how it is driven, no known milestones in place;
- I would like to see deeper communication or education about Vulindlela. Right now the programmes’ language is mechanistic – i.e. it is about more systems, new processes that will make the company efficient to achieve its goals;
- I feel that the project has not been cascaded down to the lowest levels to ensure buy-in for all Transnet employees;
- We all need to know how we can contribute to Vulindlela. Not much is known about the different sub-projects and how this will impact on us. We are not experiencing any benefits from Vulindlela;
- Transnet is heading for disaster and I do not wish to be part of it;
- The communication by Transnet management down to staff regarding Vulindlela has been non-existent. My immediate manager has not once had any information sessions with his staff regarding what Vulindlela is about, progress, where it is heading or when it will be completed. It is like a myth - something that one has heard mentioned [but] knows little about and have not see or encountered;
- [Vulindlela is] on their own mission.

Another factor that contributes to the communication blockage is the media used to communicate information. From the results obtained in the survey, the website is ranked the second to last choice yet is one of the major media forms used to communicate to employees. The information sessions are only ranked fifth, yet is one of only two face-to-face communication media used. Printed material (newsletters) is ranked fourth and is the most used media to communicate Vulindlela. The media choice is clearly one of the contributing factors to employees' limited knowledge of organisational change in Transnet.

Choosing the wrong media has a negative cost impact as well. The most expensive media used by Vulindlela is the live broadcast of the GCE of Transnet. The costs are not known but it most probably runs into millions of rands. Yet this is only the fifth choice of preferred media. Departmental information sessions conducted by managers, using briefing pages that are compiled by Vulindlela staff, would be more effective, both in terms of dissemination of the information as well as cost.

2.2.2 Transnet Housing results

The media channel used exclusively for change communication in Transnet Housing is e-mail (rated third by Transnet Housing respondents). In Transnet Housing only eight of the more than 200 employees who are employed in the lending division do not have access to e-mail. Therefore, only 3% of the employees are not directly reached. E-mail is a poor substitute for the desired face-to-face medium but decimation of information is monitored closely. Managers have to ensure that those employees who do not have access to e-mail are informed immediately. Employees rely more on their shop stewards to take their questions and concerns to management regarding the sale of the business than their managers. This is because they know that their management does not have access to the information themselves. The results however do show employees prefer to be informed by their managers.

The huge need for information resulting from a total ineffective and non-existent communication strategy can be deduced from responses on question 49 that reads: "*Any comments or suggestions regarding the way Transnet handles the sale of the lending book/future of Property division?*":

- We are not surprised about the sale, we are surprised at how this is communicated to the Housing staff members;
- Communication around Transnet is bad. The sale of lending book is testimony to that. Housing was the last business unit to know who bought it, whereas FNB told its staff three months before that they were bidding for Transnet Housing. I hope the communication will improve from now onwards. We should not be treated like outcasts as is currently the case now;

- The sale was handled in a very secretive way - no proper correspondence was given to staff that is affected by the sale. Even at this late stage no one was informed about salary package, medical aid, pension fund and concessions;
- Transnet should have trusted its employees by sharing information with them during the negotiations of the sale of the lending book. It was not a very pleasant feeling to hear from clients that the lending book was sold to FNB while we, as employees, were uninformed. The fact that the lending employees at this stage still do not know what their position (future) really will be after the sale, indicates that Transnet is only interested in getting rid of the lending book and don't care what happens to its employees, some of whom were loyal for many years to the company;
- The total lack of compassion, loyalty and respect to their employees is evident as the whole process was devoid of honesty, truth and transparency;
- Transnet is not a people's company, they do not care about their personnel, they only consider profits. They hide information from their people and they never use opinions from their personnel. After getting rid of the 'small problem' (referring to Transnet Housing's lending business) as it was called by Transnet's CEO on the National Television, I do not think the employees of the Property division will give their best. This only scared them because they are still in the dark as to what Transnet is going to do with the Property division;
- The imminent change causes stress on some employees and it reflects badly on performance. Keeping one updated about progress can alleviate such uncertainty;
- I believe there is a huge problem with communication within Transnet. The manner in which the sale of housing was communicated was totally wrong. Staff had to hear from the media and sources other than management. We as staff are very de-motivated; our lives have been put on hold for the past four years. I believe the way forward is better communication within Transnet.

To conclude, as indicated by respondents, their preferred source for change information differs vastly from the actual sources used. Both groups preferred direct, face-to-face communication from their managers. In reality, Transnet's Group Corporate Communication department alone may generate and communicate messages pertaining to organisational change. The 'sources' of change information are: for Transnet employees, the Vulindlela project team; and for Transnet Housing, Transnet Housing Executive Management and Transnet's Transformation Department. These three sources have no jurisdiction over Transnet's corporate communication department and may at best forward requests for message generation and decimation through the organisation. The situation is further complicated because the message generator does not have the communication skills or knowledge to select the most appropriate

communication medium. This is also the exclusive prerogative of the Transnet Group Corporate Communication department.

Media selection is identified as one of the most critical aspects of change communication. The wrong media will nullify the whole communication effort. Transnet employees indicate a preference for e-mail and face-to-face communication, and Transnet Housing employees indicate a preference for face-to-face communication. Group Corporate Communication however uses:

- Websites (the 9th and 10th preference of Transnet and Transnet Housing employees respectively);
- Newsletters (4th and 5th choice of Transnet and Transnet Housing employees respectively);
- Group information sessions (5th and 4th choice of Transnet and Transnet Housing employees respectively);
- Live broadcasts (6th choice for both groups);
- E-mail (1st and 3rd choice of Transnet and Transnet Housing employees respectively); and
- Road shows (3rd and 2nd choice of Transnet and Transnet Housing employees respectively).

2.3 Relationship indicator results.

Figure 4.3 below shows the relationship Transnet and Transnet Housing employees have with Transnet.

Transnet Housing respondents' average measurement equals 5 (neutral, or complete lack of a relationship) and Transnet respondents' average is 4.6 that equals agree, or positive relationship.

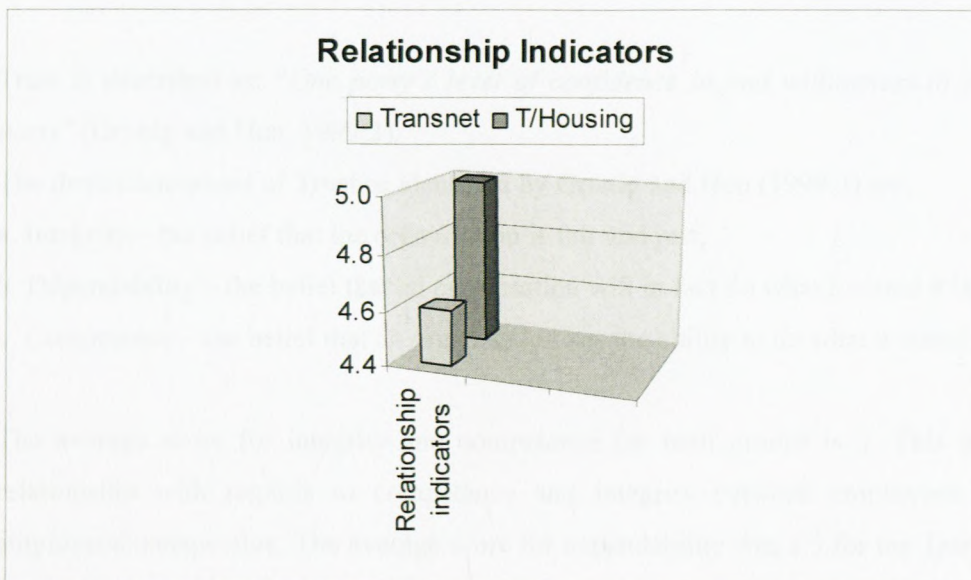


Figure 4.3: Indication of relationship between Transnet and Transnet Housing employees and Transnet.

The relationship is measured at the hand of six relationship components namely Trust, Control Mutuality, Satisfaction, Commitment, Exchange Relationships and Communal Relationships.

2.3.1 Trust

The first component of the relationship that is measured is Trust. Trust is measured at the hand of three dimensions: Integrity, Dependability and Competence. Figure 4.4 below shows the results for both respondent groups.

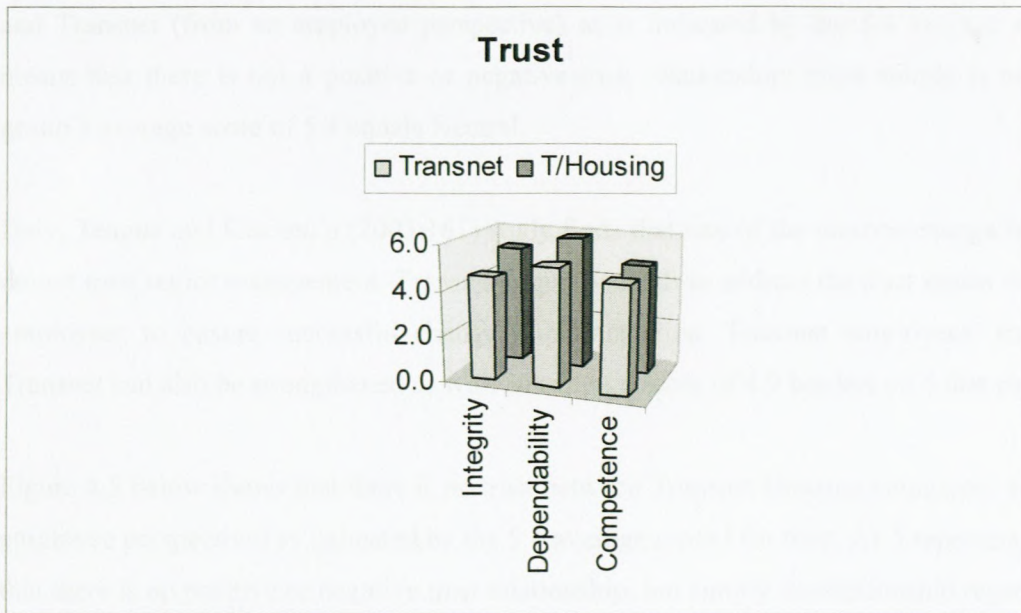


Figure 4.4: Trust component of relationship between Transnet and Transnet Housing employees and Transnet.

Trust is described as: “*One party’s level of confidence in and willingness to open oneself to the other party*” (Grunig and Hon, 1999:3).

The three dimensions of Trust as identified by Grunig and Hon (1999:3) are:

- a. Integrity – the belief that the organisation is fair and just;
- b. Dependability – the belief that an organisation will in fact do what it stated it is going to do;
- c. Competence – the belief that an organisation has the ability to do what it stated it is going to do.

The average score for integrity and competence for both groups is 5. This indicates that there is no relationship with regards to competence and integrity between employees and Transnet from the employees’ perspective. The average score for dependability was a 5 for the Transnet respondents and a 6 for the Transnet Housing respondents.

2.2.2 Communication

The average score of '6' for dependability is most probably because Transnet Housing employees are still in the first two stages of the 'grieving' process and no attempt as yet has been made to listen to their fears or concerns, or to initiate face-to-face communication. This score may revert to a 5 or lower once employees accept that the sale of the lending business will take place and once they are involved in the change process.

There is a little more trust between Transnet employees and Transnet (4.9) - from the employees' perspective - as is shown in Figure 4.5 below. But there is no trust between Transnet Housing employees and Transnet (from an employee perspective) as is indicated by the 5.4 average scored for trust. This means that there is not a positive or negative trust relationship; there simply is no relationship as this group's average score of 5.4 equals Neutral.

Daly, Teague and Kitchen's (2003:161) study finds that one of the reasons change fails is that employees do not trust senior management. Transnet urgently needs to address the trust issues with Transnet Housing employees to ensure successful change implementation. Transnet employees' trust relationship with Transnet can also be strengthened as with an average score of 4.9 borders on 5 that equals neutral.

Figure 4.5 below shows that there is no trust between Transnet Housing employees and Transnet (from an employee perspective) as indicated by the 5.4 average scored for trust. As 5 represent 'neutral', this means that there is no positive or negative trust relationship; but simply no relationship regarding trust at all.

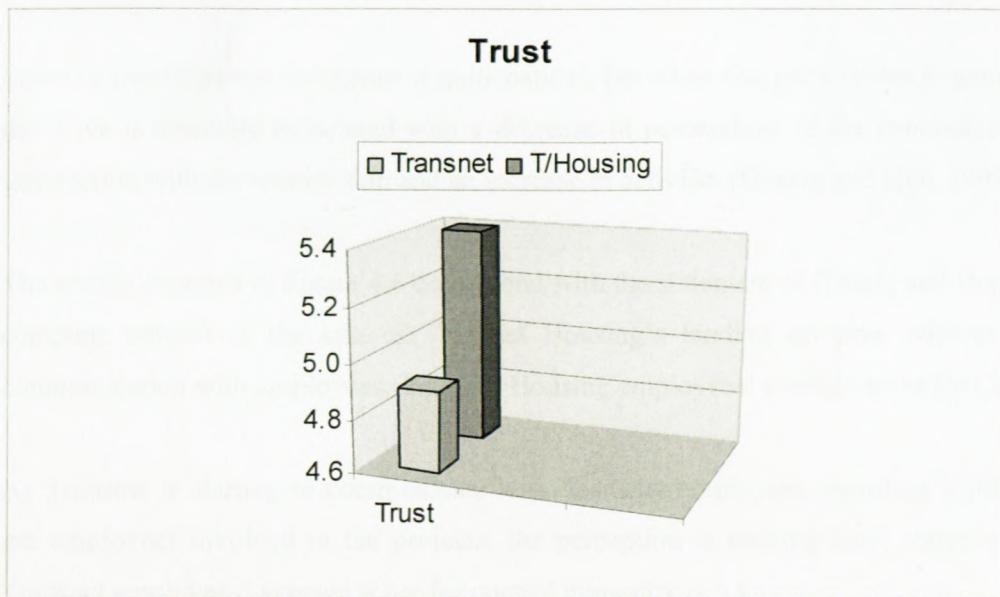


Figure 4.5: Trust component of relationship between Transnet and Transnet Housing employees and Transnet.

2.3.2 Control Mutuality

Control Mutuality refers to the degree of agreement between the parties on who has the right and power to influence one another. Stable relationships require that both the organisation and employees have a measure of control over each other (Grunig and Hon 1999:3). Figure 4.6 below depicts the average score for Transnet and Transnet Housing employees on the relationship indicator of Control Mutuality.

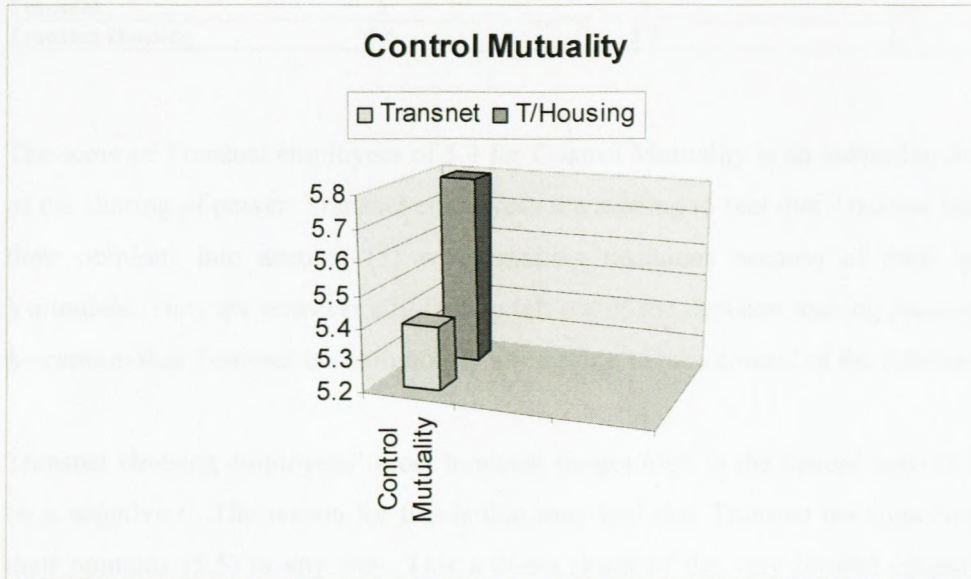


Figure 4.6: Control Mutuality component of the relationship between Transnet and Transnet Housing employees and Transnet.

Some degree of power imbalance is quite natural, but when one party drives to gain control over the other, the drive is normally associated with a decrease in perceptions of the communicator's competence and satisfaction with the relationship and an increase in activism (Grunig and Hon, 1999:19).

The results depicted in Figure 4.6 correspond with the statement of Grunig and Hon. As Transnet is taking complete control of the sale of Transnet Housing's lending division, without consulting or regular communication with employees, Transnet Housing employees' average score for Control Mutuality is 5.8.

As Transnet is starting to communicate with Transnet employees regarding Vulindlela and increasingly get employees involved in the projects, the perception is moving more towards a 'sharing of power'. Transnet employees' average score for control mutuality is 5.4.

Even though both respondent groups' average score for control mutuality is in the 5 (neutral) range, the score for Transnet Housing employees is very close to a negative 6 while that of Transnet employees are closer to a positive 4. Table 4.5 below depicts the scores of Transnet and Transnet Housing employees on the four issues that were measured to determine control mutuality.

Table 4.2

	Transnet is attentive to what I have to say	My opinion is important to Transnet	Transnet attempts to take control	There is shared decision making
Transnet	5	5	5.6	5.8
Transnet Housing	5.6	5.5	5.7	6.5

The score of Transnet employees of 5.4 for Control Mutuality is an indication of a shift in their perception of the sharing of power. Transnet employees are starting to feel that Transnet listens to them (5) and takes their opinions into account (5) when making decisions because of their increasing involvement in Vulindlela. They are however still feeling left out of the decision making process (5.8) and this creates the perception that Transnet is continuously attempting to take control of the relationship (5.6).

Transnet Housing employees' score however ranges high in the neutral zone (5.9), bordering very closely on a negative 6. The reason for this is that they feel that Transnet does not listen to them (5.6) or value their opinions (5.5) in any way. This is a direct result of the very limited communication and information sharing coupled with no feedback channels where employees may raise their uncertainties or opinions. This is also the reasons employees feel left out of decision making (6.5) and this creates the very strong perception that Transnet wants to take control of the relationship (5.7).

As Vulindlela is implemented more widely and this filters through to all levels of Transnet, employees will be more involved and more informed and this will result in a more positive Control Mutuality component in the employee/organisational relationship.

2.3.3 Satisfaction

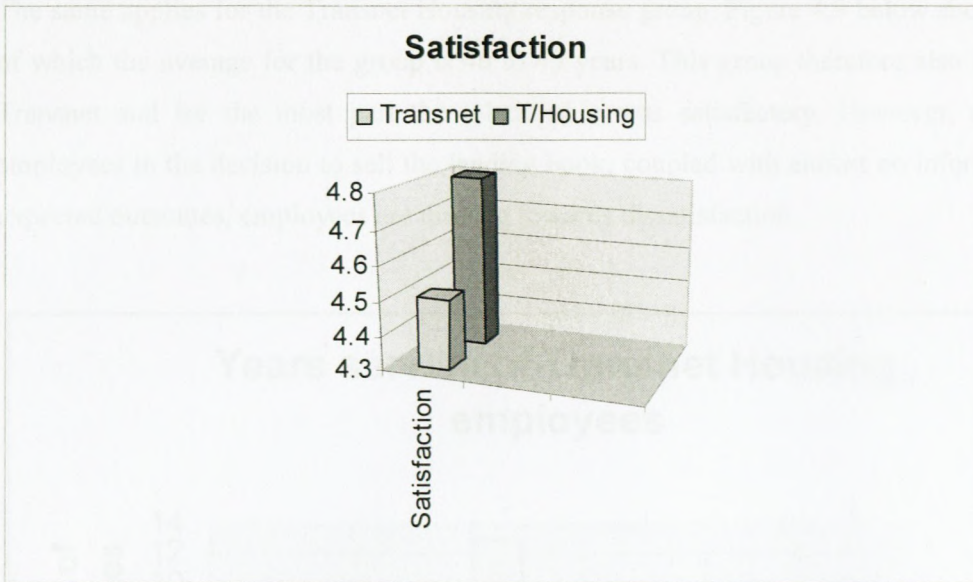


Figure 4.7: Satisfaction component of the relationship between Transnet and Transnet Housing employees and Transnet.

Transnet respondents indicate a larger margin of satisfaction with Transnet than Transnet Housing respondents. Transnet respondents' indicator is 4.5 while Transnet Housing's indicator is 4.8 that borders on a neutral indicator of 5.

This result could be due to the amount of time employees and Transnet have already invested in the relationship. A large number of respondents of both groups have a very long service record with Transnet. The average years of service for the Transnet response group are between 30 and 39 years. Figure 4.8 show that employees have a long work relationship with Transnet.



Figure 4.8: The distribution of number of years employed by Transnet of Transnet respondents.

The same applies for the Transnet Housing response group. Figure 4.9 below shows their years of service of which the average for the group is 40 to 49 years. This group therefore also has very strong ties with Transnet and for the most part the relationship was satisfactory. However, due to the exclusion of employees in the decision to sell the lending book, coupled with almost no information on the process or expected outcomes, employees are moving towards dissatisfaction.



Figure 4.9: The distribution of number of years employed by Transnet of Transnet Housing respondents.

The Satisfaction relationship indicator is measured at the hand of three factors namely:

- Reinforcement of positive expectations;
- Benefits derived or expected to derive from the relationship;
- The other party’s efforts in maintaining the relationship.

Table 4.6 below shows the value per response group for each of these indicators.

Table 4.3

	Positive expectations are reinforced	Value of benefits from the relationship	Transnet does a lot to maintain the relationship
Transnet	4.8	3.7	4.7
Transnet Housing	5.2	4.2	4.9

This table shows the problem areas with regards to Transnet Housing respondents. Transnet does not reinforce their positive expectations (5.2). Transnet Housing employees do not feel very positive towards

Transnet management and this is again a direct result of being ‘left out’ of the sale process and no communication addressing employees’ fears and uncertainties. Transnet Housing employees feel that Transnet does not do enough to maintain the relationship (4.9). This is perceived by employees as ‘betrayal’ in that they have invested their loyalty and dedication (service) into this relationship, and are now being treated without due respect. As one respondent put it: *“They treat us like mushrooms, keep us in the dark and feed us.....”* while another said: *“the total lack of compassion, loyalty and respect to their employees is evident as the whole process was devoid of honesty, truth and transparency”*.

Transnet respondents also indicated the same two areas as the weaker factors in the satisfaction index. Their scores however are slightly higher due to the fact that they are still in a relationship with Transnet and termination of this relationship is not evident in the foreseeable future. Transnet can increase this relationship factor by focusing more effort on reinforcing employees’ positive expectations and to do more to maintain a good employee/employer relationship.

2.3.4 Commitment

Figure 4.10 below shows the commitment scores for both response groups.

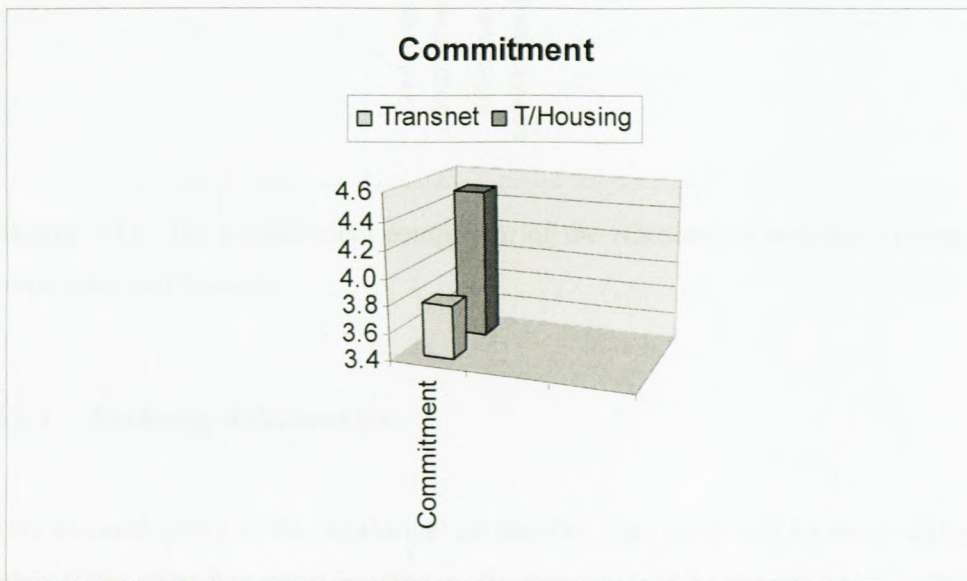


Figure 4.10: Commitment component of the relationship between Transnet and Transnet Housing employees and Transnet.

Transnet employees scored a very positive commitment average of 3.8. It is clear from this score that they intend to stay in the relationship, in other words they do not want to leave the organisation. Transnet Housing’s respondents also scored a positive 4.5 that indicates a desire to continue the relationship. What

is not clear however is whether Transnet Housing employees want a continuation of the relationship with Transnet per se or only a continuation of employment, irrespective of the employer. If it is the latter, the new employer has an excellent opportunity to build on the existing level of commitment from employees.

Figure 4.11 shows the respondents' results on the two measured factors of commitment, namely continuous commitment and affective commitment. For both indicators Transnet Housing respondents scored a 4.2, but Transnet respondents scored 4 for continuous commitment and 3.7 for affective commitment. This suggests a very strong emotional attachment to Transnet from its employees.

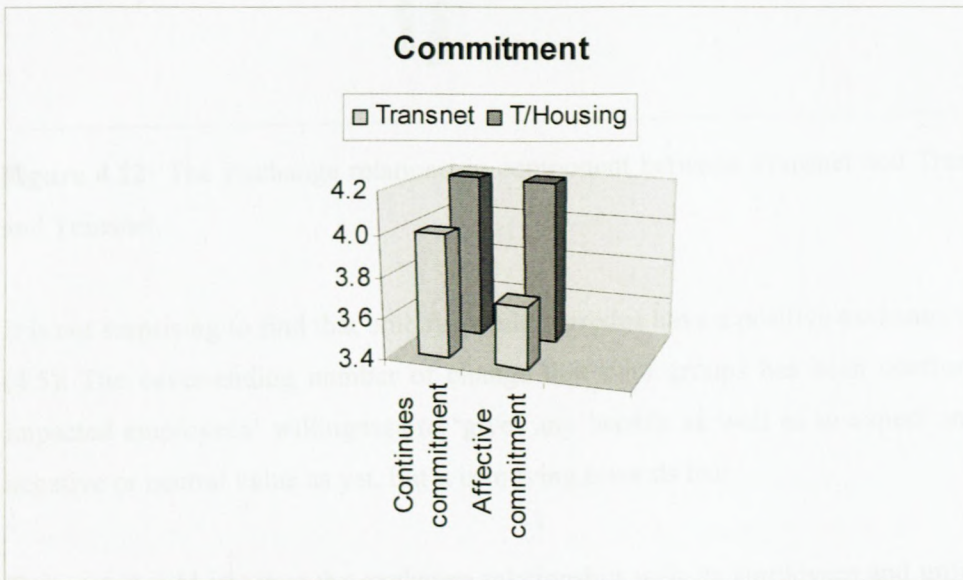


Figure 4.11: The commitment component of the relationship between Transnet and Transnet Housing employees and Transnet.

2.3.5 Exchange Relationships

This element refers to the 'exchange' of benefits. One party will be more willing to give benefits to the other if the other has given benefits in the past or could be expected to give benefits in the future. This centres on an 'obligations' and 'debt' principle, where one party will give or do something that will make another party feel obligated or indebted to reciprocate. This is the relationship component that forms the basis of marketing, however society may expect an organisation to do or give something to the community without any clear return benefit to the organisation. Figure 4.12 below shows the results of the exchange relationship component.

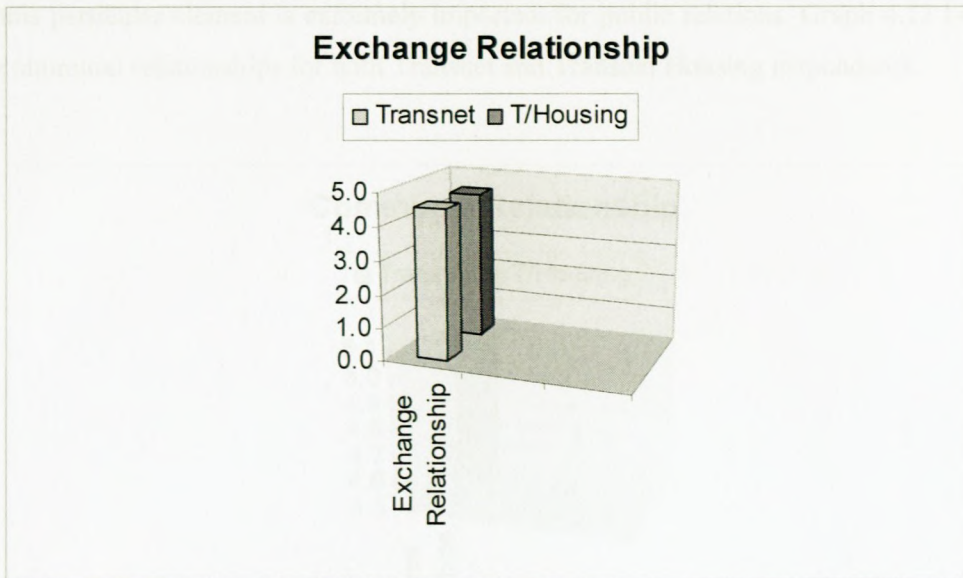


Figure 4.12: The Exchange relationship component between Transnet and Transnet Housing employees and Transnet.

It is not surprising to find that both respondent groups have a positive exchange relationship with Transnet (4.5). The never-ending number of change that both groups has been confronted with since 2005 has impacted employees' willingness to 'give' any benefit as well as to expect any 'benefit'. This is not a negative or neutral value as yet, but it is moving towards that.

Transnet should improve the exchange relationship with its employees and utilise its full value to ensure support for its change initiatives and its successful implementation. Exchange relationships are very effective to build Trust, Control Mutuality, Commitment and Satisfaction and should be considered as the point of departure to address these four relationship components.

2.3.6 Communal Relationships

This element differs from exchange relations in that parties will be willing to give each other benefits because they care about the other's welfare. Here benefits are given without any expectations to receive benefits in return. When organisations obtain a reputation for building and caring about communal relationships, they will experience more support and less resistance from all stakeholders. These relationships are established under the auspices of Social Investment and Social Responsibility and these aspects form part of the triple bottom line. Grunig and Hon (1999:21) state that often exchange relationships progress to communal relationships as they mature. The development and maintenance of

this particular element is extremely important for public relations. Graph 4.13 below shows the results of communal relationships for both Transnet and Transnet Housing respondents.

Figure 4.13 below shows the communal component of the relationship between Transnet employees and Transnet.

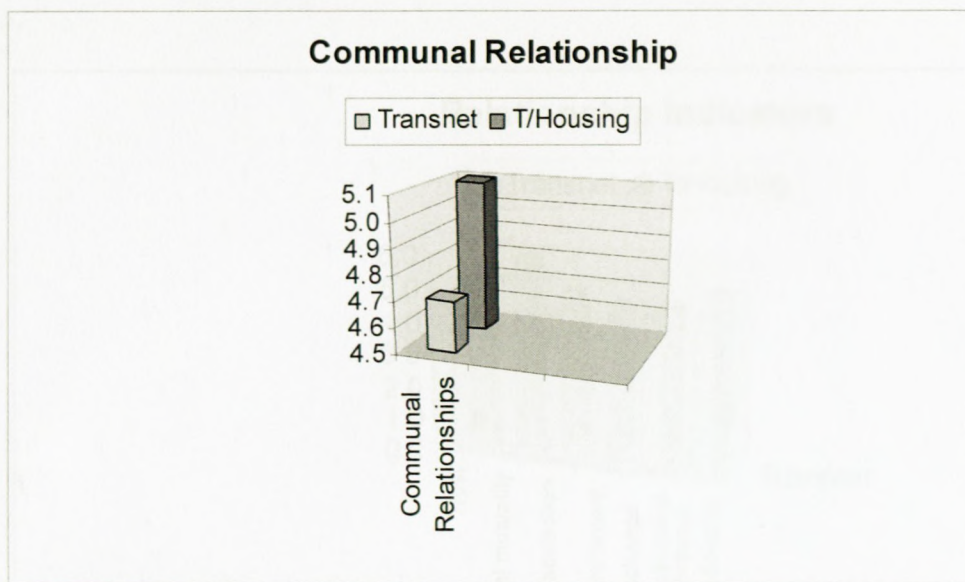


Figure 4.13: The communal component of the relationship between Transnet and Transnet Housing employees and Transnet.

Figure 4.14 All components of the relationship between Transnet and Transnet Housing employees and Transnet.

It is not surprising that Transnet respondents indicate a positive communal relationship (4.7) versus that of Transnet Housing respondents of 5.1. Due to the unavoidable finalisation of the sale and resulting severance of the relationship with Transnet, Transnet Housing employees are not willing to 'give' any more to Transnet as they do not care for the welfare of the organisation. This is further enhanced by the feeling of betrayal as a result of inadequate communication and no consultation or involvement in the sale.

Implications:

The indicator for Transnet respondents, though positive, is too close to the neutral 5. More effort at the exchange relationship from Transnet should increase this value. When employees have a very positive communal relationship with the organisation, they will be more willing to provide the increase in effort that is vitally important during change implementation.

2.3.7 Summary of Relationship indicator results

Figure 4.14 below shows the average score for each relationship indicator measured in this study.

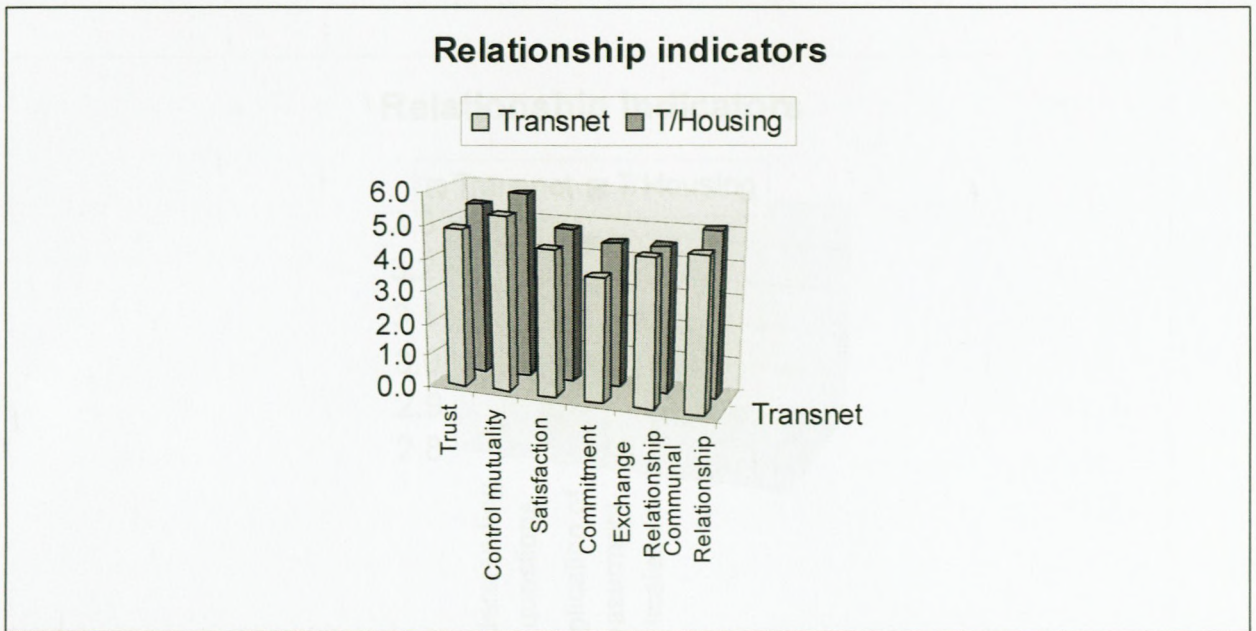


Figure 4.14: All components of the relationship between Transnet and Transnet Housing employees and Transnet.

Trust, Control Mutuality and Communal Relationship components scored relatively high especially for Transnet Housing employees. For Transnet to improve employee relationships, the main efforts must be in these three relationship components. Improving the relationship is vital to ensure successful change implementation.

2.4 Questions and rating scale findings

Questions 47 and 49 measured the understanding of the questions and the usage of the measuring scales respectively. Figure 4.15 below shows the findings.

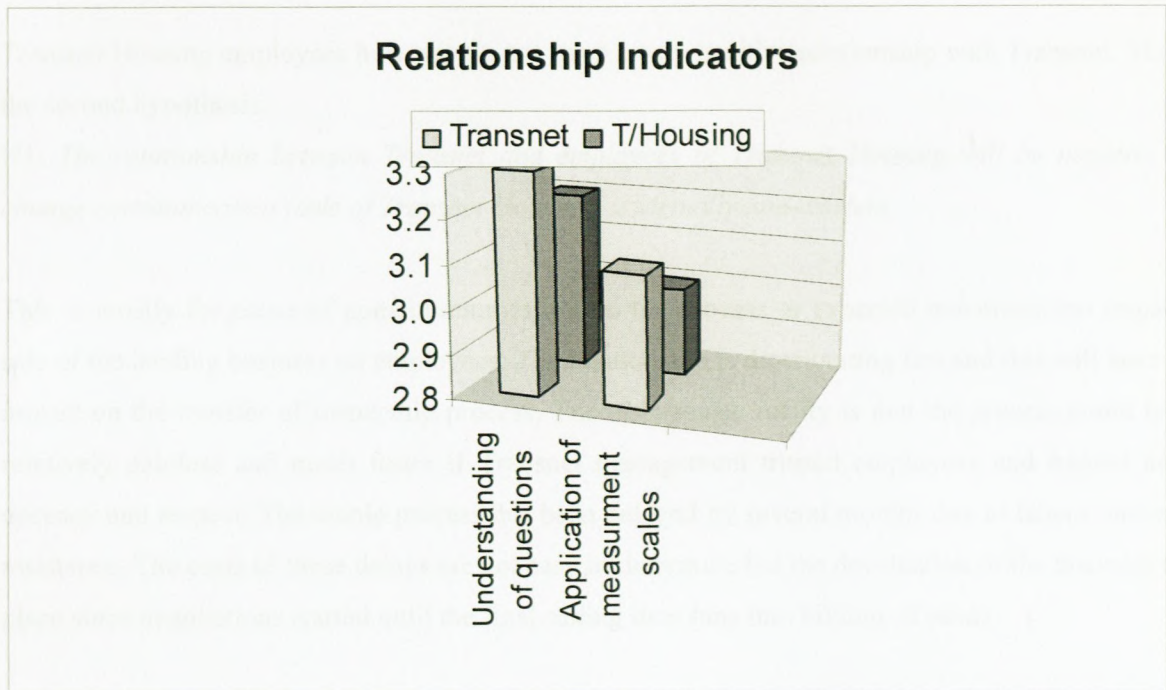


Figure 4.15: Respondents' indication on the understanding of the questions and usage of the scales.

Both groups indicated that the questions were easy to understand and the measuring scale easy to use. Therefore it was concluded that the results obtained were in no way compromised and respondents' answers are truthful and valid.

3. Conclusion

The results as depicted in this chapter indicate a slight variance in the relationship between Transnet employees and Transnet on the one side and Transnet Housing employees and Transnet on the other side. The only variant between the two groups was communication regarding organisational change.

This proves the first hypothesis:

H0: The relationship between Transnet and its employees will be positive because of regular change communication on change implementation (Vulindlela project).

The end result of this was threefold:

- Firstly labour resistance delayed the sale for more than two years (it was announced in 2004 and only completed in 2007);
- This delay coupled with no reassuring communication to clients severely depleted the value of the lending book; and
- Transnet Housing employees became very negative towards the process, thereby adding to the depletion of the lending book (through disinterested service delivery) and further delays of the process (through dragging their feet to produce information needed during the due diligence study).

It is therefore already evident that Transnet paid a huge price for non-communication and not making an effort to include employees in the process.

With regards to the main objective of this study, namely to determine if change communication to employees has any impact on the relationship between the organisation and its employees, it has been proved that change communication impacts on the relationship between employees and the organisation. Where there is communication the impact is positive and where there is no communication, the impact is negative on the relationship.

The following chapter will deal with some recommendations for change communication during organisational change.

CHAPTER FIVE

CONCLUSION AND RECOMENDATIONS

With the introduction of internet, cell phones e-mail and so forth, the world today has become a 'global village'. This broadened the opportunities for businesses to expand across all real and perceived borders. From a room at home someone can sell goods and services across the globe, irrespective of politically motivated economic sanctions. Businesses today need to stay competitive in this global environment and this is achieved through constant change. Organisational change is very complex and it creates a very unstable environment where organisations and stakeholders must move from a 'comfort zone' into the relative 'unknown'.

Organisations conduct studies to determine business opportunities and threats, and this leads to the identification of possible organisational responses. Several responses may be identified to address a perceived opportunity or threat, and this may need further investigation to identify the most suitable to the organisation. Once this has been identified the organisation investigates the impact and requirements for the implementation of this response, after which action plans, are drafted and the response is implemented. A stage of 100% certainty of processes, outcomes, implementation schedules, etc. is never realised during organisational change; for as the process continue unexpected 'issues' always surface that necessitates adjustments of the planned processes, outcomes, implementation schedules, etc. Predictions and expectations can be derived from impact studies but the reality will only be known as implementation proceeds and is completed.

Organisational change is always accompanied by fear and uncertainty, in turn this creates anxiety. Anxiety amongst employees quickly turns into resistance. Garside (1998:5) identifies five reasons why employees develop resistance to change:

- Parochial self interest is when employees expect to lose something when the change is implemented. This may include power, respect, income, job security and an increase in workload;
- Resentment develops with people who sponsor the change, or as a result of change (also called change fatigue), or as a result of an increase in the presence of power (as represented by an increase in instructions);
- When different perceptions of change exist. These perceptions are normally formed according to an employee's position in the organisation and access to information;
- Poor communication that creates misunderstanding and lack of trust;

- A low tolerance for change that is based on an employee's fear that (s)he will not be able to learn new skills.

Resistance to change develops at individual, group or organisational level. Groups may resist change if their structure, social norms or power base is affected.

For an organisation to minimise resistance, it needs to address uncertainty and fear from as early as the planning phase of organisational change. Change communication is consistently identified as the most important tool to address uncertainties and thereby minimise resistance.

This study looked at the impact change communication has on the relationship between employees and the organisation. Two hypotheses were tested:

H0: The relationship between Transnet and its employees will be positive because of regular change communication on change implementation (Vulindlela project).

H1: The relationship between Transnet and employees of Transnet Housing will be negative because change communication (sale of Transnet Housing) is virtually non-existent.

These hypotheses were tested amongst two groups of employees in Transnet. The first group, Transnet employees, receive change communication and regular updates regarding the organisational change implementation in Transnet's core businesses. The second group, Transnet Housing employees, receive very limited communication regarding the sale of Transnet Housing's lending business as a going concern. The results indicated that both hypotheses were in fact true.

The average score for the relationship between Transnet employees and Transnet is 4.6, with 4 equalling 'agree' or 'positive' and 5 equalling 'neutral'. The average relationship score for Transnet Housing employees is 5. This does not represent a very large difference. There are several reasons for this.

Larkin and Larkin (2003:31) say that: "*Communicating change to employees is not complicated. It does not require a large budget, a complex structure, or many staff. The process is simple: informal face-to-face conversations conducted throughout the company. These conversations supported by briefing pages, cover likely outcomes caused by the change.*"

Elaborate WebPages, stacks of Questions and Answers, videos, lost man hours for huge information sessions, booking auditoriums, telephone hotlines, posters, executive road shows, and so forth are not required. The more structured the communication, the bigger the chance of it failing. A simple communication approach however requires confidence and courage. Management must be confident that employees are mature enough to accept uncertainty as well as the content and direction of the change. Management must also have the courage to communicate what happens when it happens, from planning through implementation and beyond, both the success and failures.

Management's instinct unfortunately is to delay communication until the final plan is tabled and everything is certain and approved. The danger of this is however that if employees have not received high content communication in 4, 8, or 12 weeks, they will not believe any communication, regardless of the source or the medium. No brilliant plan, no clear certainty, in short, nothing, will displace the anger and resentment that results from inadequate communication.

Larkin and Larkin (2003:31) stated that: "*The goal of the (change) communication is not to showcase the intellectual prowess of the planning team but to protect the implementation.*" It is at the implementation that the company derives the value from the change.

Transnet has proved that poor communication is costly in terms of money and delays during implementation. If Transnet involved stakeholders, especially labour, during the initial investigation of the organisational problems that resulted in the loss of R6 billion in 2003/2004; and if Transnet involved labour in the decisions on the best response to these problems, and in the planning phase, there would have been no strike. Only once Transnet agreed to include labour in the organisational change process was the strike resolved. This strike has delayed change implementation and added costs, not only to the company, but to South Africa's economy as well.

Through participation in the change implementation, and more regular communication, Transnet has improved the employee/organisational relationship. This is creating more trust and ultimately more support from employees for the organisational change initiatives. The current relationship is not at a satisfactory level as yet. Good progress has been made however and this creates a solid foundation that Transnet can built on to further improve the relationship. Special emphasis on the following relationship aspects will improve the relationship:

- Trust – with regards to dependability (scored 5.2);
- Control Mutuality – (scored 5.4). The following aspects can be addressed – be more attentive to employees (scored 5); value employees' opinions (scored 5); do not attempt to take over control of the relationship (scored 5.6) and include employees in the decision making (scored 5.8).

Covey and Gulledge (1992:74) say: “*We perfect relationships by making and receiving deposits to emotional bank accounts – by building trust.*” Trust can be established as follows:

- Ensure the change team is competent and confident in what they are doing. Management must ensure they support the change team and that the change team on their part understand why they are doing certain things;
- Ensure openness and transparency of the change process through continuous communication. Face-to-face communication from managers to subordinates is critical. This can be done via briefing pages in departmental meetings on a weekly or monthly basis, depending on the stage of the change process;
- Feedback channels must be in place to afford employees to raise their concerns and fears on the one hand and to afford management to encourage, praise and caution on the other hand;
- The communication must be monitored and managed. Managers must be held accountable for communication. The most effective means of management would be to make communication a KPA (Key Performance Area) for managers. The briefing pages will ensure that the same information and message is delivered to all employees;
- Increase participation of employees for this will ensure that they share responsibility for the change and will ultimately create trust. Employees can participate in decision making, dissemination and interpretation of information;
- Message generation at the source of information. Messages must be generated and the appropriate media selected at the Vulindlela department. If there is a lack of communication skills and knowledge, these can be introduced by adding a professional, qualified communicator to the team.

Control Mutuality will be addressed with increased participation of employees in the change process coupled with more regular, less formal and less structured communication. With regards to Transnet Housing, Transnet urgently needs to address the severe lack of communication as well as create feedback channels where employees can raise their concerns and voice their opinions. Transnet will then have to ensure that they react to these concerns and opinions with more detailed and open communication.

Transnet also has a responsibility towards maintaining the relationship with Transnet Housing employees, even though these employees will be transferred out of the organisation when the sale of the lending book is finalised. A deterioration of the employee/employer relationship has resulted in a depletion of the value of the lending book and increased negativity and resistance from employees. This resistance is displayed in decreasing productivity, increased employee absenteeism and may escalate into sabotage. Transnet has a legal obligation to manage, and where possible prevent any factors that negatively impact on the

business. Transnet must manage the lending business on behalf of the new owners until such time as the sale is finalised.

The first critical action from Transnet will have to be increased communication to Transnet employees. However, all indications are that Transnet will not increase communication until such time as the new owners take control. For the new owners the situation at that point in time may very well be very desperate. With employees increasingly resisting all changes to be introduced a smooth takeover will be virtually impossible.

In order to address this full blown resistance, the new owners will have to take drastic steps to increase communication. The following steps are advised:

- Ensure managers have the necessary communication skills to effectively communicate with subordinates;
- Introduce departmental/sectional meetings once a week. During these meetings managers will communicate change information as received per briefing pages from the implementation team. Operational issues and weekly reports will also be discussed. Attendance records coupled with agendas and minutes to be forwarded to the implementation team to ensure communication took place;
- At these meetings employees will be afforded an opportunity to make suggestions, comment on operational issues and raise questions that will be forwarded to the implementation team for response where necessary.

These are just the first steps to increase communication and information flow. Once this has been established, the following relationship components can be addressed at the meetings:

- Trust (scored 5.4.) with special emphasis on integrity (scored 5.3) and dependability (scored 5.9);
- Communal Relationships (scored 5.1);
- Control Mutuality (scored 5.8); attentive to employees (scored 5.6); value employees' opinions (scored 5.5); perceive to take over control of the relationship (5.7) and participative decision making (6.5).

The other relationship indicators, Exchange relationship (4.5) and Satisfaction (4.8) have a solid base and can be improved upon with increased participation and regular, open communication. The new owner of Transnet Housing's lending business, however will have to establish the exchange relationship as soon as possible to ensure they create a measure of 'debt' and 'obligation' from the employees. This will ensure employees' commitment to the goals of the new owner and their support for a smooth transition. Transnet

will also need to do more with regards to the exchange relationship, like giving some benefits to employees who exit the service to ensure a smooth transition and limit resistance.

There is a large scope for improvement for Transnet and Transnet employees' relationship as well as Transnet Housing and the new owner relationship. What is needed however is commitment from management to improve the relationship and trust in employees' ability to deal with uncertainties and change.

Strengthening the employee relationship creates a win-win situation for organisations. When an organisation has a positive relation with stakeholders, it will save money through reduced costs of litigation, regulation, legislation, pressure campaigns, boycotts, and lost revenue as a result of strikes. On the other hand, organisations can increase its income through positive relations with stakeholders whose support is needed to reach organisational goals (Grunig and Hon, 1999:11). Positive employee relationships increase the possibility that employees will experience job satisfaction which makes it more likely that they will support and not resist organisational objectives and goals (Grunig and Hon, 1999:11). It is beneficial to the organisation to invest in the relationship with its employees. The penalties can be very severe if this is ignored, especially during organisational change.

This study attempted to determine the impact change communication has on employee/organisational relationships. Relationships however are very complex with a large number of variants. More measuring tools and improved data analyses to measure this complex human interaction would greatly enhance the findings derived from studies of this nature. The measurement used for this study unfortunately do not measure the perceptions of the relationship from management and this suggestions made is therefore only based on the relationship as experienced by employees. This study also did not take into account the reasons behind management's communication decisions and therefore only provide a one side view.

Even though there are a large number of studied done on change implementation, change communication, change management and relationship building, there still exists a gap in how these disciplines impact on each other. Future studies could explore these impacts. It is proven that poor communication during organisational change impacts severely on change implementation success. Research has shown what are the most appropriate and practical methods and tools for change communication, yet these studies are 'isolated' from each other. Future studies could look at how the different change models impact on employee/organisational relationships. An interesting study would be to determine if the relationship with stakeholders should/could determine the organisation's choice of change model rather than they type of change determining the preferred change model.

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- **National Ports Authority (NPA):**

NPA is the largest port authority on the African continent and manages South Africa's ports. These ports are Richards Bay, Durban, East London, Port Elizabeth, Westport, Cape Town, Saldanha and Ngqura. NPA's turnover for 2010/2011 was R12.8 billion.

NPA's core business is to provide port infrastructure and management services consistent with the management of port activities at all South Africa's major ports. NPA is responsible for the development and management of port properties, port infrastructure and services. It provides and maintains port infrastructure and operates port operations. It is a source of financing and raising of funds. It monitors the port operators and vessels, strictly enforces and enforces measures of cargo and passengers between and into ports.

NPA is critical to South Africa's operations, trade for it offers the required infrastructure. This infrastructure serves as the catalyst for South Africa's imports and exports. (Transnet, 2005:48-49)

- **South African Port Operations (SAPU):**

SAPU manages fifteen cargo terminal operations which are located at six ports. These ports are Durban, Cape Town, Richards Bay, Saldanha, Port Elizabeth, and Ngqura. SAPU's turnover for 2010/2011 was R3.4 billion.

ANNEXURE A: COMPANY PROFILE (TRANSNET LTD)

1.1 Operating Divisions:

- ***Spoornet:***

Spoornet employs more than 31 000 people and had a turnover during 2005/2006 of R14,4 billion. The focus of this business is the transportation of bulk coal, iron ore and general freight by rail. Spoornet manages South Africa's rail infrastructure that consists of a 22 000 km rail network. Of this, 1 500 km is heavy haul lines. This rail network connects the South African ports with the rest of South Africa. It also connects with the rail networks of the sub-Saharan region.

Spoornet currently operates two long-distance passenger transport services, Shosholoz Meyl and the Blue Train. These two services will be repositioned outside of Spoornet. This divestment will enable Spoornet to focus exclusively on freight operations and infrastructure (Transnet, 2006a:40-41).

- **National Ports Authority (NPA):**

NPA, as the largest port authority on the African continent, owns and manages South Africa's ports. These ports are Richards Bay, Durban, East London, Port Elizabeth, Mossel Bay, Cape Town, Saldanha and Ngqura. NPA's turnover for 2005/2006 was R5,5 billion.

NPA's core business is to provide port infrastructure and marine-related services combined with the management of port activities at all South Africa's major ports. NPA is responsible for the development and management of port properties, port strategies and port policies. It provides and maintains port infrastructures and sustains port environments. NPA controls all licensing and leasing of terminals. It monitors the port operators and ensures orderly, efficient and reliable transfers of cargo and passengers between sea and land.

NPA is pivotal to South Africa's international trade for it affords the required infrastructure. This infrastructure serves as the conduit for South Africa's imports and exports (Transnet, 2006:48-49).

- **South African Port Operations (SAPO):**

SAPO manages fifteen cargo terminal operations which are centred in six ports. These ports are Durban, Cape Town, Richards Bay, Saldanha, Port Elizabeth and Ngqura. SAPO's turnover for 2005/2006 was R3,6 billion.

SAPO's operations are divided into the following cargo sections: containers, dry bulk cargo, break bulk cargo and automotive cargo.

As the principal terminal operator in each of the aforementioned ports, SAPO interacts with both road and rail transport to facilitate an efficient and reliable service to its customers. These customers include shipping lines and cargo owners.

SAPO's core business is the management of port terminals and cargo operations at six of South Africa's major ports (Transnet, 2006:52-53).

- **Petronet:**

Petronet owns, operates and manages South Africa's 3 000 km petroleum and gas pipeline that transverse five provinces. Petronet had a turnover of R597 million during 2005/2006. Petronet is fundamental to South Africa's economy. Petronet will over the next five years align with the Government's energy and transportation priorities.

Petronet's core business is to pump and manage the storage of petroleum and gas products through its long-distance pipeline network (Transnet, 2006:45-46).

- **Transwerk:**

Transwerk comprise of eight businesses. These businesses specialise in the maintenance, upgrading and manufacturing of locomotives, wagons, coaches, rolling stock components and associated rail equipment. These businesses are situated in seven factories throughout South Africa. Transwerk had a turnover of R3,8 billion during 2005/2006.

Transwerk's core business is the refurbishment, conversion, upgrade and manufacturing of rail-related rolling stock. Albeit Transwerk markets globally, boasting a product distribution in seven European countries, eleven African countries and Australia, its main focus remains to serve Spoornet (Transnet, 2006:56-57).

1.2 Other Businesses

- **Esselenpark:**

Esselenpark is an educational institution that provides training to Transnet's Business Units. Esselenpark is committed to the training and development of all South Africans. It offers conference facilities as well as hotel facilities (Transnet, 1995:71).

- **Protekon:**

Protekon proffers technical skills from a large variety of disciplines, i.e. civil, electrical and signal engineering, architecture and quantity surveying. These skills are utilised by Transnet in the development and improvement of its fixed assets. Protekon mainly provides services in the fields of design, project management and construction (Transnet, 1995:52).

1.3 **Businesses earmarked for disposal:**

- ***Transnet Housing:***

Transnet Housing is a self-sustaining finance company focused on:

- a. The endorsement of reasonable quality home ownership and financial aid to clients; and
- b. A property portfolio that focuses on the administration and alienation of non-strategic properties of Transnet Housing.

This is done through Transnet Housing's two businesses, Lending and Properties. The Lending Business focuses on the provision of financial assistance to Transnet employees. The Properties Business is responsible for the provision of accommodation closer to the work environment through lodges and communal facilities.

Transnet Housing has a staff complement of approximately 540 employees who manage a debtor's book of approximately R3,8 billion, making it a significant player in the home financing and property management market in South Africa (Transnet Housing, 2004:2-3).

- **South African Express Airways (Pty) Ltd:**

South African Express Airways is a regional and domestic airline that offers flights on the following routes:

- Johannesburg, Cape Town, East London
- Bloemfontein, Kimberley, Gaborone, Botswana
- Windhoek, Walvis Bay, Namibia, Mpumalanga
- Ludumbashi, Democratic Republic of Congo
- Durban, Port Elizabeth.

It transports over 85 000 passengers per month. South African Express Airway's fleet consists of 50-seater aircrafts (South African Express Airways, 2006).

1.4 Non-core Businesses Earmarked for disposal:

- ***Propnet:***

Propnet manages all the fixed property (excluding residential properties), within the Transnet Group. Propnet is responsible for the development of properties and management of leases of land. Transnet owns approximately 50 000 parcels of land, making Propnet one of the largest land management agents in South Africa (Transnet, 2004).

1.5 Businesses classified as discontinued:

- South African Airways (Pty) Ltd
- Freightdynamics
- Autopax passenger Services (Pty) Ltd
- Metrorail
- V&A Waterfront Holdings (Pty) Ltd
- Viamax (Pty) Ltd
- Apron Services (Pty) Ltd
- VAE Perway (Pty) Ltd
- Transtel

ANNEXURE B: TRANSNET'S FOUR POINT TURNAROUND STRATEGY

1.1 Background

The mandate from Transnet's shareholder, the South African Government, dictated that its role is to reduce the cost of doing business, whilst achieving a market-related return on investment, so that the competitiveness of the South African economy can be improved. This role could not be fulfilled unless there was a demonstrable corporate behavioural change.

1.2 The Strategy

Transnet's Executive Management is focusing on transforming the Company into a world-class publicly owned freight transport provider to the bulk and manufacturing sectors of the economy. This turnaround plan will require a sustained effort over the next three to five years to deliver the desired outcome. The strategy, which is Transnet's corporate compass, seeks to restore the financial sustainability of the Company, thus allowing it to invest in much needed economic infrastructure.

1.3 Evaluation of the strategy

1.3.1 Redirecting the business

The key project that underpins this programme is the re-engineering of the core business units to focus on efficiency, productivity, cost effectiveness and growth.

- Corridor improvements, cluster and key client solutions with a focus on port-rail interface designed in collaboration with customers have already been rolled out;
- A 5-year infrastructure investment plan of some R40 billion has been approved. This will address the backlog in maintenance and upgrade and expand Transnet's asset base to meet the capacity demands of clients;
- Significant management attention is being given to project management;
- The role of Chief Operating Officer has been designed to coordinate the operations of the divisions and help increase efficiencies;
- The Group Corporate office is being restructured to enhance accountability and operations and to further reduce costs.

The next phase

- Will focus on building the core businesses by re-engineering their processes to improve efficiency, profit and service delivery;

- Putting in place capacity and better management systems to handle the capital investment programme at head office.

1.3.2 Restructuring the balance sheet

In order to focus on freight transport, Transnet will consist of its core businesses – Spoornet, National Port Authority, SA Port Operations and Petronet. They will be supported by:

- Transwerk – the heavy rail maintenance and refurbishment division;
- Protekon – the project management and engineering division; and
- HAS – a specialist fuel procurement division.

Non-core exit options include a transfer of ownership directly to Government, sale or closure. This will be done in a responsible and orderly manner and in consultation with all key stakeholders.

1.3.3 The disposals of the non-core assets are: (Transnet, 2005b)

- South African Airways (SAA) and SA Express – All Transnet’s shares in SAA to be transferred to a State Owned Entity (SOE) within the Department of Public Enterprises. This will be achieved through a simple share transaction and all staff will transfer to the new SOE. SA Express will be sold to SAA before the SOE transfer; therefore all SA Express staff will also transfer to the SOE
- Equity Aviation – Transnet will sell its 49% shareholding to the private sector, most probably the existing shareholders.
- Victoria and Alfred (V&A) Waterfront – Transnet will sell its 26% shareholding in this business.
- VAE Perway – Transnet will sell its 35% shareholding to the private sector, most probably to existing shareholders.
- Autopax – Transnet intends to sell this company to the private sector.
- Viamax Fleet Management – Transnet intends to sell this company to the private sector. Before the sale, Viamax Fleet Solutions and Viamax Fleet Management will be merged.
- Viamax Fleet Solutions – Transnet will sell its 60% shareholding in this business.
- Freightdynamics – Transnet will sell this business to the private sector.
- Propnet Facilities Management – Transnet plans to outsource its facilities management in terms of S197*.
- Group Internal Audit – this is in the process of being outsourced to Ernst & Young in terms of S197*.
- Blue Train – A long lease to a concession holder will be issued and the staff will transfer in terms of S197*.

- Metrorail – will be transferred to the new SOE in terms of S197*.
- Shosholozza Mayl – will be transferred to the new SOE in terms of S197*.
- Pension Fund Administration – Transnet’s Pension Fund will be administered by a private sector organisation.
- Transnet Housing (Loans) – Transnet will sell the loan book to one or more banks.
- Viamax Logistics – because the company had no contracts beyond September 2005 it was closed.
- Transtel EVDI and Propnet Properties – the future of these entities will still be decided by the Minister of Public Enterprises.

*Section 197 (S197) of the Labour Relations Act deals with the sale of a business as a going concern. In a deal covered by S197, employees transfer automatically to the new employer. Their terms and conditions of employment with the new employer must be no less favourable on the whole than those they enjoy before transfer.

Transnet’s Executive Management has received ministerial authorisation in terms of the Public Finance Management Act for the exit strategy relating to most of the non-core operations. The implementation of this exit strategy will result in a reduction in the Group’s borrowings.

Other elements of restructuring of the balance sheet include initiatives to deal with specific transactions that impact on the results of the Group. These include:

- The closure of the SAA hedge book;
- Removal of the embedded derivative liability arising from a US dollar-based iron ore contract.

Two very significant events occurred during the 2004/2005 financial year:

- An agreement was reached to unwind the MTN structure – if this is implemented it will result in a significant inflow of cash;
- As part of its recapitalisation of SAA, Transnet injected R4 billion into SAA by way of an interest free compulsory convertible subordinated loan. Based on the improved financial position of SAA it was agreed to convert R2.4 billion into ordinary shares and to repay R1.6 billion.

Transnet Group has significant exposure to an unfunded liability (R4.8 billion) in the Transnet Second Defined Benefit Fund. Management is working on a sustainable funding solution as required in terms of the fund rules.

1.3.4 Corporate governance and risk management

Transparency in decision making and accountability for actions has become the bedrock of the transforming Transnet. The Executive Committee is supported by the following sub-committees:

- Capital Investment;
- Risk, Asset and Liability; and
- Operations.

Management is focusing on implementing its financial strategies including the strengthening of financial management and control. One of the key responsibilities of the Board and the Executive Team is to protect the shareholder's business from significant and inappropriate financial and business risks. Executive Management began to map out an enterprise-wide risk management framework.

1.3.5 Human capital development strategy

At the heart of the turnaround plan for Transnet lies the need to align the skills and expertise of its workforce to achieve the objectives of the Company. This will require changes to the culture and behaviour of Transnet employees in a sustained and measurable way.

A performance driven culture that focuses on meeting customer needs in an ethical environment guides the development of the human capital strategy for Transnet. Management is committed to more than meeting employment equity targets, especially the recruitment and advancement of talented young black women into the organisation.

The human capital strategy focuses on:

- Organisational design and development to support the implementation;
- Talent management, including recruitment, retention, career and succession planning;
- Employment equity;
- Training and development;
- Performance management;
- Remuneration and reward systems; and

Forging long-term “smart partnerships” with professional bodies and tertiary institutions to achieve the goals of the strategy.

could not keep up with the growing demand for housing and a Commission was established by the Minister of South African Railways and Harbours (SAR&H) to investigate a solution.

1937: The Commission recommended that SAR&H provides financial assistance to employees to enable them to acquire their own properties. The recommendation was accepted and the Home-Ownership Scheme was born. The Home-Ownership Scheme's fundamental objective was to provide loans, with money advanced by SAR&H, to employees to purchase or erect their own homes. No deposit was required and a 10% loan was granted (including registration and transfer costs). The scheme was managed by a Central Housing Board with representatives of all SAR&H departments and Trade Unions.

1954: The 10% scheme was implemented. The principle of this scheme was that an amount would be advanced to an employee, and his contributions to the pension fund would act as collateral. The money could be used as a deposit when obtaining a loan from a financial institution to purchase a property.

1956: SAR&H decided that the occupants may purchase Company Houses, with a loan from the Home-Ownership Scheme. The SAR&H Home-Ownership Fund was also established. This fund acted as finance for the Home-Ownership Scheme. Employees contributed to the fund by saving via a monthly contribution to purchase a property.

Summary of events up to 1990: Approximately 130 000 employees have been assisted, at a cost exceeding R3 billion since 1937. In 1990 Transnet Housing was the 6th largest property financial institution in South Africa.

Company Re-organisation 1990: During the re-organisation process in 1990, Transnet Housing as a separate division of Transnet, was formed with the objective of managing all Transnet's housing activities under one roof.

ANNEXURE C: TRANSNET HOUSING PROFILE

1992: Company Houses (25 610 units) (Transnet, 2004) (Transnet Housing, 2004)

1.1 Background

Prior to 1937: South African Railways and Harbours (SAR&H) built Company Houses, which were available as rental units to employees to address their housing needs. Various departments in the organisation managed these houses and the monthly rent was kept affordable. The Company Houses

could not keep up with the growing demand for housing and a Commission was established by the Minister of South African Railway and Harbours (SAR&H) to investigate a solution.

1937: The Commission recommended that SAR&H provides financial assistance to employees to enable them to acquire their own properties. The recommendation was accepted and the Home-Ownership Scheme was born. The Home-Ownership Scheme's fundamental objective was to provide loans, with money advanced by SAR&H, to employees to purchase or erect their own homes. No deposit was required and a 110% loan was granted (including registration and transfer costs). The Scheme was managed by a Central Housing Board with representatives of all SAR&H departments and Trade Unions.

1954: The 10% scheme was implemented. The principle of this scheme was that an amount would be advanced to an employee, and his contributions to the pension fund would act as collateral. The money could be used as a deposit when obtaining a loan from a financial institution to purchase a property.

1956: SAR&H decided that the occupants may purchase Company Houses with a loan from the Home-Ownership Scheme. The SAR&H Home-Ownership Fund was also established. This fund helped to finance the Home-Ownership Scheme. Employees contributed to the fund by saving via a monthly contribution to purchase a property.

Summary of events up to 1990: Approximately 150 000 employees have been assisted, at a cost exceeding R3 billion since 1937. In 1990 Transnet Housing was the 6th largest property financial institution in South Africa.

Company Re-organisation 1990: During the corporatisation process in 1990, Transnet Housing as a separate division of Transnet, was formed with the objective of managing all Transnet's housing activities under one roof.

1992: Company Houses (23 610 with a book value of ± R650m) was centralised under Transnet Housing.

1993: Single Accommodation complexes (hostels, lodges and staff residences) were transferred to Transnet Housing. The objective was to phase them out over a period of time, depending on demand.

Today: Transnet Housing is a business unit in the Transnet Group and is managed along normal business principles. The aim of Transnet Housing business unit is to add value to Transnet and its Business

concerns by fulfilling the very important function of enabling the employees of Transnet to become homeowners at a competitive cost.

Transnet Housing has a total staff complement of approximately 540 employees who manage a debtor’s book of approximately R5 billion, making it a significant player in the home financing and property management market in South Africa.

Transnet Housing consists of two separate Business Units: Lending, which is responsible for personal loans and bonds for all Transnet employees, and Properties which is responsible for the management of all Company houses, Lodges and Hostels in the capacity of landlord.

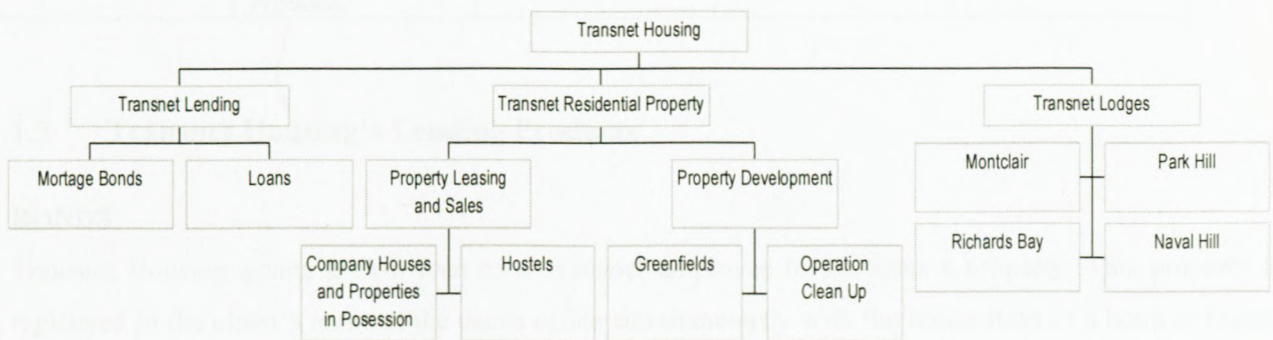
Transnet Housing’s Mission is to be a *self-sustaining finance company that focuses on the promotion of affordable equality home-ownership and financial assistance to clients.*

Transnet Housing’s shared values are:

- **Integrity** – Consistently being reliable
- **Honesty** – Being frank and sincere
- **Trust** – Reliable and dependable employees

1.2 Profile

The Corporate Structure:



Transnet Housing has a national presence with offices as follows:

TRANSNET HOUSING HEAD OFFICE (JOHANNESBURG)			
INLAND CORRIDOR: LENDING	INLAND CORRIDOR: PROPERTY	COASTAL CORRIDOR: LENDING	COASTAL CORRIDOR: PROPERTY
JOHANNESBURG	JOHANNESBURG	CAPE TOWN	PORT

(HEAD OFFICE)	(HEAD OFFICE)	(HEAD OFFICE)	ELIZABETH (HEAD OFFICE)
<i>Lending Service Centres:</i> Johannesburg Pretoria Bloemfontein Kimberley Kempton Park	Johannesburg Bloemfontein	<i>Lending Service Centres:</i> Cape Town Saldanha Port Elizabeth East London Durban Richards Bay	Port Elizabeth East London Cape Town Durban

Transnet Housing's functional structure:

The organisational structure of Transnet Housing is relatively flat. It is led by the Chief Executive Officer who is head office based and who reports to the Chief Financial Officer in Transnet Group. The Chief Executive Officer leads the executive team of five comprising of the following functional areas of responsibilities:

CHIEF EXECUTIVE OFFICER				
EXECUTIVE MANAGER: PROPERTIES	EXECUTIVE MANAGER: LENDING	EXECUTIVE MANAGER: FINANCE & IT & Systems	EXECUTIVE MANGER: BUSINESS SUPPORT SERVICES	EXECUTIVE MANAGER: CLIENT SERVICES
Company Houses; Lodges and Hostel Management	Corridors and LSC's; Central Processing Office; Bond and Loan Products	Finance; Financial Risk and IT and Systems	Risk; Corporate Services; Legal and Human Resources	Client Services; Marketing and Call Centre

1.3 Transnet Housing's Lending Products

BONDS

Transnet Housing grants a cash loan to a Transnet employee to purchase a property. This property is registered in the client's name at the deeds office simultaneously with the registration of a bond in favour of Transnet. All additional costs, e.g. registration costs, valuation fees, and so forth are added to the bond account. No deposit is required.

Only Transnet employees who are in the permanent service of Transnet or one of its Business Units and who contribute towards the Pension Fund qualify for a Transnet Housing bond. Those who do not contribute to the Pension Fund have to cede their pension.

Due to the fact that Transnet Housing has such a large number of clients, it is in a position to negotiate a very comprehensive and very affordable life and property insurance for all its clients.

AXIS BOND

An Axis bond is utilised when a client borrows money from his/her bond account.

The amount that can be borrowed depends on two factors:

- value of the property; and
- personal affordability.

The amount available is determined by the outstanding bond (*the amount still owed to Transnet Housing*) while the required finance may not exceed 90% of the total market value of the property (*the total value of the property is not the price paid for it but the real market value – what it is actually worth*).

PENSION FUND BACKED LOAN (PFBL)

The pension fund backed loan (PFBL) was launched in the 1940's (also referred to as 10% loans) as a means to assist employees to purchase a property or improve an existing property. Conditions were relaxed in the 1980's to allow employees to purchase materials to build properties wherever they wished. During 1994 it was amended in line with Government's housing policy, which specified that the property must be registerable to qualify for a subsidy. The money of the loan may be used for home-ownership only.

SECOND BONDS

Approval of a second bond will be given if a client can afford the monthly instalment and if the value of the property is such that the first and second bond's total amount is not more than the market value of the property.

GENERAL SMALL LOANS (GSL)

Transnet employees **who do participate in a Transnet Housing Scheme** may apply for a GSL.

SPECIAL REPAYMENT OPTION – INTERSAVE, REGUPAY AND INTERSAL

Intersave – A client may deposit a cash amount of R1 000 or more in the bond account. Transnet Housing offers a secured “loan” for the amount deposited when the client request it.

Regupay – A client may instruct Transnet Housing to increase the monthly instalment with a fixed amount of the client’s choice.

Intersal – This is a combination of Intersave and Regupay. The client instructs Transnet Housing to increase the monthly instalment by a minimum amount of R500. The additional payments are then regarded as Intersave and can be borrowed when a client request it.

ANNEXURE D: SALE CONDITIONS OF TRANSNET HOUSING AS GOING CONCERN (SECTION 197)

SECTION A: Communiqué to All Housing Staff regarding the sale of the lending book

1. Sale of the Lending Book

The agreement for the sale of the lending book has been signed with the successful bidder, First Rand Bank Ltd owner of First National Bank (FNB). The price is R1.4 billion. The effective date of the transaction is 26 March 2007 and, from that date on, all risk and reward will be transferred to FNB.

A separate communication which provides general information regarding the disposal process will be sent to all Transnet employees today. The objective of this communiqué is to provide specific information to the Housing employees.

2. Conditions of the sale

The transaction is, however, subject to approval by both the Competition Commission and Competition Tribunal, a process which can take up to three months after signature date.

3. Interim arrangement

FNB cannot be involved in the management of the business until this approval is obtained. Meantime, though, Transnet will manage the business on FNB's behalf. It is, therefore, **business as usual** and your current management structures remain in force. The only difference is that FNB will review how we managed the business on their behalf, once regulatory approval is obtained.

4. Your loans

Separately, a Service Level Agreement was signed in terms of which FNB will become the preferred service provider for Transnet employees. FNB sees this as an opportunity to expand the services to the employees and to maintain and expand the existing loan book.

It is therefore our duty to protect the asset on behalf of FNB. Client service and relationships with business units must be our top priority.

5. Your job and service conditions

The sale has been concluded in terms of Section 197 of the Labour Relations Act 66 of 1995. Simply put, this means that the business was sold as a going concern and employees cannot lose their jobs as a result of the sale. It also means that an employee's terms and conditions of service will remain substantially the same.

The agreement also provides that no staff reductions will be done for a period of 12 months.

The package equalisation calculations have also been done and every Lending employee will receive a letter providing him/her with full details of the expected impact on his remuneration.

6. Road shows

Road shows are being planned. In due course, you will be informed of all the relevant details. Questions pertaining to salaries and pensions related information will be discussed in these forums. Any other relevant information relating to employee benefits will be facilitated during these sessions. The benefits statements per employee will be sent out to individuals separately.

7. Way forward

Now that the lending book has been sold, we can also focus on the future of the Properties Division.

We have made good progress with developing an overall Transnet property disposal strategy and we will now focus on the future reporting structures of properties. The concept of consolidating various property functions into one business unit is still the most likely outcome. Once finalised, this will definitely reduce the uncertainty under which the property employees have been working.

At an operational level, we have obtained approval to continue with certain committed disposals. We have also submitted a proposal for the disposal of the remainder of the Housing properties and, once approved, you will be notified. There is a tremendous amount of work for the Properties Division and we will have to find solutions for the various identified skill shortages.

SECTION B: Communiqué to employees in non-core businesses that are being sold to the private sector

1. Benefits and section 197

Section 197 of the Labour Relations Act (LRA, 66 of 1995) states that the terms and conditions of employees who are transferred must, on the whole, stay the same or better but not less favourable than what it is at the original company. Transnet will therefore negotiate with First National Bank (FNB)

remuneration packages to ensure compliance with the Act. This process is referred to as “package equalisation” and involves the comparing of terms and conditions of employment employees currently enjoy at Transnet with those offered by FNB. In cases where the benefits and terms do not match, employees must receive some form of compensation which can take the form of an alternative, financial or improved terms and conditions.

The Package Equalisation will be done in consultation with Labour and covers the following issues: Salaries, Salary structures, Non-pensionable allowances, Leave allocations (annual leave, sick leave and family responsibility leave), Accrued leave and accrued leave credit, Transnet Retirement Fund and Transnet Pension Fund, Pension fund contributions, Medical Aid and subsidies, Home allowance, Housing loans, Service bonus, Service bonus accrued, Basic conditions of employment act variation, Travel benefits, Funeral benefit scheme, Incentive bonus and performance management, Computer loans, Benevolent fund, Bursary scheme, Long service award and Collective bargaining arrangements.

2. Important Principles

- Transnet has done lots of work to understand how the disposal of non-core business units affects employees, and is committed to ensuring that employees will not be worse off overall when they transfer to new employers.
- Employees can choose how to structure their retirement benefits when they leave Transnet.
- Employees will be able to arrange their affairs so that the pre-1998 portion of their retirement benefit, which accrues tax free from the Transnet funds, will not be taxed if you pay that portion into a new provident fund on transfer. The value paid should furthermore not be taxed at any later stage on exit from a provident fund. This means that members electing to pay their pre-1998 accrued portion into a provident fund should not lose their pre-1998 tax-free benefits.
- Transnet will keep you informed about what is happening.

3. Pension Questions

3.1 Can we still remain in the Transnet Retirement Fund or Pension Fund after the disposal of our business unit to the private sector?

No. The Transnet Pension Fund Act and the rules of the Transnet Retirement Fund (TRF) and the Transnet Pension Fund (TPF) do not allow for this. In most cases, you will become a member of your new employer’s retirement fund. How this compares with the Transnet funds will be assessed when we know who the new employer is.

3.2 Will we be able to cash our pensions pre-transfer?

No, because this is against the rules of the TRF and the TPF. Remember that there will be no break in your employment, and that is why you will not have access to your savings or benefits. The fund rules allow members to pay their accrued benefit to any approved fund which could be a pension fund, a provident fund, a preservation fund, or a retirement annuity fund. However, different tax consequences will follow, depending on what kind of fund you choose to pay your accrued benefit to.

Because of tax implications, employees will want to pay at least the pre-1998 portion of their accrued benefit as a contribution to a provident fund. They may also want to pay the post-1998 portion (which is taxable) to a retirement annuity fund. The reasons for this are discussed in answers to other questions in this communiqué.

3.3 What is a vested tax benefit?

This means that employees who were members of the Transnet pension funds before 1 March 1998 have vested tax benefits – the pre-1998 portion of their accrued benefit (as determined by a formula in the Income Tax Act) enjoys special tax treatment and should not have tax deducted from it when the member exits the Transnet funds.

3.4 Do I have vested tax benefits?

This depends on whether you were a member of the Transnet pension funds before 1 March 1998.

3.5 What should I do with my pre-1998 retirement savings when I leave the TRF of the TPF?

The special tax treatment of your pre-1998 retirement savings is not transferable to a private sector fund but you will get it tax free when you leave the Transnet fund.

Depending upon which approved fund you pay you accrued benefit into when you leave the Transnet funds, you should not be taxed on your pre-1998 benefit at the transfer date or at any later stage.

Transnet's investigations show that if you elect to pay your pre-1998 portion of your accrued benefit to your new employer's provident fund, it will not be subject to tax deductions either on payment into the provident fund or on exit from that fund. This means that you will in effect protect your vested tax benefits on transfer.

3.6 What should I do with my post-1998 retirement savings when I transfer to a new employer?

You have two choices in respect of your post-1998 retirement savings on transfer:

- You can pay it into the new employer's provident fund which means tax will be deducted when you do this (tax will be deducted on the post-1998 portion when it is paid into the provident fund). This option may be prejudicial to you from a tax point of view if your current rate of tax is higher than it will be on retirement; or
 - You can pay it into a retirement annuity fund – which means that no tax should be deducted at this stage. However, on retirement, tax will be deducted on the post-1998 portion if you elect to have part of it paid to you as a lump sum (you can elect to have a maximum of 1/3 of the value of a retirement annuity to be paid to you as a lump sum at retirement; the balance must be used to purchase a pension). The full value of the pension you purchase at retirement will be subject to tax.
- There are other alternatives, but they carry the danger of losing any vested tax benefits.

3.7 How do I decide what to do with my retirement savings when I leave the TRF or the TPF?

Because these are complex issues, you should get independent financial and tax advice before deciding what to do with your accrued benefits. Transnet is not a tax or financial expert and is not in a position to advise members exiting the Transnet funds as to what their individual elections should be. Tax matters and retirement fund arrangements are very complex issues and there are a range of different options available to employees in terms of the rules of the funds.

Since individual circumstances and retirement needs of employees are different, you should obtain independent financial and tax advice before making any decisions about where to pay your accrued benefits. Your decisions may materially affect your tax position and ultimately your pension.

3.8 Can I transfer my benefits to a preservation fund?

No. SARS has confirmed that the retirement benefits of Transnet people exiting the Transnet pension funds in these non-core disposals cannot be transferred to preservation funds. Only people transforming their benefits in the case of a resignation, dismissal, retrenchment or wind-up of the fund may elect to transfer their benefits to preservation funds.

3.9 Other pension/retirement funds are not as big or as stable as the Transnet funds, so why not allow us to remain in these funds?

The Act and rules do not allow fund members transferring to the private sector to stay on the Transnet funds. The fact that the Transnet funds are large does not mean that smaller funds are less stable or do not deliver the same (or better) returns to their members. In fact, all pension and provident funds are governed by strict legislation and regulations. They are furthermore subject to ongoing approval of the Financial Services Board and compliance with the rulings they issue from time to time.

3.10 Why not allow older people to take their monies pre-transfer?

If employees qualify for early retirement in terms of the TRF or TPF rules, they can retire early. If not, they will transfer to the new employer like other employees.

3.11 What happens to my monies if there is a divorce order against them?

This depends on the terms of the divorce order. If the divorce order requires the Transnet pension funds to deduct the ex-spouse share of the pension, the amount specified in the order will be deducted from the benefit before it is paid to a new fund.

3.12 What do I need to do now?

You do not need to make any decisions now. But, you should start thinking about your options. We urge you to get independent financial and tax advice from a qualified person so that you make an informed decision and minimise the tax you have to pay. You can also speak to your regional representative from the Transnet Pension Fund Administrators about your options, but they cannot tell you what is best for you.

4. Other Questions

4.1 How will Transnet keep management and employees of the non-core business units informed during the disposal processes?

Management is organising road shows, where employees will be told what is happening, and will be able to have questions answered. We will also send out more communiqués like this.

Transnet Management meets with the unions frequently to discuss disposal issues and their impact on employees in three forums: the Transnet Restructuring Committee (TRC) and its two sub-committees which deal with benefits and pensions.

4.2 Will Transnet consider ESOP's in the non-core businesses?

An ESOP is an employee share ownership scheme that allows employees to buy some of the company's shares. Transnet is discussing with the unions where ESOP's may be possible.

4.3 Will the new employer be bound by the Transnet Social Plan?

Yes, because the Social Plan is a collective agreement between Transnet and its trade unions. The plan can be changed by Transnet or a new employer only after negotiation with the unions, or by giving notice of withdrawal from the agreement.

4.4 What will happen to our loans with Transnet Housing?

All loans terminate 90 days after employment with Transnet ends.

Transnet Housing is a non-core business. When we find a buyer for its loan book, all loans will be transferred to this company.

We are working on the unions to find ways of dealing with the loans of employees who will exit Transnet before the loan book is sold, and will let you know the outcome of these discussions.

4.5 What will happen to my medical aid benefits?

Employees may remain members of Transmed unless the new employer requires them to belong to another medical fund.

4.6 What will happen to my other benefits?

The process of ensuring that employees are on the whole not worse off after transfer to the new employer includes these steps:

Step 1: List and value all current terms and conditions of service, including benefits. This is underway.

Step 2: List and value all terms and conditions of service, including benefits, offered by the new employer.

This can happen only after a preferred bidder has been identified, which will be at different times for each of the non-core businesses.

Step 3: Conduct a package equalisation exercise.

This involves comparing the two lists, and making adjustments to ensure that current terms, conditions and benefits – taken as a package – are on a par with those that will apply at the new employer. This does not necessarily mean that a benefit stays exactly the same. A particular benefit could, for example, be replaced by something else, such as financial compensation. Alternatively, a benefit at the new employer might be less attractive, but this could be offset by another benefit being more generous. The test is that transferring employees as a group must, on the whole, not be worse off.

4.7 What will happen to travel concessions?

It is unlikely that the new employer will be able to offer travel concessions. The package equalisation exercise will address any shortfall if this benefit is discontinued.

4.8 Will all accumulated leave be paid out?

Leave that cannot be transferred to the new employer will be paid out.

4.9 Are voluntary retrenchment packages available for employees who do not want to transfer to a new employer?

No. Transnet has given a commitment that it will try to ensure that there are no job losses associated with disposal of its non-core businesses. Voluntary retrenchments mean job losses.

4.10 For how long is my job with the new employer protected?

You will have the same protection as you currently enjoy (Transnet does not provide you with any job guarantee or employment protection). However, we will where possible, negotiate with the new employer for a fixed period employment protection – provided this does not put the sale of the business at risk.

ANNEXURE E: Questionnaire for stakeholders: Transnet

Stakeholders' relationship with Transnet

Transnet is currently in the process of major Organisational change. These changes have been communicated to employees as the Turnaround Strategy. As part of my Masters degree in Strategic Public Relations, I am conducting research on "How stakeholder management has impacted on organisational change in Transnet, with special emphasis on Vulindlela".

By completing this questionnaire, you will help to determine the relationship between yourself (as a stakeholder of Transnet) and the organisation (Transnet). This information will be used to improve stakeholder management during organisational change and will benefit all parties concerned.

The response to this questionnaire will be kept in the strictest of confidence, you will remain anonymous, and results will be used for research purposes only. I know you may be concerned to return this via e-mail as you could be identified. Rest assured, the minute I receive your response the form is saved on my hard disk and the mail deleted. Only then will I capture the information. I will have no need to identify any respondent. Sometimes respondents 'reply' to the mail when sending back the completed form, however, the attachment will not be sent, you have to 'forward' the form to my e-mail in order to respond. Should the form not be attached to your response, I may need to send you a mail requesting a resend.

I thank you in advance for your participation. Your cooperation is critical to my study and will help ensure the success of this research project. The results of this project will be of benefit not only to Transnet but to all organisations that undergo organisational change.

Kind Regards

Ronnie van Jaarsveld

Demographic information.

This information will be used only to determine if there may be any correlation between persons of a certain age, ethnic group, gender, business unit or region and the specific relationship with the organisation. For example, do men generally trust the organisation more than women? Or, are employees in Spoornet more committed to Transnet than employees in Petronet? Using these correlations certain areas can be identified that need urgent attention or that is exceptionally well and can be 'copied' to other business units or regions. **Please note that you will remain anonymous and this information will not be used to identify any respondent in any way.**

Please mark with X the relevant answer. Only one answer per question should be marked unless stated otherwise.

1. Age:

	Under 20 years
	20-29
	30-39
	40-49
	50-59
	60+

2. Years service with Transnet (any business unit)

	Less than 1 year
	1-9
	10-19
	20-29
	30-39
	40+

3. Ethnic Group

	moPedi
	moSotho
	moTswana
	mSwati
	Venda
	Tsonga
	Afrikaans
	English

	umuNdebele
	umXhosa
	umZulu
	Coloured
	Indian
	Other: Specify

3. Gender

	Male
	Female

4. Business Unit Employed

	SAPO
	NPA
	Petronet
	Spoornet
	Transwerk

5. Location employed

	Cape Town
	Saldanha
	Johannesburg
	Richards Bay
	Durban
	Pretoria
	Lady Smith
	Salt River

	Bellville
	Bloemfontein
	East London
	Other: Specify

6. Who would you prefer to communicate with you on information regarding Vulindlela?

	Supervisor
	Manager
	Shop Steward
	Other: Specify

7. Please rate the media below from most preferred (1) to be used when communicating information on Vulindlela to you, to least preferred (11).

	Face-to-face
	Road show of CEO
	Video
	CD
	Live broadcast
	Group information sessions (Imbizo's)
	Newsletter
	Webpage
	E-mail
	Fax
	Other: Specify:

Stakeholder relationship:

Please circle the number of your choice for the following questions. ***These questions measure the relationships you have with Transnet, with regards to the Four Point Turnaround Strategy in general and Vulindlela specifically.*** There is no right or wrong answer, only a truthful one. The questions will measure the relationship at the hand of various variables, for example integrity, trust, commitment, competence (of Transnet), and so forth. Each variably has to be tested at least four times and this is the

reason why it appears as if the same question is repeated several times. Please complete all the questions otherwise a reliable result cannot be obtained.

1. Transnet treats people like me fairly and justly.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

2. Whenever Transnet makes an important decision, I know it will be concerned about people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

3. Transnet can be relied on to keep its promises.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

4. I believe that Transnet takes the opinions of people like me into account when making decisions.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

5. I feel very confident about Transnet's skills.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

6. Transnet has the ability to accomplish what it says it will do.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

7. Sound principles seem to guide Transnet's behaviour.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

8. Transnet does not mislead people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

9. I am very willing to let Transnet make decisions for people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

10. I think it is important to watch Transnet closely so that it does not take advantage of people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

11. Transnet is known to be successful at the things it tries to do.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

12. Transnet and people like me are attentive to what each other say.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

13. Transnet believes the opinions of people like me are legitimate.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

14. In dealings with people like me, Transnet has a tendency to throw its weight around.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

15. Transnet really listens to what people like me have to say.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

16. The management of Transnet gives people like me enough say in the decision making process.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

17. When I have an opportunity to interact with Transnet, I feel that I have some sense of control over the situation.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

18. Transnet won't cooperate with people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

19. I believe people like me have influence on the decision makers of Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

20. I feel that Transnet is trying to maintain a long-term commitment to people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

21. I can see Transnet wants to maintain a relationship with people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

22. There is a long-lasting bond between Transnet and people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

23. Compared to other organisations, I value my relationship with Transnet more.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

24. I would rather work together with Transnet than not.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

25. I have no desire to have a relationship with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

26. I feel a sense of loyalty to Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

27. I could not care less about Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

28. I am happy with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

29. Both Transnet and people like me benefit from the relationship.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

30. Most people like me are happy in their interactions with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

31. Generally speaking, I am pleased with the relationship Transnet has established with people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

32. Most people enjoy dealing with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

33. Transnet fails to satisfy the needs of people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

34. I feel people like me are important to Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

35. In general, I believe that nothing of value has been accomplished between Transnet and people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

36. Transnet does not especially enjoy giving others aid.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

37. Transnet is very concerned about the welfare of people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

38. I feel that Transnet takes advantage of people who are vulnerable.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

39. I think that Transnet succeeds by stepping on other people.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

40. Transnet helps people like me without expecting anything in return.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

41. I don't consider Transnet to be a particularly helpful organisation.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

42. I feel Transnet tries to get the upper hand.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

43. Whenever Transnet gives or offers something to people like me, it generally expects something in return.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

44. Even though people like me have had a relationship with Transnet for a long time, Transnet still expects something in return whenever it offers us a favour.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

45. Transnet will compromise with people like me when it knows that it will gain something.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

46. Transnet takes care of people who are likely to reward it.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

47. This questionnaire was easy to understand:

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

48. The rating scale was easy to use:

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

49. Any comments or suggestions regarding Vulindlela:

Thank you so much for your cooperation and assistance. Your input is of immeasurable value to me. I really do appreciate the time and effort you've spend completing this questionnaire.

Ronnie van Jaarsveld.

QUESTIONNAIRE FOR STAKEHOLDERS: TRANSNET HOUSING

Stakeholders' relationship with Transnet

Transnet is currently in the process of major organisational Transformation. These changes have been communicated to employees as the Turnaround Strategy. As part of my Masters degree in Strategic Public Relations, I am conducting research on "How change communication has

impacted on employee/organisational relationship in Transnet during organisational change and transformation.

By completing this questionnaire, you will help to determine the relationship between yourself (as a stakeholder of Transnet) and the organisation (Transnet). This information will be used to improve change communication during organisational transformation and will benefit all parties concerned.

The response to this questionnaire will be kept in the strictest of confidence, you will remain anonymous, and results will be used for research purposes only. I know you may be concerned to return this via email as you could be identified. Rest assured, the minute I receive your response the form is saved on my hard disk and the mail deleted. Only then will I capture the information. I will not, nor do I need to identify any respondent. Sometimes respondents 'reply' to the mail when sending back the completed form, the attachment will not be sent, you have to 'forward' the form to my email address in order to respond. Should the form not be attached to your response, I may need to send you a mail requesting a resend.

I thank you in advance for your participation. Your cooperation is critical to my study and will help ensure the success of this research project. The results of this project will be of benefit not only to Transnet but to all organisations that undergo transformation.

Kind Regards

Ronnie van Jaarsveld

Demographic information.

This information will be used only to determine if there may be any correlation between persons of a certain age, ethnic group, gender, or region and the specific relationship with the organisation. For example, do men generally trust the organisation more than women? Or, are employees in Head Office more committed to Transnet than employees in Durban? Using these correlations certain areas can be identified that need urgent attention or that is exceptionally well and can be 'copied' to other offices or regions. **Please note that you will remain anonymous and this information will not be used to identify any respondent in any way.**

Please mark the relevant answer by typing X or colouring the block, or making the script bold. etc. Only one answer per question should be marked unless stated otherwise.

1. Age:

	Under 20 years
	20-29
	30-39
	40-49
	50-59
	60+

2. Years service with Transnet (any business unit)

	Less than 1 year
	1-9
	10-19
	20-29
	30-39
	40+

3. Ethnic Group

	moPedi
	moSotho
	moTswana
	mSwati
	Venda
	Tsonga

	Afrikaans
	English
	umuNdebele
	umXhosa
	umZulu
	Coloured
	Indian
White	Other: Specify

3. Gender

	Male
	Female

4. Business Unit Employed:

	Lending
	Property

5. Location employed:

	Cape Town
	Saldanha
	Johannesburg
	Richards Bay
	Durban
	Pretoria
	Lady Smith

	Ermelo
	Kimberly
	Bloemfontein
	East London
	Port Elizabeth
	Head Office
	SAA
	CPO
Other: Specify:	

6. Who would you prefer to communicate with you on information regarding change e.g. selling of Lending Book, Property's future?

	Supervisor
	Manager
	Shop Steward
Other: Specify	

7. Please rate the media below from first choice (1), second choice (2), third choice (3), etc. to last choice (11) to be used when communicating information on change to you,.

	Face-to-face
	Roadshow of CEO
	Video
	CD
	Life broadcast
	Group information sessions (Imbizo's

	Newsletter
	Webpage
	e-mail
	Fax
	Other: Specify:

Stakeholder relationship:

Please mark the number/box of your choice for the following questions. You may mark it by typing an X, colouring the box, etc. **These questions measure the relationships you have with Transnet, with regards to the Four- point- turnaround- strategy in general and the selling of the Lending book and future of Property division specifically.** There is no right or wrong answer, only a truthful one. The questions will measure the relationship at the hand of various variables, for example Integrity, Trust, Commitment, competence (of Transnet), etc. Each variably has to be tested at least four times and this is the reason why it appears as if the same question is repeated several times. Please complete all the questions otherwise a reliable result cannot be obtained.

7. Transnet treats people like me fairly and justly.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

8. Whenever Transnet makes an important decision, I know it will be concerned about people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

9. Transnet can be relied on to keep its promises.

Strong	Agree	Agree	Agree	Neutral	Disagree	Disagree	Disagree	Strongly
---------------	--------------	--------------	--------------	----------------	-----------------	-----------------	-----------------	-----------------

agree	mostly	to some extent				to some extent	mostly	disagree
1	2	3	4	5	6	7	8	9

10. I believe that Transnet takes the opinions of people like me into account when making decisions.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

11. I feel very confident about Transnet's skills.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

12. Transnet has the ability to accomplish what it says it will do.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

7. Sound principles seem to guide Transnet's behaviour.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

8. Transnet does not mislead people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
--------------	--------------	----------------------	-------	---------	----------	-------------------------	-----------------	-------------------

		extent				extent		
1	2	3	4	5	6	7	8	9

9. I am very willing to let Transnet make decisions for people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

10. I think it is important to watch Transnet closely so that it does not take advantage of people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

19. Transnet is known to be successful at the things it tries to do.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

20. Transnet and people like me are attentive to what each other say.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

21. Transnet believes the opinions of people like me are legitimate.

Strong agree	Agree mostly	Agree to some	Agree	Neutral	Disagree	Disagree to some	Disagree mostly	Strongly disagree
---------------------	---------------------	----------------------	--------------	----------------	-----------------	-------------------------	------------------------	--------------------------

		extent				extent		
1	2	3	4	5	6	7	8	9

22. In dealings with people like me, Transnet has a tendency to throw its weight around.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

23. Transnet really listens to what people like me have to say.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

24. The management of Transnet gives people like me enough say in the decision-making process.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

25. When I have an opportunity to interact with Transnet, I feel that I have some sense of control over the situation.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

26. Transnet won't cooperate with people like me.

Strong	Agree	Agree	Agree	Neutral	Disagree	Disagree	Disagree	Strongly
---------------	--------------	--------------	--------------	----------------	-----------------	-----------------	-----------------	-----------------

agree	mostly	to some extent				to some extent	mostly	disagree
1	2	3	4	5	6	7	8	9

23. I believe people like me have influence on the decision-makers of Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

24. I feel that Transnet is trying to maintain a long-term commitment to people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

25. I can see Transnet wants to maintain a relationship with people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

26. There is a long-lasting bond between Transnet and people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

27. Compared to other organisations, I value my relationship with Transnet more.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
---------------------	---------------------	-----------------------------	--------------	----------------	-----------------	--------------------------------	------------------------	--------------------------

		extent				extent		
1	2	3	4	5	6	7	8	9

28. I would rather work together with Transnet than not.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

29. I have no desire to have a relationship with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

30. I feel a sense of loyalty to Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

35. I could not care less about Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

36. I am happy with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
---------------------	---------------------	-----------------------------	--------------	----------------	-----------------	--------------------------------	------------------------	--------------------------

		extent				extent		
1	2	3	4	5	6	7	8	9

37. Both Transnet and people like me benefit from the relationship.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

38. Most people like me are happy in their interactions with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

39. Generally speaking, I am pleased with the relationship Transnet has established with people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

40. Most people enjoy dealing with Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

41. Transnet fails to satisfy the needs of people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
---------------------	---------------------	-----------------------------	--------------	----------------	-----------------	--------------------------------	------------------------	--------------------------

		extent				extent		
1	2	3	4	5	6	7	8	9

42. I feel people like me are important to Transnet.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

40. In general, I believe that nothing of value has been accomplished between Transnet and people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

41. Transnet does not especially enjoy giving others aid.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

42. Transnet is very concerned about the welfare of people like me.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

43. I feel that Transnet takes advantage of people who are vulnerable.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
---------------------	---------------------	-----------------------------	--------------	----------------	-----------------	--------------------------------	------------------------	--------------------------

		extent				extent		
1	2	3	4	5	6	7	8	9

44. I think that Transnet succeeds by stepping on other people.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

40. Transnet helps people like me without expecting anything in return.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

41. I don't consider Transnet to be a particularly helpful organisation.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

42. I feel Transnet tries to get the upper hand.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

43. Whenever Transnet gives or offers something to people like me, it generally expects something in return.

Strong	Agree	Agree	Agree	Neutral	Disagree	Disagree	Disagree	Strongly
---------------	--------------	--------------	--------------	----------------	-----------------	-----------------	-----------------	-----------------

agree	mostly	to some extent				to some extent	mostly	disagree
1	2	3	4	5	6	7	8	9

49. Even though people like me have had a relationship with Transnet for a long time, Transnet still expects something in return whenever it offers us a favour.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

50. Transnet will compromise with people like me when it knows that it will gain something.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

51. Transnet takes care of people who are likely to reward it.

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

52. This questionnaire was easy to understand:

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
1	2	3	4	5	6	7	8	9

53. The rating scale was easy to use:

Strong agree	Agree mostly	Agree to some extent	Agree	Neutral	Disagree	Disagree to some extent	Disagree mostly	Strongly disagree
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1	2	3	4	5	6	7	8	9
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49. Any comments or suggestions regarding the way Transnet handles the sale of the Lending book

Thank you so much for your co-operation and assistance. Your input is of immeasurable value to me. I really do appreciate the time and effort you've spend completing this questionnaire.

Kind regards

Ronnie van Jaarsveld.

ANNEXURE F: Interview questionnaire for transformation decision makers: Transnet and Transnet Housing

(Full Questionnaire) Stakeholders' impact organisational organisational change: Transnet Housing

Transnet and Transnet Housing are currently in the process of major organisational change. These changes have been communicated to employees as the Turnaround and the sell of the Lending book respectively to Transnet and Transnet Housing employees. As part of my Masters degree in Strategic Public Relations, I have decided to conduct research on "How stakeholder management has impacted on organisational change in Transnet and Housing".

By participating in this interview, you will help to determine if stakeholder management impacts in any degree on organisational change in Transnet Housing. This information will be used to improve stakeholder management during organisational transformation to the benefit of all parties concerned.

The responses given during the interview will be kept in the strictest of confidence and will be used for research purposes only.

I thank you in advance for your participation. Your cooperation will help ensure the success of this research project. The results of this project will be of benefit not only to Transnet Housing, but to all organisations that face transformation.

Kind Regards

Ronnie van Jaarsveld

Manager (Communication)

Transnet Housing

Stakeholder rating 1:

Please rate the following stakeholders by giving each a value out of 5 as follows:

0 = not important

5 = extremely important

Stakeholder	Rate
Clients	
Communities	
Contractors	
Suppliers	
Hostel committee	
Press	

Communities					
Contractors					
Suppliers					
Hostel Committee					
Press					
Competitors					
Labour					
Financial institutions					
Transnet Group CEO					
Transnet Group CFO					
Employees					
Transnet Business Units Management					
Local Government					
Shareholder					
Provincial Government					
National Government					
Transnet's Board of Directors					
Transnet Housing's CEO					
Transnet Group Human Resources					
Joint Transformation Committee					

1. Who formulated the strategy (at what level was it formulated)?

2. At what stage of the process was in implemented,

3. The goals and objectives of the strategy.

4. Strong point and weaknesses of the strategy thus far.

5. Were the questions explained and did you feel you could answer them?

6. Did the interviewer influence your responses in any way?

7. Do you trust the interviewer in that responses will be kept in the strictest confidence and used for research purposes only?

