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First National Bank

Inspirational Leadership in a South African Context

Case study

Reference no 407-048-1

This case was written by Antje Hargarter, under the direction of Professor Kurt April, Graduate School of Business, University of Cape Town. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The case was made possible by the co-operation of First National Bank, SA.

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First National Bank:

Inspirational Leadership in a South African Context

A Case Study Research Report
presented to

The Graduate School of Business
University of Cape Town

in partial fulfilment
of the requirements for the
Masters of Business Administration Degree

by
Antje Hargarter
December 2005

Supervisor: Professor Kurt April

Abstract and Keywords

INSPIRATIONAL LEADERSHIP IN A SOUTH AFRICAN CONTEXT

ABSTRACT

The study intends to add to practical knowledge about the use and implementation of leadership programmes, but also to challenge theoretical understanding of Inspirational Leadership in Africa. The theoretical foundation related to the topic is weak. Therefore, the research method used is an exploratory case study with research questions formulated as management issues. First National Bank (FNB) is one of the few South African organisations that have made a difference in terms of transformation. The company started a program five years ago with the objective of creating a workplace community of real, new South Africans from different backgrounds. FNB clearly tries to do a better job balancing people management and content management. Leadership in FNB is inspirational, and it definitely has African elements. At the same time, it seems that some employees have difficulties in clearly seeing the support for the program throughout the hierarchy, and find African Leadership confusing.

KEYWORDS: Implementation of leadership programmes in South Africa, inspirational leadership, African leadership, balancing people management and content management, support for leadership programmes, transformation.

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1 Methodology followed

1.1 Getting started

For the researcher, getting started meant to discuss her ideas with her supervisor, but also with experts in the field. It was during these brainstorming sessions that research questions arose. The nature of the research question determined the research methodology. Generally speaking, it might not always be possible or appropriate to predetermine all the details up front. In the case of grounded theory for example, emergence is a part of the process (Strauss and Corbin, 1990).

To charter the link between the methodology and the research questions, Mason (2002) proposed the following questions are asked.

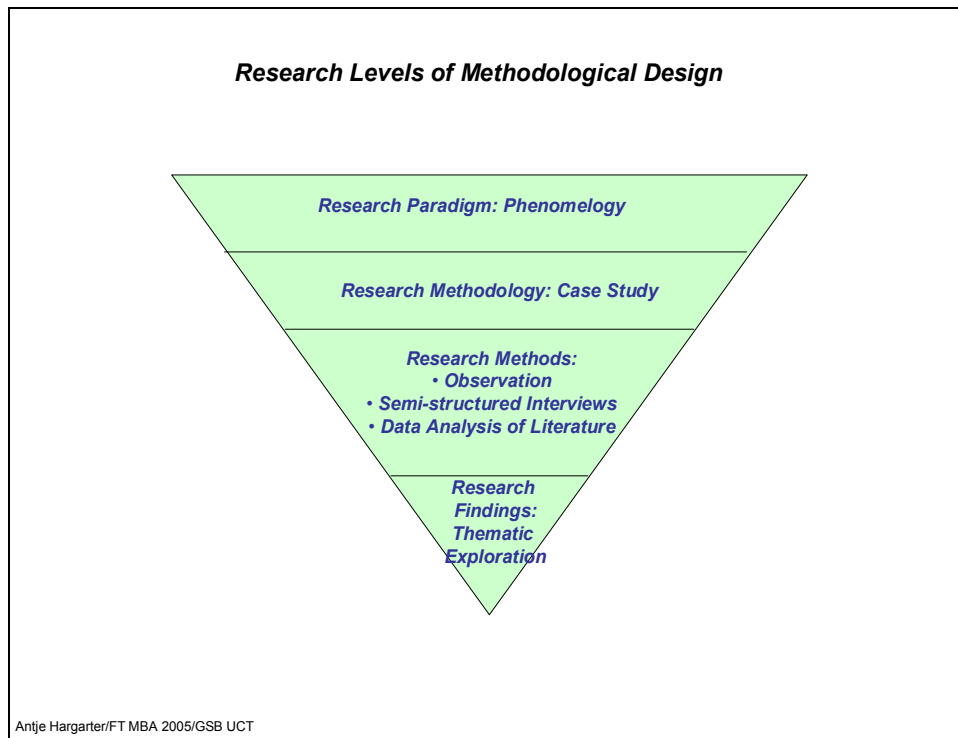
1. What data sources and methods of data generation are potentially available or appropriate?
2. What can these methods and sources feasibly tell me? Which phenomena and components, or properties of social reality, might these data sources and methods potentially help me to address (the nature of reality and human behaviour - ontology)?
3. How, or on what basis, do I think they could do this (the relationship of researchers to reality, and the road that they will follow in the search of truth - epistemology)?
4. Which of my research questions could they help me to address?
5. Which elements of the background (literature, theory, research) do they relate to?

Along the lines of the issues above, the researcher created a complete methodological design, with questions 2 and 3 being specifically important. The issue of ontology included a debate about positivism. Under the non-positivist paradigm, a researcher does not pretend to be able to replicate his or her work. He or she concentrates on recording the complexity of situational contexts and interrelations as they occur (Huberman and Miles, 1994). In contrast to this, positivist approaches reduce human action to the status of automatic responses, excited by external stimuli. Within the epistemological landscape, approaches are generally divided into nomothetic (deductive, quantitative) and ideographic (inductive, qualitative) methodologies (Gill and Johnson, 2002).

Last but not least, the researcher needed to decide upon the use of multiple scientific methods and techniques in order to obtain valid knowledge about the same problem. One of the advantages of this move was the ability to produce more convincing findings, as different methodological strengths and weaknesses are cancelled out (Gill and Johnson, 2002).

1.2 Overview of methodological design

Figure 1 – Research Levels of Methodological Design



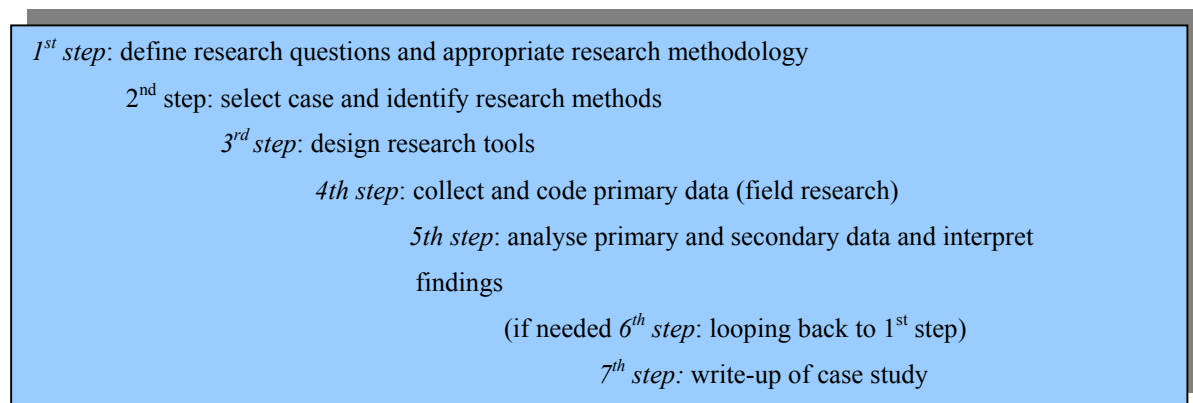
A **research paradigm** can be described as a continuous theme throughout a project. The theme of this research report was ethnographic in nature. It allowed the researcher to use socially acquired and shared knowledge available to the participants to account for the observed patterns of human activity (Gill and Johnson, 2002). The population validity of this research report was considered to be limited to the actual phenomena under investigation during fieldwork (Maxwell, 2005). A **research methodology** is understood as a framework with a particular set of assumptions that is used to conduct the research. The set of assumptions for this research report were highly subjective and interpretative. Therefore, the research methodology used in this research report was an inductive/exploratory case study (Yin, 2003a). **Research methods** are defined as the techniques that are used to collect data. For this research report the appropriate methods were small-scale interviewing, observation, and document analysis with the data type being qualitative (O’Leary, 2004). **Research tools**

are the devices that are used to collect data, and in this case these were interview schedules and observation-, as well as interview protocols (de Vos, Strydom, Fouché and Delpont, 2005). **Research findings** are generally dependant on the way in which the data analysis is carried out. The researcher did this along the lines of a thematic exploration (O’Leary, 2004). “(...) *exploratory research helps to crystallize a problem and identify information needs for future research*” (Zikmund, 1997: 37). The **methodological design** is the plan for conducting a study that summarises all of the above (O’Leary, 2004). The methodological design of this research report can be described in levels (see Figure 1).

1.3 Main steps

On the basis of the conceptual layout of the methodological design, the following steps were taken in the research process:

Figure 2 – Main steps followed in research process



Source: Drawn from O’Leary, 2004

1.3.1 Define research questions and appropriate research methodology

As already mentioned, the research paradigm was ethnographic and phenomenological. As a result of this, this research report focused on ideographic methodologies, which included the generation and use of qualitative data as well as the explanation of phenomena by subjective understanding of the context (Alasuutari, 1995). The researcher was committed to researching in everyday settings, and to keeping a minimum structure when it came to the project. Furthermore, the researcher decided to strengthen the qualitative research findings by combining observation, interviews and documentary resources. In the course of the project, the researcher wrote down the following general remarks:

- A problem arose with recording some of the interviews, because not all of them were conducted in quiet places, especially the ones with the experts.
- Taking notes became a good way of capturing the most important issues up-front.
- The employees especially had difficulties in sticking within the frame. Letting them talk, and getting their honest views emerged to be more important than holding on to the planned structure of the interviews.
- Certain words or expressions (such as ‘community’ and ‘respect’) were mentioned several times. These had to be captured without any context in the bullet points at a later stage, which complicated the analysis somewhat.
- The question of how to measure the effects of leadership programmes came up in the course of the research report, and was added to the management issues at a later stage.

The case study method is one of many exploratory research techniques. Its purpose is to obtain information from one particular situation. Therefore, generalizations are dangerous (Zikmund, 1997). Using the case study method enabled the researcher to challenge some of the existing theory, and provided a source for possible new interpretations. As a conceptual structure, management issues were formulated, because they try to answer mainly ‘how’ and ‘why’ questions (Yin, 2003b). The researcher did not come up with a hypothesis to be tested. Rather, the researcher intended to find in a case study what theory accounts for, to understand the research situation and to discover the theory implicit in the data (Glaser, 1992). One of the main advantages of the method was the possibility for the researcher to shift the focus as the data was collected. Because the outcome was unknown at the start, and depended on the kind of information that was gathered, several management issues were outlined within the context of the question about the research purpose (Huberman and Miles, 1994). The framework used to summarize the main issues of the research (see section 4.5.1.1) was used as a starting point for a theory to explain observations of the particular case of the phenomenon along the lines of grounded theory and analytic induction (Glaser, 1992).

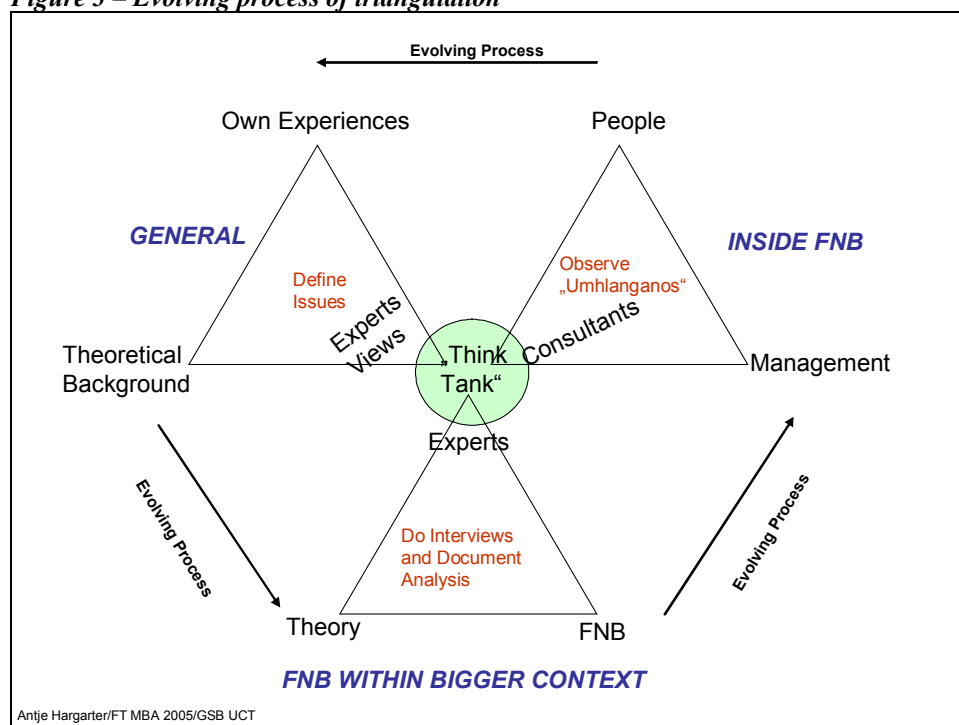
In qualitative research, it is vital to understand the subjective reality of those people that are studied (Stake, 1995). This research claims to have taken into consideration the fact that people might not be aware of social forces, which can influence their behaviour and their interpretations. Given the interaction of the researcher with persons in the field, a personal view is offered. In this approach, a close understanding of the research context was essential

(Stake, 1995). “(...) when we speak about causes in human affairs we are usually dealing with a variety of elements that stand at different degrees of distance from the observed event and that are not easily discerned or separated” (Barzun and Graff, 1985: 186).

By combining different methods in one study, researchers can overcome some of the problems around subjectivity. Triangulation is one of the best ways to enhance validity and reliability (Babbie and Mouton, 1998). Certain protocols or procedures are needed to minimize misinterpretation and misunderstanding. “At least for me, the name triangulation derives from celestial navigation. Our navigator was good at inferences. Every morning and evening at sea, he would infer our location, partly by measuring the angles of elevation of the stars” (Stake, 1995: 109).

Triangulation of research methods was achieved by using the following range of data collection methods: observation, interviews, and document analysis. Furthermore, the research included desk research, as well as field research. **Triangulation of data sources** was followed in all of the three different steps: when following the management issues, when looking at FNB within a bigger context and when focusing on FNB’s internal issues. The process was continually evolving because new management issues could be brought in as they arose (see Figure 3).

Figure 3 – Evolving process of triangulation



1.3.2 Select case and identify research methods

Selecting a South African case in the Financial Services Industry was a difficult matter, because very few companies have adopted an Inspirational or African Leadership style and in case they did, it is not made public. Access to FNB was attained through one of the consultants for the VUKA¹ program. The main contact person within FNB from the start of the research was Gary Graham, Transformation Manager in the Western Cape. In order to maintain a coherent thread through the data collection and analytic phases it was important to identify the **unit of analysis**. Using the technique that Babbie & Mouton (2001) recommended, there appeared to be several types of units of analysis within this research report. First, the unit of analysis was an institution, a bank. The second unit of analysis was human beings (individuals in the case of experts, employees and management, but also groups when considering all employees working in a certain branch in the Western Cape). Third, the case was investigating ‘umhlanganos’ (Zulu word for ‘meeting’) as social interventions in the bigger context of the VUKA program. To a certain degree, the case was also studying collectives, because it focused on South Africa as a special country case. The sampling was purposive as opposed to random (Huberman and Miles, 1994). Gary Graham influenced the decision of which Area Managers to interview, and the Area Managers influenced the decision as to which umhlanganos the researcher could observe. The researcher chose the expert interviewees with awareness², after having done a first literature review.

A **literature review** generally allows fact-finding about the research topic, and establishes background knowledge about different theoretical concepts (O’Leary, 2004). This secondary data can be classified according to different sources, like books and periodicals, government sources, regional publications, state and local publications, media sources, and commercial sources. For this research report, a variety of different sources were used to get a broad picture of the documents that have been written about the topic. The major advantage of secondary data is its easy availability (Babbie and Mouton, 2001). The disadvantage is that the data has not been designed for the specific needs of the research report (Saunders, Lewis and Thornhill, 2003).

¹ VUKA means ‘wake up’ and is a program that was designed to transform the culture within FNB fundamentally. The initiative was born in 2001 to get employees (back) on board after a huge restructuring exercise as well as to increase understanding and respect for diversity in the workplace – especially in a South African context. However, the company expected it to translate into an improved customer service and increase market share.

² The researcher made sure that the group of experts was covering academics and practitioners, South Africans and Non-South Africans, as well as males and females.

Personal interviews are a versatile and flexible method for a two-way conversation.

Advantages are direct opportunity for feedback, the possibility of asking complex questions, high participation and visual aspects (Babbie and Mouton, 2001). Disadvantages are costs and subjectivity (Zikmund, 1997). For this research report personal interviews were conducted with experts in the field on the one hand, and management as well as employees, on the other hand. As for the employees, the researcher decided to interview at least two individuals at a time in order to make them feel more comfortable when speaking about delicate issues.

For an **observation** to become a scientific tool, it must (Zikmund, 1997):

- serve a formulated research purpose;
- be planned and recorded systematically;
- be related to more general propositions; and
- be subject to checks on validity and reliability.

The main problem with observation is the existence of an observer bias (Zikmund, 1997). Gill and Johnson (2002) consider perception (the same event may be perceived and experienced by people in different ways) and the theory-laden nature of observation (the ways in which we make sense of the various sensations that ‘bombard’ our senses) as the main factors influencing observation. Observations for this research report took place during the attendance of umhlangano meetings. Additionally, the researcher attended a ‘facilitators’ day’ as a participant observer.

1.3.3 Design research tools

The points of focus in interviews and observation are orientations (attitudes, beliefs, values, prejudices and predispositions) as well as actions (Babbie and Mouton, 1998). The tool for **personal interviews** was a short-list of issue-oriented questions. The researcher tried out the questions, in pilot form, with one of the experts in leadership in order to be able to adapt the questions before the start of the interview phase. In qualitative case studies, a researcher seldom asks the same questions to each interviewee (de Vos, Strydom, Fouché and Delpont, 2005). Depending on the person interviewed (experts, management, employees) the questions had a different focus around the three topics of Inspirational Leadership, African Leadership and Leadership in General. The researcher had asked the interviewees, in each case, if they

were comfortable with a dictaphone being used to record the interview. During the **observation** the researcher used a protocol, which listed the main management issues to be kept in mind. For the observation and in cases where a dictaphone was not used, the researcher tried to watch, feel and listen; and write personal notes (Stake, 1995).

1.3.4 Collect and code primary data

The researcher developed a data collection plan, including a graph showing the main management issues and the identification of data sources. The interviews that have been recorded were transcribed into Microsoft Word. For these interviews, as well as for the observations, the researcher took hand-written notes, and later captured these in bullet-points in Microsoft Word. To overcome some of the measurement problems inherent in qualitative data, the data collected has been coded (Stake, 1995). Categorical indexing was done with the ATLAS software³. Coding helps to reduce complexity: the large number of individual responses is reduced to a few general categories of answers. Then, the data can be ‘read’ literally, interpretively and reflexively (Zikmund, 1997).

1.3.5 Analyze primary and secondary data and interpret findings

Mason (2002: 35) states that in analyzing **primary data**, qualitative researchers should direct their effort towards the making of arguments, which involves working out how to construct, communicate, support and substantiate it. She describes the process as “*making theory useful and data theoretical*”. The analysis of **secondary data** includes the critique of written documents. The research questions, formulated as management issues, were used for pattern matching (Yin, 2003a). The researcher did this by using the ATLAS Software, creating five different hermeneutic units⁴ (Theory, Interviews with Experts, Interviews with Employees, Interviews with Management, Observation), which laid the foundation for the case study.

When it comes to the interpretation of the findings, case studies seem a very poor basis for generalization. They rather lend themselves to particularization (Stake, 1995). On the basis of the interviews and the observations, the researcher drew conclusions – called assertions (Stake, 1995). For the assertions, the researcher was guided by the understanding of the

³ Computer-aided tools have revolutionized the terrain of qualitative data analysis. ATLAS.ti, for example, is a code-based theory-builder. It can code data and retrieve both codes and coded segments of text. Furthermore, it provides sophisticated tools to build a theory based on the codes.

⁴ A hermeneutic unit is a highly connected entity, a web of primary data and its associated codes as well as the interrelations between the codes and the data.

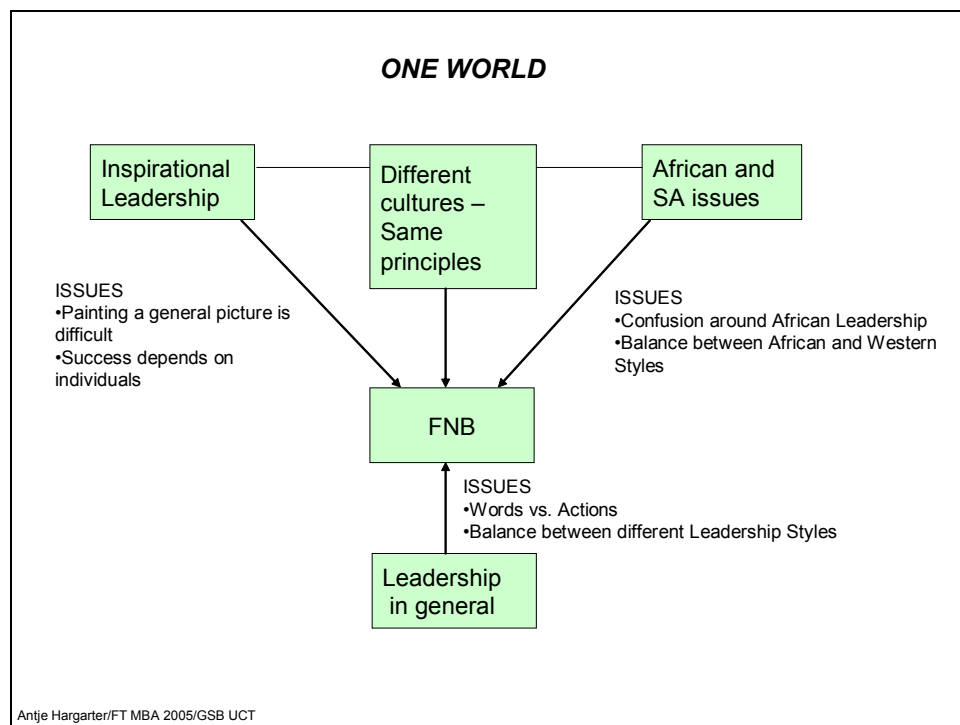
context. At the same time, she tried to preserve multiple realities and the different, and maybe contradictory, views of what was happening (Stake, 1995).

1.3.6 Loop-back and write up

Whenever during the data analysis new insights arose, the researcher incorporated them. In a qualitative research project, issues emerge, grow and eventually die, because other issues emerge (Stake, 1995). During the process of writing up the case study, the researcher stayed in close contact with the company.

As already mentioned, to tell FNB’s story, the researcher had to bring together the data gathered into ‘one world’. This was done by using a network technique within the ATLAS Software. It allows placing different codes into one picture and showing quotations. The network system has deliberately been kept close to the original triangle used in the protocols for data collection. The developed networks were used as a starting point for the write up of the case study.

Figure 4 – Writing up the case study: One world



1.4 Assumptions and limitations

While researchers, in general, may strive for perfection in study design, they usually have to accept compromise on that ideal. They can only do the best they can, given the nature of the problem and the extent of their resources (Locke, Silverman and Spirduso, 1998). This case study is one example of a Financial Services Company in South Africa, and generalizations should only be made on a prudent basis. The case study of FNB does not permit inferences as to whether the developed framework in section 4.5.1.1 (Summarizing the main issues) would apply to other cases – in other words: the external validity is low (Yin, 2003b). However, the framework can inform the thinking around Inspirational and African Leadership. The case reflects a certain point in time. The results might have been different if the case study had been done closer to the initiation date of the programme, or at same point in the future. Besides, it focused on only one aspect of the VUKA program – the leadership aspect and the umhlanganos.

Furthermore, the interpretations assume that the people interviewed are giving their true opinion, as opposed to being influenced by the interview style, the interviewer herself or the interview situation. In the observation context, there is also a risk that people do not behave, as they would normally do, because of the fact that the researcher is observing the situation (Mason, 2002). This aspect was even more crucial in the light of the transformation of the company and the South African context, where limiting factors might be emotionality and sensitivity. And last but not least, “(...) *there is no independent or neutral point from which an observer might occupy and objectively observe the world and thus all knowledge is knowledge from particular points of view or paradigms*” (Gill and Johnson, 2002: 29). The interviews that have not been recorded on Dictaphone, and all the observations, have been captured by hand-written notes and required the researcher to decide what to pick and what to omit.

2 Theoretical Overview

The theoretical overview section is introducing the main research questions that were formulated as management issues in order to provide understanding as to why the case study has been written. It also includes a comment on future research possibilities. The section is furthermore supposed to present a review and analysis of literature that is relevant to the ‘teaching theme’ of the case study. A list of references can be found in the Bibliography.

2.1 Main Research Questions

The main research questions have been defined after a preliminary literature review (see Bibliography) and speaking to some experts in the field, but also along the lines of extensive experience of the researcher in the Financial Services Industry. The research questions that are going to be explored are formulated as management issues. Issues are better suited to observe and recognize problems (Stake, 1995). An overview of the management issues can be seen in Figure 10.

- **Issues around spirit and soul in leadership are often seen as ‘touchy-feely stuff’ and related to religion. But spirit and soul are influencing not only private, but also workplace, conduct, the quality of workplace relationships, and everybody is looking for a meaning in life and work. How is this contradiction solved in business?** *“Soul. The word sometimes sounds strange to the modern ear. Terms like heart and spirit seem almost exotic”* (Bolman and Deal, 2001: 4). But *“The new game [in leadership] is to find the clues to the mystery of human restlessness”* (Hawley, 1993: 8). There is a quest for depth and meaning in all cultures, which is emerging as a counterforce to the modern technical mind-set. People are working harder than ever, and still think that ‘something is missing’. Our individual human soul shapes our behaviour in a business context, and also our effectiveness in the art of living and working (Sieler, 2003). *“We discovered that when you search for the soul of any idea, you have to enter into your own soul”* (Hawley, 1993: VIII).
- **Business seems to incorporate two sides of the story: Content (‘body’) and People Management (‘soul’). When implementing leadership programmes, why do different companies have different priorities (i.e., either on vision or on performance)? It seems that the focus is not constant and varies with gender, but also with the industry sector, the country and its predominant culture and the life-cycle the company is in.** Obviously, both sides are needed and are important (Hawley, 2003). But what is the business focussing on? First, during times of transformation in a country or in a company, the focus on people management might be stronger than at times of consolidation. Second, women seem to have a natural affinity to certain leadership methods as stated by Rayona Sharpnack, who mentored powerful women in some of the most important companies of the world (Dahle, 2003). However, the Hay Group argues that no matter what their gender is, the best leaders use a broad range of styles or behaviours to motivate people and drive

performance (Hay Group, 2003). And third, the performance-driven nature of some industry sectors like the Financial Services Industry, for example, might not facilitate discussions regarding Inspirational Leadership, even though they go to the heart of how well these organizations function. Last but not least, according to Adizes (1979), organizations have different and distinctive patterns of behaviour at different stages of their lives. These are described as the following styles, whose weight varies with the stage in the life cycle of the company: entrepreneurial, integrative, results-oriented, administrative. Adopting his model in a leadership context, effective and efficient leadership requires the following styles: encourage creativity and risk-taking, building team spirit, set financial and non-financial incentives, giving structure and setting rules.

- How can leadership be inspirational in an African way? The concept of African Spirit in leadership seems to be connected to the African Renaissance in the 1990s. In the new century the topic has not been brought forward in a major way academically; case studies are rare. What are the reasons for this? How do companies balance different cultural influences?** Most of the literature on African management (Mbigi and Maree, 1995; Boon, 1996; Jackson, 1994; Christie, Lessem and Mbigi, 1996) put forward two main principles of African Renaissance: humanism and collectivism. Humanism is commonly referred to as a system of thought that regards humans of being capable of using their intelligence to live their lives, rather than relying on religious belief. Collectivism is defined as the ownership of land, business, and industry by the people or the state (both definitions taken from the South African Pocket Oxford Dictionary, 2002). Obviously, African culture puts a stronger emphasis on community. “... *the more the communal person is prepared to give and share the more respected he becomes (...) the communal group’s greatest hope is for the upliftment of all*” (Lessem in Christie, Lessem and Mbigi, 1996: 36). Unfortunately, the African heritage was neglected for a long time. Today, companies are struggling to find a balance between values brought through colonialism and African values. In the end, “*The harmonious cooperative seeking value system of Africa (...) needs appropriate organisational structures if enterprise is to flourish as a social condition rather than a condition of rugged individualism. Enterprise thus becomes concerted, or a joint effort, with all stakeholders working toward a common goal*” (Koopman in Christie, Lessem and Mbigi, 1996: 70). Prof. Lovemore Mbigi found himself relying more on his tribal education than on his Western Education, when operating in a managerial role. He faced the challenge of reconciling the worker’s glorious vision of

prosperity, on the one hand, and the limitations of reality on the other hand. At the time, his vision was to transform the company into an ‘enterprising community’ with inclusive, trustful and intimate relationships in the sense of African villages (Mbigi in Christie, Lessem and Mbigi, 1996).

- **South Africa has its own unique challenges. The country cannot merely transplant international best practice into local organisations. How do companies in South Africa deal with this issue? What are South Africa’s challenges?** First, as a transitional economy, South Africa still lacks a sufficient skill base (Luthans, van Wyk and Walumbwa, 2004). Second, before starting the process of developing the full capacity of individuals, the identification of different groups and their fears (shadows) is crucial (Mbigi and Maree, 1995). Bishop Tutu’s vision (Abdelal, Spar and Cousins, 2002) of the ‘rainbow nation’ recognizes differences, but at the same time stresses the necessary integration. Third, similar to other African countries, different forces have influenced South Africa’s business. The Anglo-Saxon philosophy of business was and is predominant and European influences also played and still play a role. Today, additionally businesses intend to integrate African elements into the system. Thabo Mbeki (1999) in his speech ‘I am an African’ talked about people’s victory in acquiring and exercising the right to formulate an own definition of what it means to be African. Most importantly, this definition shall not be driven by race, colour, gender or historical origins. Taking into consideration the different challenges in finding a local solution to leadership questions has become critical in South Africa. Business people (as interviewed in a study by Thomas and Bendixen in 2000) are convinced that South Africa is in a unique position due to its history and the world is looking at the country for a working model for diversity of skills, views and approaches. However, there is a danger of regarding the use of African Spirit in leadership programmes as having universal application throughout different sectors and regions within South Africa. Given the multitude of cultural backgrounds of the workforce, organizations should be realistic when applying one single concept (Swartz and Davies, 1997).
- **How can the relationships between the different drivers (leadership style) and outcomes (business results) be proven? How does this proof influence perceptions and the willingness to support certain leadership styles on the side of the employees and management? How can transformation to a certain leadership style be sustained and transferred into private life?** The Braxton Group, a human resources consulting company

based in Stellenbosch, South Africa, is using a leadership-employee index, which summarises the perceived leadership capability of all of the leaders in a specific province, area, branch/department or even the entire organisation. Employees participate in surveys, which incorporate 15 statements around certain rationales, such as ‘My leader inspires people to achieve the organisation’s vision’ (Rationale: Leaders create unity and commitment behind the vision through their own behaviour). Leaders are rated depending on how the employees perceive them. One of the other big consulting companies in the field of Leadership operating on a worldwide basis, the Hay Group (1999), takes the measurement of leadership much further. The organisation identified certain managerial styles (i.e. authoritative, democratic) and found that those styles create the climate in which people work. The organizational climate, in turn, has a direct impact on bottom-line performance. According to the company’s research, climate accounts for 25% of the variance in performance. Hay Group (1999) emphasises the importance of emotional intelligence as one of the most important cognitive abilities in predicting employee performance. Based on the company’s own competency research, and Goleman’s (1996) work, Hay Group sees emotional intelligence as a trait that can not be measured by IQ (intelligence quotient) tests and rather represents a set of skills, including control of one's impulses, self-motivation, empathy and social competence in interpersonal relationships. The company has identified twenty specific competencies that make up the four components of emotional intelligence. One of the competencies is relationship management, which is described by several sub-categories, one of them being Inspirational Leadership. It is defined as inspiring and guiding individuals and groups and is said to be observed by the following behaviours: leading by example, stimulating enthusiasm, inspiring others and communicating a compelling vision (Experts, 2005). Both the Braxton and Hay Group measure leadership capabilities by perception of employees. The researcher believes that this is problematic because of possible biases. In the end, inspirational leadership cannot be “(...) easily distilled into a methodological procedure. It is rather a bedrock of a specific lifestyle or culture that seeks to honour human relationships; a primary in any social, communal or corporate activity” (Dandala in Nussbaum, 2003: 2). In implementing the principles, the passion of executive management and their vision can take vital roles.

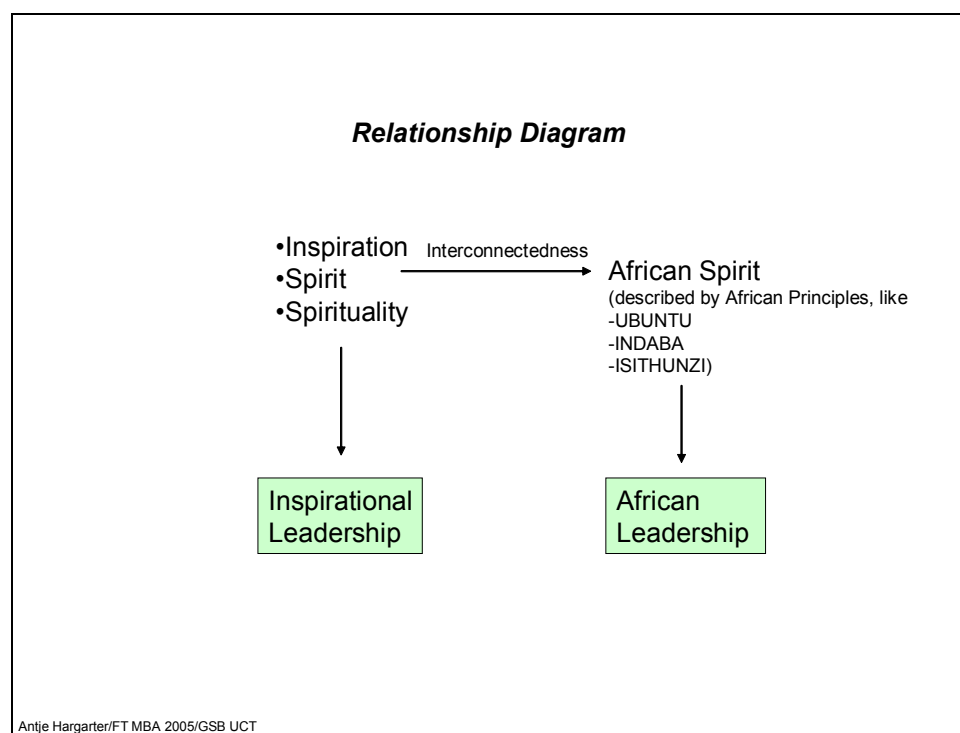
2.2 *Future research on the topic*

The South African context is lending itself to investigate the leadership reality within companies further. Generally speaking, the researcher would like to encourage other students to write case studies about South African companies. The concept of African Leadership and what it exactly means to different Africans would also be worth exploring in more detail. Given the multitude of cultural backgrounds of the workforce, organizations should be realistic when applying one single concept. Embedding the leadership style in a theoretical framework will be difficult, because of the lack of literature sources.

The researcher would propose to look for a local solution to leadership questions (as already mentioned as one of the management issues) and rather develop a South African model, balancing the different cultures and influences. This would require a definition of the South African identity based on the concept of the rainbow nation, using both oral and written information. Most importantly, there would be a need to stress common points and not focus solely on differences. The researcher is quite aware of the difficulties around such a move, because past experiences take a long time to heal.

2.3 *Definitions*

Figure 5 – Relationship between Inspirational and African Leadership



As can be seen from Figure 5, Inspirational Leadership and African Leadership have common elements. The focus in African Leadership is more on the community, whereas within Inspirational Leadership the individual takes on a more important role. As the terms are not defined per se in the literature, this section lays down a foundation. At a later stage, in the context of the case study, the researcher will offer definitions, building on this section while at the same time using data gathered in the course of the research project.

Inspirational Leadership

“Spirituality is the quality of evolving toward greater wholeness and integration while experiencing multilevel connections (to self, to another, and to the whole); being in the present attending to emotional, mental, and physical needs; and responding purposefully” (Belf, 2002: 16).

*“All groups and organizations have a **spirit**, often only revealed in adversity. The chief expression of that spirit is ‘high morale’ – the determined and infectious attitude the team or organization shows towards accomplishing the common task in the teeth of the difficulty”* (Adair, 2003: 183).

African Leadership

As mentioned earlier, the connection point between African Spirit and Inspiration seems to be interconnectedness. Different cultures believe in interconnectedness between individuals in a certain way (Trompenaars and Prud’Homme, 2004; Hampden-Turner and Trompenaars, 2002). The following African principles evolve around this concept.

SERETI/ISITHUNZI is thought of as an aura around a person; it makes us ourselves and unites us in personal interaction with others (Boon, 1996). **UBUNTU** is not a goal or objective-oriented, but a people-based leadership style (Mbigi and Maree, 1995). The concept goes back to the roots of traditional African philosophy of humanism, which is ‘caring for people first’. The idea of ‘a chief is a chief by the people’ represents the traditional African way in which leaders understand leadership (Ubuntu ungamntu ngabanye abantu – people are people through other people) (Jackson, 1999). Ubuntu is a Nguni word from South Africa and means “*a sense of community*” (Hamson and Lakhani, 2001: 15). This social philosophy has been in existence for thousands of years, in a lot of African countries. It speaks to the interconnectedness, common humanity and responsibility to each

other that flows from our deeply-felt connection. Following this code of ethics, no-one can be self-sufficient and interdependence is a reality (Nussbaum, 2003). “*Ubuntu is the capacity in African culture to express compassion, reciprocity, dignity, harmony and humanity in the interests of building and maintaining community with justice and mutual caring*” (Nussbaum, 2003: 2).

Other African principles are:

- **INDABA** can be described by the following statements: everyone should be able to state their opinions and inter-ethnic harmony is taken into consideration (Mbigi and Maree, 1995).
- The African tribal concept of **NHOROWONDO** means: Understanding the organization, and its evolution over time, through stories and ‘heroes’ (Mbigi and Maree, 1995).
- **VUKA UZIBUSE** means ‘wake-up and free yourself’ and is a South African Zulu dance (Maier, 2002).

In due course the term ‘management’ will be used for people with a team-leading position within a company, and the term ‘employees’ will be used for members of a team. The term ‘concept’ will be used in relation to FNB’s combined effort of the cultural transformation program VUKA (Zulu word for wake-up), which has African elements to it, and the Inspirational Leadership style connected with it.

2.4 Literature Review

In order to advance the knowledge and the understanding of the given topic, a case study has to be placed in an appropriate research literature (Yin, 2003a). The researcher started off with Inspirational Leadership, found common elements in different cultures and then continued with the topic of African Leadership. General issues around the leadership topic will not be theoretically underpinned, because they are not the main focus of the study.

2.4.1 Three concepts on Inspirational Leadership

Hawley (2003) developed the following management/spiritual leadership model. He used Indian philosophy/religion as one of its sources.

Figure 6 – Management/Spiritual Leadership Model

Management/Spiritual Leadership Model			
Management	Leadership	Spiritual Basis	Leader as
Goals & Objectives	Vision	Covenant	Sense-Maker
Honesty	Integrity	Dharma (Truth)	Moral Architect
Priorities	Values	Virtue	Values Steward
Plans & Strategies	State of Mind	Equanimity (Inner Peace)	Yogi
Getting	Giving	Service	Servant
Management of People	People's Energy and Heart	Spiritual Awareness	Guide
Organization Structure/Sense of Team	Organization Culture/Sense of Community	Unity (Cosmic) Oneness	Wholemaker
Error Correction	Acknowledgement	Gratitude (Basic Belief)	Optimist
Problem Solving/ Decision Making	Presence	Inner/Higher Power	Warrior

Antje Hargarter/FT MBA 2005/GSB UCT / Source: Hawley, 2003

He argues that the functions of managers and leaders are quite distinct. He describes the role of a leader with certain attributes. As a **sense-maker**, a leader has to learn of the hopes and dreams of the people in an organization. He or she has to bring an own vision and allow others to bring theirs. As a **moral architect** and **values steward**, a leader has to make integrity workable in a human system. Furthermore, a leader should – like a **Yogi** – be capable of managing his or her state of mind on the five mood ingredients: contentment, capacity, equanimity, detachment and connectedness. As a **servant**, a spiritual leader is selfless, and as a **guide** the person constantly works towards a collective state of constant spiritual awareness. Leaders should also take a role of a **wholemaker**: they take responsibility for the creation of feelings like oneness, community or commonwealth and encourage, take part in and invent new rituals and ceremonies that bring people together. Being an **optimist** a leader stamps the organization with a ‘can-do-spirit’ and with lightness. The **warrior** in a leader has been able to live his or her life on his or her own inner signals and can support others doing the same.

Cranwell-Ward, Bacon and Mackie (2002) draw conclusions from the Global Challenge, one of the toughest sailing races in the world. They differentiate between the X-Factor as a driver of performance, and the Y-Factor as an enabler of performance. *“At times there may be a*

need for a performance drive when the utilisation of the X-Factor will evoke the right culture. At other times you may need to build the morale of the team and the utilisation of the Y-Factor will evoke this culture.” (Cranwell-Ward, Bacon and Mackie, 2002: 418).

Figure 7 – Drivers of performance: X-Factor and Y-Factor

X-Factor	Y-Factor
Self-Motivation	Sensing
Performance Focus	Openness
Discipline	Self-Belief
Control Management	Vulnerability
Resource Management	Self-Control
Conflict Management	Integrity
	Purpose
	Recognition
	Belief
	Shared Leadership

Source: Cranwell-Ward, Bacon and Mackie, 2002

Shipka (1997) draws a comparison between Leonardo da Vinci’s ‘Proportions of the Human Body’ and the Seven Chakras: mathematically but also spiritually we as human beings ‘walk within’ and ‘walk with’. The chakras are described as rotating vortices of energy. From there, Shipka (1997) defines 8 powers of leadership, which have to be balanced carefully. For example, authenticity in excess, leads to isolation, whereas relatedness in excess leads to dependence.

Figure 8 – 8 Powers of leadership

Walking Within (Chakra meaning in brackets)	Walking With
Aliveness (Survival)	Reverence (Divinity)
Passion (Motivation)	Perspective (Intuition)
Integrity (Balance)	Expression (Creativity)
Authenticity (Love)	Relatedness (Love)

Source: Shipka, 1997

The sources for the three concepts are rooted in different cultures and contexts. The different authors were trying to set synonyms around the core idea, or cluster words into the concept of Inspirational Leadership. At the same time, they lack references to social psychological

constructs. Another weakness is related to empirical verification. *“In examining how leadership relates to outcomes, we continue to be faced with which is cause and which is effect”* (Bass, 1990: 883). All three authors do not speak about their sources in the body of their books. This could be a sign of fear for not being taken seriously in the business world. Hawley (2003) and Shipka (1997) use Asian philosophy to back up their ideas. Hawley (2003) as well as Cranwell-Ward, Bacon and Mackie (2002) argue that Inspirational Leadership is an ‘add-on’ to traditional management.

2.4.2 Different cultures – common elements

Theory (Warner and Joynt, 2002; Harris and Moran, 2000) suggests that different countries have different leadership styles, but very often the underlying idea is similar. Spiritual messages transcend boundaries of religions, countries and cultures and contain common elements: *“Rain falling in different parts of the world flows through thousands of channels to reach the ocean... and so, too, religions and theologies, which all come from man’s yearning for meaning; they, too, flow in a thousand ways, fertilizing many fields, refreshing tired people, and at last reach the ocean”* (Baba in Hawley, 1993: 194). *“We cannot live only for ourselves. A thousand fibres connect us with our fellow-men; and along those fibres, as sympathetic threads, our actions run as causes, and they come back to us as effects”* (Melville in Despain and Bodman Converse, 2003: 181) Mbigi and Maree (1995) also believe in the interconnectedness of people as a decisive factor in African Leadership.

Spiritual leaders, of all traditions and faith, have in the past taught and learned through examples like Christian- and Sufi parables, Zen koans, Jewish Haggadah, Hindu legends, Native American Stories, and African tales. The ‘age-old journey of the soul’ has been a preoccupation of most human cultures since the beginning of time. Over the centuries, people have found meaning in their families, work, and community, and united efforts have given them a sense of meaning and energy. Letters to the authors of ‘Leading with Soul’ have come from readers around the world and evoke remarkably similar themes (Bolman and Deal, 2001). Some authors have also been inspired by other academic fields. Jaworski (1996), for example, has picked up the concept of interconnectedness from the physicist David Bohm (1951). Smith, Misumi, Tayeb, Peterson and Bond (1989: 97) propose *“that cross-cultural studies of leadership have failed to distinguish adequately between global characterization of*

style and the specific behaviours which leaders need to use in a given culture if a particular style is to be attributed to them.”

Even though interconnectedness and relationships appear to be an important part in leadership, the Hay Group (2005) found that team leaders must use an appropriate level of affiliation if they are to create real, high-performing teams. Affiliation was defined as ‘believing that people and relationships are important’ (Hay Group, 2005: 2). The research shows that when leaders place too high a premium on affiliation, they often become overly concerned about maintaining good personal relationships with their members. *“Such leaders sometimes play favourites, avoid confronting inappropriate teams behaviour or performance, or fail to make decisions that go against the preferences of the team”* (Hay Group, 2005: 2).

2.4.3 African Leadership

The following quotes convey the main message about African Leadership.

“I recall how, once, a black trainee of ours at Lebowakgomo acquired the skills to be a manager. We appointed him to this position of power. After a while, our builder’s yard was in a terrible mess, clearly indicating his incompetence as measured against our standards. Upon asking him whether he had any fears of managing his people, he responded that the builder’s yard will have to remain untidy until such time as he had earned the right to control his people. He thereby exhibited the distinct desire for control through a consent of the managed only, and a clear case for personal power arising only from the willingness of followers to be led by him. The social purpose of work maintained a power ‘with’ relationship” (Koopman in Christie, Lessem, Mbigi, 1996: 46).

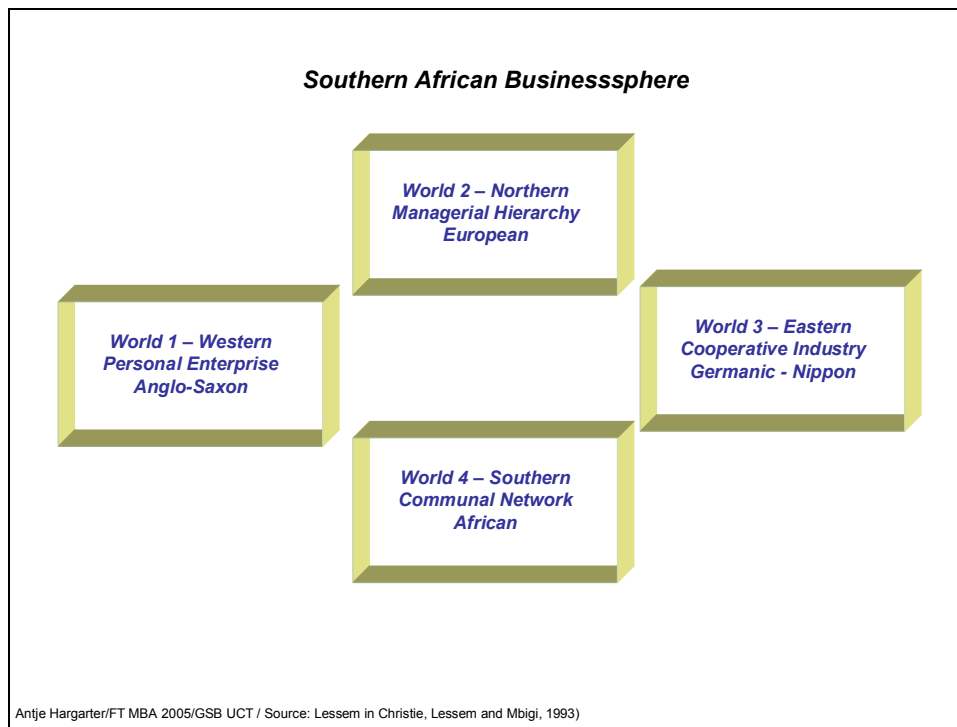
“(…) but you have to know that chieftainship founded on people’s fear of someone who becomes their chief, and not based upon peace, justice and botho [humanism], such chieftainship never goes far; it never stands the test of the difficulties of governing; and even if it holds, it never brings benefit to anybody (…) If you drive people away from you by inspiring people with fear for you and by killing some, whom then are you going to rule? Experience I have gained as a chief (…) has brought me a clear realisation of the fact that a chief becomes and remains a chief only by the people’s will, recognition and support” (Mohlomi in du Preez, 2004: 53).

Literature about African Leadership is more of a universal nature. Within a business context, empirical data and academic literature is scarce. Most of the work is not grounded in any

particular theoretical perspective; it rather attempts a synthesis of management literature with social theory. One reason for this might be the fact that a lot of the cultural practices are only delivered orally and have never been written down. People who first populated South Africa were not living stable lives in big cities: they were nomads. This is by no means an indication that these early societies were less sophisticated than those in Europe and the East. On the contrary, spiritually they might have been even more advanced (du Preez, 2004). Another reason might be that over a long period of time the economic and political influences in South Africa, as defined by previous governments, has systematically eradicated respect for African concepts and traditions (Biko, 2004). To build a new South Africa, African concepts had to be revived and, as a result of this, many books were published towards the end of Apartheid (Mbigi and Maree, 1995; Boon, 1996).

Swartz and Davies (1997) acknowledge the meaning of the 'African way' in leadership and draw a parallel to Gestalt psychotherapists. At the same time, they criticize the carelessness with which cultural concepts are being generalised across Southern Africa. They also mention the negative side of UBUNTU, where the individual has to give up personal needs to fit the role expected in a group environment. Taylor (2001) argues that individualism is a valuable ideal. According to him, the rise of individualism grew out of an ideal of authenticity, which originally embodied the ideal of a higher life and can be traced back to Rousseau. The concept was premised on the possibility of a distinction between what we actually desire, and what we ought to desire.

In the end, there has to be a balance between individualism and collectivism. Lessem (in Christie, Lessem and Mbigi, 1993) developed an integrated approach to leadership; embracing four worlds (see Figure 9). He argued that the South African management or leadership model should draw on different cultures in a balanced way. In his view, South African businesses have to recognise and harness the full potential of their cultural variety. He further mentioned that only the totality constitutes the whole personality. Lessem also pointed out that World 2 (Hierarchy) was overrepresented, whereas World 3 (Cooperation) and World 4 (Community) were not represented widely enough in a South African context.

Figure 9– Southern African Businesssphere

A study by Thomas and Bendixen (2000) indicated that despite South African managers' identification with their ethnic group, there is a common national culture at the managerial level. Companies should be encouraged to use this common ground as a basis for the transformation in South Africa. Fortunately, South Africa is blessed to have leaders like Mandela who lead through their spirit and by having inner peace rather than in things that they do (Hamson and Lakhani, 2001). Mandela (1994: 542) wrote: *"I have always known that deep down in every human heart, there is mercy and generosity. No one is born hating another person (...) Man's goodness is a flame that can be hidden but never extinguished."*

3 Case Study

3.1 Setting the scene

On a cold, but sunny winter morning in June 2005, the CEO of Branch Banking of FNB Zweli Manyathi was sitting in his office in Johannesburg having his daily cup of tea. It was his first day back at his desk after a road show through the country. As he was trying to reconcile the huge amount of information he had collected, he reflected back on what the bank had achieved when it came to cultural transformation, and the leadership style related to it. The transformation process had required inspirational leaders. In 2000 FNB had found

itself losing market share and having to deal with diversity issues⁵. At the same time the company wanted to tap the Black emerging market. *“Culture differences started to emerge and straight away you realise that unless these things got addressed, that you weren’t going to end up with a better business as a result of that. You could actually destroy the business (...)”*⁶. In 2001, the management⁷ decided to address the issues with a program that was first internally focused, but was intended to affect customer relationships as well.

Even though the culture in the various segments of the group was different, the program had been implemented and supported well on a general level. Nevertheless, Zweli felt that some provinces, some areas and some people had been using it more extensively and were more open to it than others. He also heard from some employees, on his road show, that over the years a lot of the original ideas had been lost on the way, and that new employees had a hard time adapting to the leadership style, because they had not been through the program. Another issue was that rural areas were not familiar with the new culture either, because the original rollout of the program had only been done in so-called metropolitan areas. One of the managers had said to Zweli *“We’re almost becoming impatient, but we expect everyone to be at the same level. (...) one of the issues now is, as I’ve mentioned, it disconnects between the people who have been through and the people who haven’t been through it. There’s a definite difference in the culture”*⁸.

These days he also asked himself, if banks in general had a more difficult time in implementing programs like this. Compared to other industry sectors, they were said to be more performance-driven. Another issue that concerned him was that South African companies did not seem to be willing to share their experiences when it came to transformation. Maybe, this behaviour stemmed from the insular approach in the Apartheid days, where businesses had predominantly worked against each other. But were South African companies not facing the same problems as FNB, or did they not want to see them? It felt as if some businesses were in complete denial. Others, however, seemed to use consultation as part of their working practices now.

⁵ Business Day, 2000

⁶ Tape 4, 2005

⁷ In due course the term ‘management’ will be used for people with a team-leading position within the company, and the term ‘employees’ will be used for members of a team.

⁸ Tape 4, 2005

Zweli was passionate about the new culture within the organization. He knew that it would be worth holding on to the program and making it even more sustainable by gaining additional support from within, but also from outside the organisation. On the road show, people had told him that they would appreciate more backing and guidance from the Board level, for example by rigorously living the values. Within FNB, managers were not only measured on their output, but also on their contribution towards caring for and growing employees. FNB's leadership style and its organizational climate should be reflected in business results and they were (see Exhibit IV). This was even more extraordinary when considering that in examining the relationship between leadership and the outcomes of it, it is always difficult to differentiate between cause and effect⁹.

3.2 First National Bank

FirstRand is South Africa's second largest banking institution and was born from the merger of Rand Merchant Bank (RMB), Momentum, First National Bank (FNB) and Southern Life in 1998. FirstRand's business is divided into three main operations: banking (First National Bank and Rand Merchant Bank), insurance (Momentum) and health (62% of Discovery). The banking division is the biggest contributor to headline earnings, followed by Momentum and then Discovery. FirstRand additionally divides its earnings into four market segments or clusters: retail, corporate, wealth and health (see Exhibit I). The retail cluster increased its contribution to over 50% at the end of financial year 2004 and achieved outstanding performances, despite substantial pressure on margins (see Exhibit II). Since the merger in 1998, the group has maintained a strong track record, growing headline earnings per share by 18,8% and NAV by 17,7% on a compound annual basis. FirstRand has also delivered excellent ROEs over this period, consistently over 20%¹⁰

FNB's Retail Business is operated by FNB Rural and FNB Metro. After the merger, FNB Rural posted impeccable results, while FNB Metro struggled. Consequently, in July 2000 First Rand appointed two new leaders: Lucas Wendy-Bull became CEO of FNB Retail Bank and Peet van der Walt was appointed COO of FNB Metro. They both focussed on turning around FNB Metro. A complex restructuring process was set in motion, which was completed in December 2000. Earnings improved, but mainly through cost cutting. It was

⁹ Bass, 1990

¹⁰ First Rand Bank Limited, 2005

time to concentrate on revenue growth¹¹. The bank decided to achieve the goal by significantly emphasising customer service. Amongst leadership, there was a strong belief that investments in FNB employees (see Exhibit III) could impact on customer service¹² (Maier, 2002). Inspirational leaders truly believe that they reach results through people (Experts, 2005).

3.3 The VUKA program

The question now was: How can we get the employees on board, especially after the restructuring that people had to go through? The company needed to get people's beliefs integrated into one culture. Such a transformational process is generally about taking a company from an old state of being to a new state of being. In the South African case, it also meant to break out of an isolation mode as a country. The original intent *"was a genuine and sincere attempt to want to change things permanently, to change paradigms, change perceptions, but I think we very quickly came to realise that there were issues that needed to be resolved (...)"*¹³. This was when the initiative VUKA was born and it was not only an intervention, it was also the beginning of a journey.

In March 2001 Mike Boon, a diversity consultant, presented the concept to the Executive Board of the Retail Bank and in summer 2001, FNB started the VUKA ("wake-up")-program, involving several external consultants (Mike Boon, Maryse Barak, Ray Sher, Lance Bloch and Christine Tipton). It cost the bank R 12 million and involved all 8000 staff at its metropolitan division at that time. Some of the most important principles of VUKA were the inclusion of every single staff member; and the discovery by own experience; as an efficient means of buying-into the new culture. Top management within FNB strongly believed that only if they themselves bought into and supported the VUKA initiative, could it be a success.

Employees went through two interventions. The first VUKA session was a two-day workshop session, with topics like Barrier Breaking, Emptying, Visioning, Re-visioning, Leadership and Accountability, and Understanding the Change (for an example of one of the activities see Exhibit V). The second session was called Immersion and represented a two-day event, where managers spent time in a township. After the interventions, all branches

¹¹ Theobald, 2001

¹² Maier, 2002

¹³ Tape 4, 2005

began to conduct ‘umhlanganos’ (Zulu word for meeting), staff gatherings that were intended to sustain, nurture and grow the VUKA experience. The intervention was implemented ‘top-down’. The goal of the programme was to create a workplace community of real new South Africans from different backgrounds¹⁴. At the same time, it was supposed to bring about a better understanding of cultures. *“It’s just making sure that we discover that, you know, we lost each other along the way and we’re all human beings with the same skills (...)”*¹⁵.

VUKA was designed to transform the culture within FNB fundamentally. Originally, it encompassed diversity, empowerment and shared values and vision, all of which in turn were expected to translate into an improved customer service. The fit between VUKA and the business philosophy seemed almost natural, and the strategic importance of the initiative was strongly and consistently emphasised in workshops, strategy days and presentations. VUKA was positioned as a spearhead and all other projects and activities were streamlined according to it. As a result, the standing and reputation of VUKA was at an extremely high level¹⁶. The company philosophy could be described as ‘It is all about values – not rules’ and ‘And everything we do, we do with passion’ (see Exhibit VII). The process of values creation and sharing was a central component of the VUKA sessions.

In a 2003 culture and philosophy survey, undertaken by external consultants, staff agreed with the following statements: *“My business unit contributes towards community upliftment”* and *“My business unit practices diversity”*¹⁷. For FNB’s employees, it started with VUKA, but it seemed to go beyond. People started helping the local community, and even involved their families. The results seemed to show that *“Banks are made up of people. They are no different from any other organisation, so there’s no reason why it shouldn’t be able to implement it [a program like this]”*¹⁸.

In 2005 the programme was still in place. Some parts of the company had only just started to implement it; others had been working with it for quite a while already. The company itself spoke about the programme as ‘unorthodox’. The programme had unleashed interesting business opportunities. Furthermore, it had helped staff to gain a better understanding of

¹⁴ Sunday Times, 2002a

¹⁵ Tape 1, 2005

¹⁶ Maier, 2002

¹⁷ First Rand Group, 2004

¹⁸ Tape 4, 2005

certain customer needs. At the same time, some managers felt there was a lot of pain, and closure was difficult to achieve. *“We must make an attempt to understand each other, but I do think it’s such a sensitive process (...)”*¹⁹. It took a lot of courage to go on this personal journey, so the process and how people coped with it was individual, but at the same time it might have made the person stronger.

At the beginning of 2005, the group dismantled its cluster structure by merging FNB Corporate and FNB Retail under one management team. This coincided with the departure of Wendy Lucas-Bull, ex-CEO of FNB Retail, and Michael Jordaan’s assumption of her responsibilities in addition to FNB Corporate²⁰

3.4 The Umhlanganos

Mike Boon referred to umhlanganos as a framework and an opportunity; as interactive forums or discussion groups²¹. All employees of a branch came together once a month, no-one was exempt, and nothing had a higher priority at the time. People sat in a circle and rank did not exist. In the meeting, opinions could be aired and the shared values of the workgroup could be created and negotiated, as well as clarified and upheld. The forum was not supposed to take collective business decisions. Its objective was rather to heighten communication and openness. Purposefully, internal facilitators were used to facilitate the sessions. The selection and training of these people was crucial to the process²². The facilitators might have been leaders in their own right and the company was encouraging them to bring this potential to the work environment and not just confine themselves to the role that they were given in the organisation.

Management stated that *“(...) things started significantly changing (...) any forum that we gather, you consider that to be a forum that carries the VUKA values, which was, you know, all about trusting, respect and, and the word, “UBUNTU” (...)”*²³. The leaders also described an African Spirit within the umhlanganos as giving each other a chance, a sense of sharing, a sense of belonging and a sense of communal existence. However, it did not necessarily mean collective decision-making. In the African culture, the leader takes the

¹⁹ Tape 3, 2005

²⁰ First Rand Bank Limited, 2004

²¹ Boon, 1996

²² Maier, 2002

²³ Tape 4, 2005

decision, after extensive consultation. Umhlanganos reflected the African culture of Multiple Leadership, because additionally to the management, facilitators took on leadership roles.

3.5 African Spirit and Leadership within FNB's Western Cape Province

Generally speaking, leaders within FNB were trying to understand “*what makes a person tick*” and to use whatever leadership style was appropriate. Some of them described such an approach as authentic and emotionally intelligent. They were aware of the fact that this individualistic approach would take more time. However, they saw that every individual was bringing the whole person, including hopes and dreams, to the organisation.

Although some leaders were afraid that it might indicate weakness and that “*you will be more driven by people's needs than people's demands*”²⁴, leading by inspiring others was prevalent within FNB. Experts²⁵ describe Inspirational Leadership as a contagious cycle of trust. Leaders have a deep sense of integrity and so they consistently give (love, respect, and dignity) and they get given back. They release passion in somebody, enhance it and the person acknowledges the leader for what he or she has given. The leaders themselves were describing an Inspirational Leadership style as creating the environment for people to grow, showing them possibilities and coaching them to a compelling vision. These characteristics were also mentioned in the context of acting as a catalyst for people to think and act differently. The leader and the employees needed to believe in a sound, common set of values. “*You've got to project something that people want to aspire to*”²⁶. “*People will follow the inspirational leader, because he keeps on insisting that they have the capacity to be more than they're capable of now, more than they think they're capable of*”²⁷. The leaders acknowledged that they needed to lead by example and care for their employees. Employees in FNB described their leaders as encouraging, passionate, leading-by-example, honest, and caring. FNB's managers treated the employees with dignity and respect and they put emphasis on team spirit and learning. The leaders tended to push their employees towards the edge and make them use their potential, but they also wanted their employees to have a work-

²⁴ Tape 1, 2005

²⁵ Tape 4, 2005; Experts, 2005

²⁶ Tape 4, 2005

²⁷ Tape 2, 2005

life balance. Furthermore, an open-door-policy and “*say what you feel*”-attitude was mentioned with regards to leadership within FNB²⁸.

Employees realised that memories would not go away overnight; it would take time to overcome the results of Apartheid. They recognised that people were still scared and still blamed each other for what had happened in the past. This point weighed even more heavily for the older generation. Some even stated that it was not working both ways in the sense that White people on the one hand and Black or Coloured people on the other hand were not making the same amount of efforts. Some leaders still saw “*a lot of resistance and a lot of racial issues (...) a lot of White South Africans who don't buy into that*”²⁹. The importance and heaviness of these issues even varied within the different areas of the Western Cape Province. Cape Town appeared to be a clear example of people not mixing outside of work. Generally, employees and management thought that FNB was doing a better job than other companies when it came to dealing with contemporary South African issues. FNB was obviously seeing the big picture, and was not just internally focused. “*I don't think that we're going to be able to change the world with this, but definitely, we've made a difference (...) the progress that we've made (...), has been quite extraordinary*”³⁰.

FNB's leaders were quite aware of the fact that people needed to buy-in to the concept and that this was only realistic, if people understood. Employees would only want to change if leadership created the space for it, and showed them the benefits. It could not be achieved by stating, “*I want results at all costs*”³¹. However, employees and management seemed to be confused around the concept of African Leadership and VUKA. Some employees, including management, mentioned that people did not understand the concept of African spirit. “*If you look at Shaka [Zulu chief] and people like that, if he said to you, 'I want you to be here at sunrise tomorrow morning with 50 oxen' and you arrived at lunchtime, I mean, he's not going to tolerate that*”³². The issue was complicated partly because a lot of the cultural practices were only delivered orally and had been generalised across Africa³³. There was also no agreement as to whether Black people led differently, and whether they could exclusively claim the understanding of the concept. Experts mentioned that a lot of Black people sitting

²⁸ Employees, 2005

²⁹ Tape 4, 2005

³⁰ Tape 4, 2005

³¹ Tape 1, 2005

³² Tape 4, 2005

³³ Du Preez, 2004

on Boards of companies right now have also been educated in a Western way. *“If you are the Chief Executive of a large organisation in this country, for example and you are Black and you milk the people for all you can get, you are not displaying African Leadership”*³⁴. One manager even proposed to change the name of the leadership style. Management also stated that there was a selective understanding of what an umhlangano is. Some people saw these forums as a threat to their authority, some as an incredible opportunity to build trust. Zweli remembered, that during the road show, a comment of one of the leaders had been: *“Yes, change needs to happen, but make sure you implement it in such a way that people understand”*³⁵. FNB had to ensure that the program was not just an event, but also a definite process that unravelled over time.

In the 1990s there was an angry debate about whether or not African Leadership needed to be even thought of. Leaders within FNB mentioned that bits and pieces were taken out from the African Leadership style, which made it extremely difficult to be successful with this kind of leadership style. Management appreciated the fact that FNB’s Leadership style was less structured and formal and brought more spontaneity and flexibility to the equation. Only flexible and risk-taking leaders would be able to set a framework, or a scene, and then let situations emerge. One manager described this approach as *“back to the basics”*³⁶. Moreover, the leaders found it *“interesting to see how the different cultures and religions particularly match and mix in the whole process”*³⁷. They suggested people should first identify and accept who they are, and then adopt a certain leadership style. South Africans needed to be reminded of the fact that they coped and survived in a much more challenging environment than people in other countries.

*“I think our survival came from the happiness that we created in very difficult circumstances (...)”*³⁸. *“I consider myself to be an African (...) I think we’re in a very fortunate place, this generation, to have gone through what we did, (...) because I can relate to the (...) things that have been so terribly wrong and show them [my children] that there is a better way”*³⁹.

³⁴ Tape 2, 2005

³⁵ Tape 1, 2005

³⁶ Tape 1, 2005

³⁷ Tape 4, 2005

³⁸ Tape 3, 2005

³⁹ Tape 4, 2005

Management saw African Leadership not as dictatorial, even if there were lots of dictators in Africa and good leaders were extremely scarce. Somebody had to earn the right to be a leader and therefore needed to lead by example. Only if the individual treated other people with respect and dignity, would they bring respect towards him or her in return. In African culture, you were only a human being through other communities; you could never do it on your own. The principle of UBUNTU was saying *“I am only human because you are human”*⁴⁰. African Leadership was obviously about valuing and respecting the other person; it was about building the other person up. There was always consultation and understanding, sharing of feelings, asking about the why and taking the time to explain about a common purpose. *“You don’t come in and say ‘this is what I want’ (...) you say ‘what do you people (...) think would be the best way to do it’ (...)”*⁴¹. It was about giving people possibilities; people gravitated towards what they liked to do, and what they were good at. A leader could only be elevated and acknowledged by the community, because he or she cared for people.

*“Where the leaders have embraced it as a philosophy, as a way of life, it’s run particularly well in the area, but there have been other areas (...)”*⁴². While one might think that women would be more open to the concept, practice does not confirm this assumption. It seemed that a lot of women did not dare to speak up, because they feared not to be taken seriously and not to be part of the ‘game’ anymore.

3.6 Day-to-Day Reality in the Western Cape

VUKA meant a substantial burden for the daily operative work⁴³. Facilitators, who were a crucial part of the monthly umhlanganos, needed to be trained and to be able to share their experiences. If they were taken out of the branch, it would automatically mean lost business. At the same time, these people could be informal leaders in their own right and probably be widely respected by the community. Some management members were seeing competency problems in the sense that *“somebody [is] running the show, instead of you, the leader”*⁴⁴.

In the umhlanganos, people were encouraged to share any issues and experiences. *“(…) We’ve discussed everything from gender issues to religion to sexual orientation, all sorts of*

⁴⁰ Tape 4, 2005

⁴¹ Tape 4, 2005

⁴² Tape 4, 2005

⁴³ Maier, 2002

⁴⁴ Tape 1, 2005

issues have come up (...) we've had some hectic arguments in there, but you've learnt so much about each other (...)"⁴⁵. But it was not just conflicting issues that were discussed; it was also about celebrating and sharing. Sometimes, people would not take the risk to put issues on the table. The facilitators kept on encouraging it ("*Does anybody want to share...?*"⁴⁶), but they made clear that "*as a family, you do not need to share everything*"⁴⁷. Personal issues were trying to be resolved on a personal level, and only if no agreement could be reached was the issue brought up in the umhlangano. It was repeatedly reinforced to remember the values, not to get personal and stick to the content of the issue.

Values took a central role in the meetings. The community was encouraged to constantly revisit its values (see Exhibit VI for an example). Thereby, it was stressed that value sameness was easy, but value differences were difficult to handle. The objective of the value exercise was to build community. It was stressed that not only in the workplace, but also at home and everywhere an individual went, its values should be consistent. For some employees, this caused problems, especially if their partners and/or family had not been through the VUKA experience. When the emphasis was shifted strongly towards daily operational issues and 'little things', employees questioned if community could be built in this way.

The employees were relating to the monthly umhlanganos as an inclusive way of operating, a team spirit and a bonding exercise. They enjoyed the fact that there was no hierarchy and that the climate was relaxed. Umhlanganos had helped to build community and made them feel like a family. Managers pointed out that in the umhlangano, they had the same rights as anybody else in the community. Speaking out with respect was one of the main values within the community. The main objective of speaking out was to increase understanding, to avoid issues keep simmering and to build community spirit, because a lot of issues affected the community as a whole. It seemed that more recently, the content had been elevated to a much higher level, and people were also talking about business issues and not only about personal issues.

⁴⁵ Tape 4, 2005

⁴⁶ Observation, 2005

⁴⁷ Observation, 2005

Some of the employees felt that leadership should reinforce values and encourage people to practice them everyday. Management agreed to this point, and believed that people would open up more in the course of the process. *“People come and go, you know, so to me again, it’s a consistency issue. We really need to do something to make sure that it continues to run”*⁴⁸. The leaders pointed out that recently they had lost energy along the way and that the umhlanganos had been handled very loose. At the same time, they acknowledged that they had learned a lot in the last years: *“You know, the first time we did it, we didn’t do it in a particularly sensitive manner (...) the one thing that is consistent, that we do explore is how are we feeling as a group and as individuals, particularly as the business goes through the normal sort of cyclical changes, you know, how are we coping with it, how are we dealing with it, how are we dealing with each other as a result of that (...)”*⁴⁹.

A number of employees were of the opinion that leaders ‘pushing’ umhlanganos for example by stricter controls would not help the process. As Zweli had already suggested, some areas practised the umhlanganos more so and on a different level than others, so painting a general picture was difficult. In the end, it came back to the individuals and if they believed in the programme or not. *“The culture is slightly different in each branch, there’s no doubt about that”*⁵⁰. But experts were claiming that unless programs like FNBs were shouted about consistently from the most senior levels, encouraged, inspired and pushed, people would wonder whether the company was serious about it.

Within the South African context, it was difficult to differentiate between people who felt they had to buy into the concept, and people who really believed in it. People, who did things just because they had to, were not considered inspirational leaders. Apparently, some employees and even more so management, found that people only behaved in a certain way during the meetings, but not outside of it. They mentioned that talking about things would not change behaviour, at least not permanently. Management knew that the company had reached a point now, where it *“would fire (...) [people that only] pretended to be VUKArized”*⁵¹, but would not seriously change their behaviour. If somebody was to act without values or persist behaving in a certain way, the community would say, *“You don’t fit here”*⁵². In the end, if

⁴⁸ Tape 4, 2005

⁴⁹ Tape 4, 2005

⁵⁰ Tape 4, 2005

⁵¹ Tape 1, 2005

⁵² Tape 4, 2005

there was a lack of congruence between the values and the behaviour, there had to be a discipline. Experts argued that people could be trained to change their behaviour, but that fear was not helping the process.

3.7 *Where to from here?*

Leadership had to be a combination of rational, emotional and spiritual elements. Humanism and profit could go hand in hand and were not mutually exclusive. The culture within FNB was clearly results-oriented. “(...) *the business has to function, because the customer at the end of the day, doesn't care if your staff members are late or not. When they walk in, they want service (...)*”⁵³. At the same time, “*the people's side is of paramount importance*”⁵⁴. Leadership was convinced that people needed to be understood and heard, which in turn would lead them to doing whatever was necessary for the business to grow, because they believed in it. Zweli knew that FNB's leaders had the conviction to say: ‘I am going to make this work’. But in the end, it was not about what they said, it was about their actions. Zweli was in doubt about possible resistance still left within the system. He knew of a few cases, for example, where people had refused to go through the immersions. But was it a realistic goal for every single person of the organisation to believe in the culture? Experts were saying that in most organisations going through significant change, the middle management was threatened, because they needed to move from a management role to a leadership role. “*They don't realise that by giving away power, the power comes back, multiplied by hundreds, because now people are following, because they want to, not because they have to*”⁵⁵.

Zweli considered a meeting with the top-management of branch banking for the different provinces. He told himself that the team would need to look at different aspects of the issue. Was there a possibility of delegating parts of the issue to people close to him? He was quite aware of the fact that his approach would exclude employees who worked ‘on the ground’ and would probably have a different, valuable insight. Zweli also thought about involving women, especially because he wanted to encourage them to share their views on cultural transformation, Inspirational Leadership and African Leadership openly.

⁵³ Tape 4, 2005

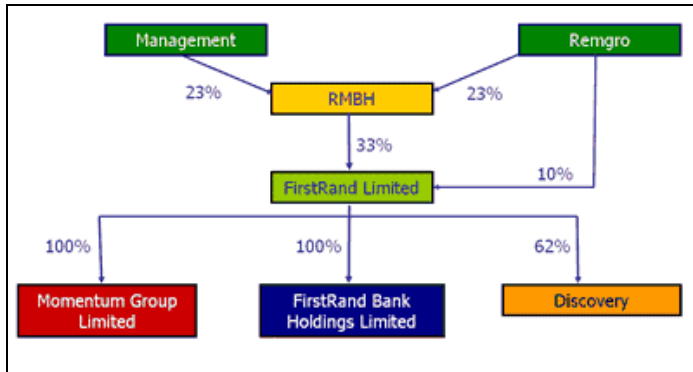
⁵⁴ Tape 1, 2005

⁵⁵ Tape 2, 2005

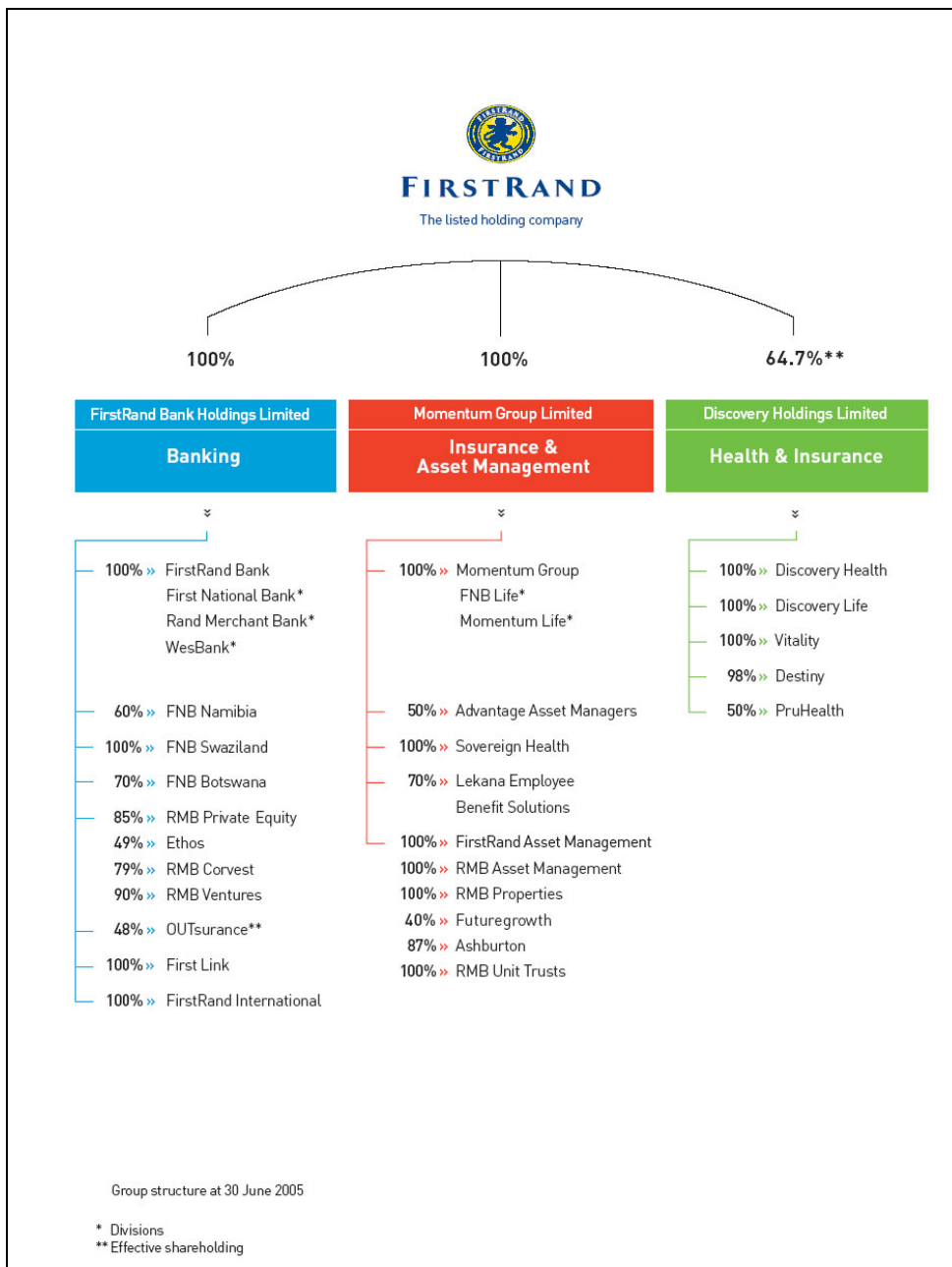
3.8 Exhibits

- Exhibit I: Organisational Structure
- Exhibit II: Financials
- Exhibit III: Employees
- Exhibit IV: People results reflected in business results
- Exhibit V: VUKA song 'One'
- Exhibit VI: Example for VUKA values discussed in umhlangano
- Exhibit VII: Value concept within FNB

Exhibit I: Organisational Structure



Source: First Rand Group, 2005b



Source: First Rand Group, 2005a

Exhibit II: Financials

Seven-year review

R million	1999	2000	2001	2002	2003	2004*	2005*	Compound growth %
Balance sheet								
Total assets	146 067	155 721	189 979	281 722	303 998	327 886	347 689	15.6
Advances	93 824	102 652	123 328	175 145	189 611	210 414	226 552	15.8
Non-performing loans	5 298	4 520	4 423	5 305	4 980	3 766	3 241	
Deposits	116 306	117 592	141 461	203 142	218 096	225 886	247 084	13.4
Total shareholders' equity	8 040	9 505	11 911	15 558	18 441	22 058	28 461	23.5
Income statement								
Net interest income before impairment of advances	4 594	4 697	5 415	6 417	9 104	8 907	9 497	12.9
Charge for bad and doubtful debts	(1 363)	(1 329)	(1 143)	(1 705)	(1 478)	(833)	(706)	(10.4)
Non-interest income	5 145	5 847	6 446	8 319	7 123	8 970	12 001	15.2
Operating expenditure	(6 086)	(6 365)	(7 180)	(8 378)	(9 537)	(10 503)	(12 389)	12.6
Earnings attributable to ordinary shareholders	1 748	2 190	2 779	3 740	3 774	4 748	6 810	25.4
Earnings attributable to ordinary shareholders (excluding translation gains and losses)	1 748	2 190	2 572	3 192	4 306	5 118	6 546	24.6
Earnings from associated companies	-	20	134	368	494	585	877	>100
Headline earnings	1 748	2 190	2 787	3 771	3 829	4 796	6 492	24.4
Headline earnings (excluding translation gains and losses)	1 748	2 190	2 580	3 223	4 361	5 166	6 228	23.6
Key ratios (%)								
Return on average equity (%) (including translation gains and losses)	20.7	25.0	26.0	27.2	22.2	24.2	28.8	
Return on average equity (%) (excluding translation gains and losses)	20.7	25.0	26.0	25.1	25.7	26.1	27.3	
Efficiency ratio (%)	61.5	60.3	59.9	57.6	55.3	55.8	55.4	
Bad debts as a percentage of advances (%)	1.5	1.3	0.9	1.0	0.8	0.4	0.3	
Other operating income as a percentage of total income (%)	52.8	55.5	52.9	53.9	44.4	49.6	55.8	
Return on average total assets (%)	1.2	1.5	1.6	1.6	1.5	1.8	2.0	
Interest margin on average advances (%)	4.9	4.8	4.8	4.3	5.0	4.5	4.3	

* The change in accounting policy in respect of the recognition of an STC asset was affected in the 2004 and 2005 financial years.

Source: FirstRand Bank Limited, 2005

Notes to the annual financial statements for the year ended 30 June

| Continued |

2005 R million	HomeLoans	Card Issuing	Private Banking	FNB Trust	Corporate
31. Segment information					
31.1 Primary segments (business) (continued)					
Income statement					
Net interest income before impairment of advances	1 258	508	224	6	941
Impairment of advances	(8)	(140)	(9)	-	(1)
Net interest income after impairment of advances	1 250	368	215	6	940
Non-interest income	241	742	179	131	2 030
Net income from operations	1 491	1 110	394	137	2 970
Operating expenditure	(1 027)	(815)	(316)	(104)	(1 832)
Staff expenses	(313)	(157)	(180)	(67)	(467)
Other operating expenses	(714)	(658)	(136)	(37)	(1 365)
Income/(loss) from operations	464	295	78	33	1 138
Share of earnings of associated companies	-	-	-	-	-
OUTsurance	-	-	-	-	-
Other	-	-	-	-	-
Income before discontinued operations	464	295	78	33	1 138
Profit on disposal of discontinued operations	-	-	-	-	-
Income before taxation	464	295	78	33	1 138
Indirect taxation	(47)	(13)	(7)	(1)	(17)
Income before direct taxation	417	282	71	32	1 121
Direct taxation	(101)	(69)	(17)	(8)	(273)
Income after taxation	316	213	54	24	848
Earnings attributable to outside shareholders	-	-	-	-	-
Earnings attributable to ordinary shareholders	316	213	54	24	848
Income statement includes:					
Depreciation	(8)	(4)	(2)	(1)	(38)
Amortisation	-	-	-	-	-
Impairment charges	-	-	-	-	-
Balance sheet includes:					
Advances	59 033	6 817	12 674	-	17 697
Non-performing loans	508	263	200	-	543
Investment in associates	-	-	-	-	569
Total deposits	-	1 102	2 473	-	47 196
Total assets	58 793	6 612	12 746	100	17 958
Capital expenditure	(35)	(4)	(18)	(1)	(58)
Headline earnings	316	213	54	24	848
Key ratio's					
Cost to income ratio	68.5%	65.2%	78.4%	75.9%	61.7%
Diversity ratio	16.1%	59.4%	44.4%	95.6%	68.3%
Bad debt charge as a % of advances	0.0%	2.1%	0.1%	n/a	0.0%
Non-performing loans as a % of advances	0.9%	3.9%	1.6%	n/a	3.1%
Number of employees	1 588	959	401	424	1 640

All consolidation adjustments have been recorded in Group Support

Notes:

1. The segmental analysis is based on the management accounts for the respective segments.
 2. Taxation has been allocated on a pro-rata basis.

Source: FirstRand Bank Limited, 2005

FNB Retail	Total FNB	Merchant Bank	WesBank	Africa & Emerging Markets	Group Support	Ansbacher UK	Translation gain/(losses)	Total
2 661	5 598	-	2 068	814	960	57	-	9 497
(116)	(274)	-	(316)	(66)	(49)	(1)	-	(706)
2 545	5 324	-	1 752	748	911	56	-	8 791
4 342	7 665	2 269	1 049	542	97	115	264	12 001
6 887	12 989	2 269	2 801	1 290	1 008	171	264	20 792
(4 771)	(8 865)	(641)	(1 511)	(670)	(496)	(206)	-	(12 389)
(2 904)	(4 088)	(348)	(723)	(339)	(785)	(125)	-	(6 408)
(1 867)	(4 777)	(293)	(788)	(331)	289	(81)	-	(5 981)
2 116	4 124	1 628	1 290	620	512	(35)	264	8 403
11	11	273	114	26	453	-	-	877
-	-	-	-	-	204	-	-	204
11	11	273	114	26	249	-	-	673
2 127	4 135	1 901	1 404	646	965	(35)	264	9 280
-	-	-	-	-	-	346	-	346
2 127	4 135	1 901	1 404	646	965	311	264	9 626
(198)	(283)	(21)	(73)	(5)	(27)	-	-	(409)
1 929	3 852	1 880	1 331	641	938	311	264	9 217
(469)	(937)	(457)	(324)	(166)	(229)	(2)	-	(2 115)
1 460	2 915	1 423	1 007	475	709	309	264	7 102
(1)	(1)	(53)	-	(162)	(76)	-	-	(292)
1 459	2 914	1 370	1 007	313	633	309	264	6 810
(334)	(387)	(39)	(51)	(31)	(72)	(18)	-	(598)
(4)	(4)	-	-	-	(37)	-	-	(41)
-	-	-	-	-	(11)	-	-	(11)
9 823	106 044	52 036	63 318	10 671	(3 007)	-	-	229 062
350	1 864	550	550	293	(16)	-	-	3 241
45	614	20	152	3	1 991	-	-	2 780
67 746	118 517	24 271	83	9 920	94 293	-	-	247 084
14 110	110 319	101 346	64 063	13 041	58 920	-	-	347 689
(627)	(743)	(144)	(80)	(36)	(67)	-	-	(1 070)
1 475	2 930	1 317	1 008	313	697	(37)	264	6 492
68.0%	66.8%	25.2%	46.8%	48.5%	32.8%	119.8%	n/a	55.4%
62.1%	57.8%	100.0%	33.7%	40.0%	9.2%	66.9%	n/a	55.8%
1.2%	0.3%	0.0%	0.5%	0.6%	(1.6%)	n/a	n/a	0.3%
3.6%	1.8%	1.1%	0.9%	2.7%	0.5%	n/a	n/a	1.4%
16 824	21 836	956	3 114	2 450	1 430	-	-	29 786

Source: FirstRand Bank Limited, 2005

Exhibit III: Employees**WORKFORCE PROFILE**

South African workforce 2004

	AIC		White		Total		Grand total
	Male	Female	Male	Female	Male	Female	
1 Top management	12	6	104	18	116	24	140
2 Senior management	74	35	526	199	600	234	834
3 Professionally qualified and experienced specialists and mid-management	529	458	1 699	1 213	2 228	1 671	3 899
4 Skilled technical and academically qualified workers, junior management, supervisors	1 696	2 816	2 082	3 800	3 778	6 616	10 394
5 Semi-skilled and discretionary decision-making	3 525	7 426	883	4 669	4 408	12 095	16 503
6 Unskilled and defined decision-making	679	276	6	1	685	277	962
Total	6 515	11 017	5 300	9 900	11 815	20 917	32 732

AIC = African, Indian and Coloured

Change in South African workforce

	2004	2003
Staff complement at 1 July	32 110	31 035
New appointments	3 770	3 739
Resignations	(1 993)	(2 246)
Retrenchments	(89)	(120)
Dismissals	(104)	(192)
Deaths or disability	(58)	(106)
Other	(904)	-
Staff complement at 1 July	32 732	32 110

Source: First Rand Group, 2004

Exhibit IV: People results reflected in business results**Culture and philosophy survey (2003)**

Banking Group culture and philosophy survey undertaken by Deloitte Human Capital and Zitha Management Consultants. Where 1 is strongly disagree, 2 disagree, 3 agree and 4 strongly agree

I am proud to belong to the FirstRand Banking Group	3.32
I am proud to belong to my business unit	3.30
The FirstRand philosophy influences 'the way we do things' in my business unit	3.09
I have confidence in the leadership of the FirstRand Group	3.17
I have confidence in the leadership of my business unit	3.10
My business unit provides excellent customer service	3.19
My business unit contributes towards community upliftment	3.10
I can speak freely without fear of victimisation from my business unit management	2.75
My business unit practices diversity	3.04
My business unit is making progress towards achieving employment equity	2.94
Grand mean	3.10

Skills development

The Group's companies have traditionally not kept statistics on training expenditure which distinguishes between races. Following the introduction of the Financial Sector Charter, this has now become necessary. Based on current records, it is estimated that the spend during the six months to 30 June 2004 is as follows:

Cluster	Estimated total training spend R'000	% of payroll spent on training whites	% of payroll spent on training blacks
Corporate	3 953	0.4	0.4
Retail	41 371	2.7	2.3
Wealth	5 543	1.4	1.9
Finance, Risk and Audit	2 028	2.3	3.2
Group totals	52 895	1.8	1.7

Source: First Rand Group, 2004

Exhibit V: VUKA song 'One'

*We are born under African skies
Grow up in the African sun
Blood flows red in the African veins
The promise of the future in the African eyes*

*Kufanele sikhumbule
Sinhlizigonye
Singondo-munye
Simandla-manye
Masingahlukaniiswa
Kufanele sikhumbule*

*We are one heart
One mind
One strength - we must not be divided
One heart
One mind
One strength of the spirit of Africa moves as one*

*I never thought I could be your friend
I didn't know that you wanted me to
I was told we are far too different
But I'm African just like you
Yes, I'm African just like you"*

Song 'One' by the group "Shining Stars"

Source: Maier, 2002

*Exhibit VI: Example for VUKA values discussed in umhlangano**Values as revisited in one of the umhlanganos*

- Honesty
- Responsibility
- Reliability
- Love
- Respect
- Happiness
- Trust
- Support
- Team Playing
- Togetherness

Values as defined earlier by the community

- Cooperation
- Understanding
- Common Vision
- Discussion
- Listen
- Fun
- Respect/Appreciation
- Honesty
- Praise
- Trust
- Love
- Integrity
- Forgiveness
- Admit mistakes

Source: Observation, 2005

*Exhibit VII: Value concept with FNB***PHILOSOPHY AND VALUES****“It’s all about values – not rules”**

“We have always been guided by a strong set of values, and because we trust our people to live by those values, we have never needed a book of rules. In our experience, rules and doing merely what is expected of us always seem to lead to sterile thinking and unimaginative solutions.

We believe in traditional values and are strongly guided by good corporate governance. But we thrive on innovation, complexity and change. We respect the spirit of our agreements and strive to be leaders in corporate citizenship.

We have fun, but at the same time, demand extremely high standards from our colleagues. And everything we do, we do with passion.

We attract interesting and intelligent people, big thinkers who are prepared to challenge existing boundaries, and create new ones, to achieve the very best for our clients and our business. These people are our key asset. Providing our clients with imaginative, destiny-changing solutions is what drives us... and that is not found in any book of rules.”

**PAUL HARRIS**

CEO: FirstRand Bank

All staff entering the Group participate in induction courses explaining their employment conditions and rights, the structure and nature of the Group, its ethos and code of ethics.

Source: First Rand Group, 2004

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Interviews and Observations

Employees 2005 (Hand-written notes captured in bullet-points electronically after interviews with employees; interviews with employees were generally not recorded)

Experts 2005 (Hand-written notes captured in bullet-points electronically after expert interviews that were not recorded)

Management 2005 (Hand-written notes captured in bullet-points electronically after management interviews that were not recorded)

Observation 2005 (Hand-written notes captured in bullet-points electronically after observations of umhlanganos and a participant observation of a facilitators day)

Tape 1,2,3 and 4 2005 (Transcriptions of interviews with management and experts)