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Editorial policy
The aim of the *Southern African Business Review* is to serve as a vehicle for the publication and dissemination of research in the field of business leadership, management and administration, with a special focus on Southern African business issues and concerns.

Submissions and correspondence to
Professor David Beaty
Graduate School of Business Leadership
Unisa
P.O. Box 392
Pretoria 0001
Tel: +27.11.652 0237
Fax: +27.11.652 0299
E-mail: beatydt@alpha.unisa.ac.za
Web site: www.sblunisa.ac.za

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Note from the Editor

As I reflect on what to write in this note, my thoughts move from the past to the future, from this century to the next millennium. We are only thirty days away from the dawn of a new era. I feel honoured, as the new editor of the *Southern African Business Review,* to play a part – along with the authors of articles in this journal – in presenting our ideas and research at the beginning of a new century.

From the past, management, researchers and practitioners can reflect on the enormous strides in management theory and practice made this last one hundred years. For the future, the dawn of a new democracy in South Africa, and the promise of a country that will be connected globally in the next century, holds much challenge for management researchers in South Africa and around the world.

This mid-stream point – at the turn of the century – seems an appropriate time to examine our progress and plan for the future. Producing a journal that combines intellectual and practical substance is a complex task. Yet, our purpose, to communicate business research and the practical application of that research to South African academic, business, and government leaders, is a goal we hope will sharpen the competitive edge of leaders in this country.

I hope this journal will continue to be a conduit of information that upholds academic rigor and satisfies the increasing need for 'home-grown' Southern African business research. I encourage authors to submit manuscripts that provide insights into ways of translating global management principles into Southern African management practices. My vision for this journal is the Southern African 'contextualisation' of business research. Indeed, a number of voices, growing louder by the day, decry the over-reliance of business educators in this country on the use of American, European or Asian management research findings, texts, readings and cases. Indeed, the extraordinary recent growth in numbers of foreign business schools in this country – with their strong marketing inference that 'global' is 'better' – is in danger of distracting us from valuing the unique strengths associated with conducting research, educating managers and doing business in Southern Africa. What's more, business educators and researchers in- or outside this country that don't appreciate the unique Southern African research and management realities could be preparing their students to be better American, European or Asian managers than South African managers.

The articles appearing in this edition, as in past editions, span multiple functional areas of business and organization. The article by Professor Anton Ferreira presents the development of a conceptual model through which corporate unbundling processes can be analysed (pp. 1–6). The article by Torsten Schultz and Arien Strasheim examines how relationship marketing can be a viable concept in industrial markets for select buyer–seller relationships (pp. 7–13). Professor Lize Booysen reviews the disparity in numbers of, as well as the management training challenges to, black and white women managers in South Africa and recommends the inclusion of feminine values in business leadership (pp. 15–26).

Professor Hellicy Ngambi presents a case study in which the reader is introduced to the concept of leadership style in the context of an 'African Village'. She then compares and contrasts African leadership behaviours with those of a North American company (pp. 27–34). Finally, consistent with our desire to introduce new applied research generated by doctoral and other postgraduate students, Gerry O'Donnell reviews the literature on the relevance and application of SMEs in the South African context, and presents the results of interviews on the merits of a number of change management models that could be incorporated into making SMEs viable entities (pp. 35–43).

Finally, I wish to thank Professor Marius van Wyk for his term as editor of this journal and I look forward to continuing to work with the many friends of this publication.

David Beaty

Midrand
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Explaining voluntary corporate unbundling: An evolutionary model

M. Anton Ferreira*

Corporate restructuring and, more specifically, corporate refocusing or corporate unbundling, have received extensive coverage in management journals, books and the business press in general since the early 1980s. These factors have resulted in a major shift in the industrial organisation landscape, characterised by the de-institutionalisation of the conglomerate firm, or the 'firm-as-portfolio' model.

Although lagging the rest of the world (as a result mainly of political factors and the closed nature of the South African economy until the 1990s), South Africa has been no exception, and numerous corporate unbundlings have taken place since 1993. However, the corporate refocusing phenomenon has received relatively little research attention from business policy academics to date, despite its prevalence. In particular, little or no work has addressed the actual process of refocusing and its internal organisational and decision-making dynamics. The aim of this article is to develop, on the basis of existing theory, a conceptual model through which corporate refocusing or unbundling processes can be analysed. A follow-up article will address the internal organisational dynamics of such processes.

Introduction

Since the 1980s, corporate restructuring (Bowman & Singh 1993), refocusing (Markides 1995a), downscoping (Hoskisson & Hitt 1994), and a return to core competencies (Prahalad & Hamel 1990) or corporate specialisation (Bhagat, Shleifer & Vishny 1990) have featured prominently in management- and business-oriented journals and books. The factors that have driven this shift in corporate orientation include the need for shareholder wealth maximisation, performance-related problems (due either to inefficient internal governance mechanisms or to mistakes in strategy formulation leading to over-diversification), and new competitive demands (Ferreira 1997a). The result has been a large-scale transformation of corporate structures through divestitures, takeovers and leveraged buyouts, downsizing and delayering, and a resultant substitution of the 'firm-as-network' model (Davis, Diekman & Tinsley 1994; Alvarez & Ferreira 1995) or the firm as a 'nexus of contracts' (Jensen & Meckling 1976) for the conglomerate form.

Empirical evidence lends support to the claim of increased corporate restructuring since the 1980s. Williams, Paez & Sanders (1988) report that, during the 1980s, many large diversified firms reduced their complexity primarily through unrelated divestitures and related acquisitions. Davis et al. (1994) found not only a one-third drop in the level of total diversification among *Fortune* 500 firms between 1980 and 1990, but also a more than 40 per cent decline in their level of unrelated diversification. Their results show that this deconglomeration was brought about by two processes: firms with high diversity were taken over at an increased rate and subsequently unbundled, and less diversified firms started to reject conglomerate growth strategies. Similarly, Markides (1993) reports that between 20 and 50 per cent of *Fortune* 500 firms refocused in the period between 1981 and 1987, as opposed to negligible proportions in the 1960s. While a significant proportion of corporate restructuring has taken place following hostile takeovers, voluntary restructuring does occur as well. Bowman & Singh (1990), for instance, estimate that one-third of the *Fortune* 1000 firms engaged in voluntary restructuring in the 1980s. Following a survey of 149 *Fortune* 500 firms, Markides (1995b: 29) reports that more than 72 per cent of the chief executive officers surveyed indicated that they had restructured their firms because they were afraid of the market for corporate control (in other words, voluntary restructuring in response to potential takeover threats).

Recent prominent examples of large-scale corporate refocusing include the voluntary restructuring of General Mills during the 1980s to allow the firm to return to its traditional core businesses of packaged foods and food-related services, shedding a whole array of unrelated lines of business in the

*M. Anton Ferreira is Professor of Strategic Management at the Unisa Graduate School of Business Leadership.

process (Donaldson 1990); the 1993 unbundling of the British giant, ICI, into two separate companies – the new ICI, focusing on industrial chemicals and pharmaceuticals, and Zeneca, focusing on biotechnology (Owen & Harrison 1995); and the 1995 split of the US conglomerate, ITT Corporation, into the new ITT Corporation (owning hotel and gambling operations), ITT Industries (active in the electrical and electronic equipment manufacturing industries), and ITT Hartford (with interests in insurance and financial services) (Sikora 1995). In South Africa, the corporate landscape has been subjected to similar changes, in particular unbundling. This was sparked off in 1993 with the unbundling of Gencor into five independent firms – namely Gencor (the mining and metals business), Malbak (itself further unbundled in 1997), Sappi, Engen and Genbel – and the unbundling of Barlow Rand into Barlow Rand (with mainly infrastructural interests), CG Smith, Reunert, Rand Mines and Rand Mines Properties.

Despite the prevalence of the corporate refocusing or unbundling phenomenon, however, little or no work to date has attempted to uncover underlying patterns in the evolution of corporate advantage, defined in terms of the value that the corporate centre adds to the underlying business units, as it pertains to specific firms. Goold, Campbell & Alexander (1994) refer to the need for incremental (achieving better fit) and radical (strategy and scope) changes in corporate strategy over time. However, their treatment remains grounded in the 'parent–child–fit' paradigm and the ability of managers to perceive 'misfits' and to correct them reactively. There is clearly a need to explore the evolution of corporate advantage over time and the processes through which such advantage is created, within the context of the current pressures for refocusing or unbundling.

Thus, the aim of this article is to develop, on the basis of existing theory, a conceptual model through which voluntary corporate unbundling processes can be analysed. The model covers the evolution of corporate strategy and structure within the context of unbundling and is underpinned by the imperative of corporate centre value addition (Ferreira 1997b). Following Glaser & Strauss (1967) and Eisenhardt (1989), this conceptual model could be used as a template with which to assess future empirical studies of corporate unbundling processes. It is proposed that the model could serve not only as an important starting point for such analyses, but that it should also form an integral part of the analyses, in an iterative process of constantly moving towards a theory that more closely fits empirical data.

The evolutionary model developed in this article is a process model and therefore requires underlying process theories or explanations as to how and why an organisational entity changes and develops. Van de Ven & Poole (1995) distinguish between four types of process theories (life cycle, teleological, dialectical and evolution theories) and call for an integration of two or more of these theories so that they provide alternative explanations for the same organisational process without nullifying one another. While the proposed model is thus essentially a life cycle model comprising a unitary sequence of three phases, the movement from one phase to the next can best be described as dialectical rather than imminent. From a corporate decision-making perspective, however, the overall process of unbundling can be regarded as teleological, driven by the goal of maximising shareholder wealth (Ferreira 1997a).

An evolutionary model of corporate advantage

Various researchers (for example, Donaldson 1990; Pettigrew & Whipp 1991; Smith 1993; Kennedy 1993; Stopford & Baden-Fuller 1994; Owen & Harrison 1995) have noted the extended periods of time (often ten years or more) that it takes for generally successful corporations to fundamentally restructure themselves. This may be due not only to formidable explicit obstacles to change (Owen & Harrison 1995), but also to the time that an organisation has spent in a state of equilibrium, which may have firmly entrenched a particular dominant managerial logic (Bettis & Prahalad 1995). Thus Donaldson (1990: 118) notes: "Close observation of many corporate restructurings leads me to conclude that it often takes a decade to get into trouble, and another decade to get out of it". He cites the example of General Mills, for instance, which went through one cycle of structuring and restructuring over a period of 30 years (with the final restructuring phase taking seven years). The dramatic reshaping of ICI took more than 12 years, culminating with its unbundling in 1993 (Owen & Harrison 1995). This seems to be consistent with the observation of Hambrick & D'Aveni (1988) that large firms generally have a very substantial period of warning (often exceeding ten years) before they fail.

These time-consuming restructuring processes are often described as 'evolutionary'. Ito & Rose (1994) refer to the slow evolutionary processes (called 'organisational Darwinism') that lead to the eventual loosening of ties between parent firms and subsidiaries and that give rise to the genealogical structure of Japanese firms. Tushman & Romanelli (1985) note the evolutionary or life-cycle aspects of organisational phenomena. Huff, Huff & Thomas (1992) point out that the term 'strategic renewal' is slowly replacing the term 'strategic change', since it emphasises the evolutionary nature of strategic redirection. From a corporate perspective, Chandler (1991) refers to the resilience and insight in responding to challenges of growth and expansion that characterise successful corporate centres, which implies that constant action and tenacity are needed to create and sustain the addition of value to underlying businesses.

The underlying premise of this article is thus that successful voluntary corporate unbundling is a slow, evolutionary process of creating and sustaining corporate advantage, with corporate advantage defined in terms of the value that the corporate centre adds to its operating units.

Clarification of the terms used in this premise statement is in order. 'Corporate unbundling' refers to the refocusing (or large-scale reduction in diversification or scope) of a diversified corporation through multiple spin-offs, while 'voluntary' refers to unbundling brought about through internal processes (including board of directors' governance) rather than as a result of a takeover or legal/regulatory requirements. Unbundling because of the possible threat of takeover bids is also considered to be voluntary. Such unbundling will be considered 'successful' if it manages to preserve the integrity of the spun-off businesses (in other words, they are not subsequently absorbed or engulfed by another firm, but continue to compete successfully and independently), and if it increases shareholder wealth as compared to the *ex ante* position.

Following Van de Ven & Poole (1995: 512), 'process' is defined as "the progression (i.e., the order and sequence) of events in an organizational entity's existence over time", and such an unbundling process is 'slow' (in the sense that it takes years to be completed) and 'evolutionary' (in that it evolves over time in a unitary sequence). The term 'evolutionary' should therefore not be confused with the use of 'evolution' a biological sense, which implies continuous cycles of variation, selection and retention (Van de Ven & Pool 1995). 'Corporate advantage' refers to the benefits that accrue to shareholders as a result of the existence of a corporate structure, the actions taken by the corporate centre, and the value that the centre adds to the underlying businesses in the process (Ferreira 1997b). Such value does not come automatically, but has to be 'created' by the corporate centre, and actions have to be taken to ensure that it is 'sustained'.

The evolutionary model of corporate advantage that is developed in the sub-sections that follow is underpinned by the imperative of corporate centre value addition and consists of three distinct phases: a nurturing phase (building subsidiary strength and encouraging independence); an unbundling phase (challenging the dependence of subsidiaries, creating the climate for break-up, and finally taking the decision); and an entrepreneurial phase (characterised by renewed energy and growth, profitability and international expansion). It is not uncommon to present change processes in the form of a sequence of phases. Stopford & Baden-Fuller (1994), for example, identify a three-stage model of corporate entrepreneurship that resulted in the dramatic turn-around of troubled firms, Mintzberg & Westley (1992) refer to various cycles of change that occur in the same firm over time, Burgelman (1994) proposes a six-stage framework of strategic business exit, and Greiner & Bhambri (1989), proposing a sequential six-phase model of deliberate strategic change, suggest that the linearity and demarcation of specific phases come about because of the cognitive complexity of issues, which makes concurrent attention to all aspects very difficult.

The proposed three-phase model of the evolution of corporate advantage in a diversified firm, within the context of corporate unbundling, is presented in Figure 1.

Nurturing divisional independence

In the context of unbundling, the first phase in the evolution of corporate advantage in a diversified conglomerate, the 'nurturing' phase, follows directly from the premise statement in which the definition of 'successful' unbundling included the sustainability of the integrity of the unbundled businesses as separate competitive entities. This implies that before such businesses can be unbundled, they have to have reached a point in their development at which direct ties with the corporate centre or 'parent' are no longer necessary for survival. It is thus postulated that during the nurturing phase, value addition from the corporate centre will be aimed at building the strength and independence of unrelated subsidiaries and assessing their need for dependence. In terms of the 'parent–child' metaphor (Goold et al. 1994), the role of the corporate centre is to ensure that its 'children' (the unrelated subsidiaries) receive proper nourishment and support in order to grow into 'adult' firms that will eventually be able to compete independently of the 'parent' in their respective industries, should it be deemed necessary.

The role of the corporate centre in supporting the development and growth of its subsidiaries is, of course, as old as the concept of corporate strategy itself. Chandler (1962, 1991) refers to the headquarter functions of entrepreneurship and administration, which tie in respectively with the principal dimensions of corporate strategy – as discussed by Andrews (1987), for example – namely, which businesses to be in and how to manage these businesses. Bower (1970) demonstrates how the centre influences and supports subsidiary-level decision-making and growth by establishing an appropriate organisational context. From a genealogical perspective, Ito & Rose (1994) direct attention to the role of the corporate centre in establishing the 'root systems' of subsidiaries, which will eventually make them more self-sustainable.

The need to increase the independence of unrelated subsidiaries also follows from the information processing limits of the centre (Galbraith 1973; Williamson 1975, 1985), giving rise to the problem (encompassing the essence of the multidivi-

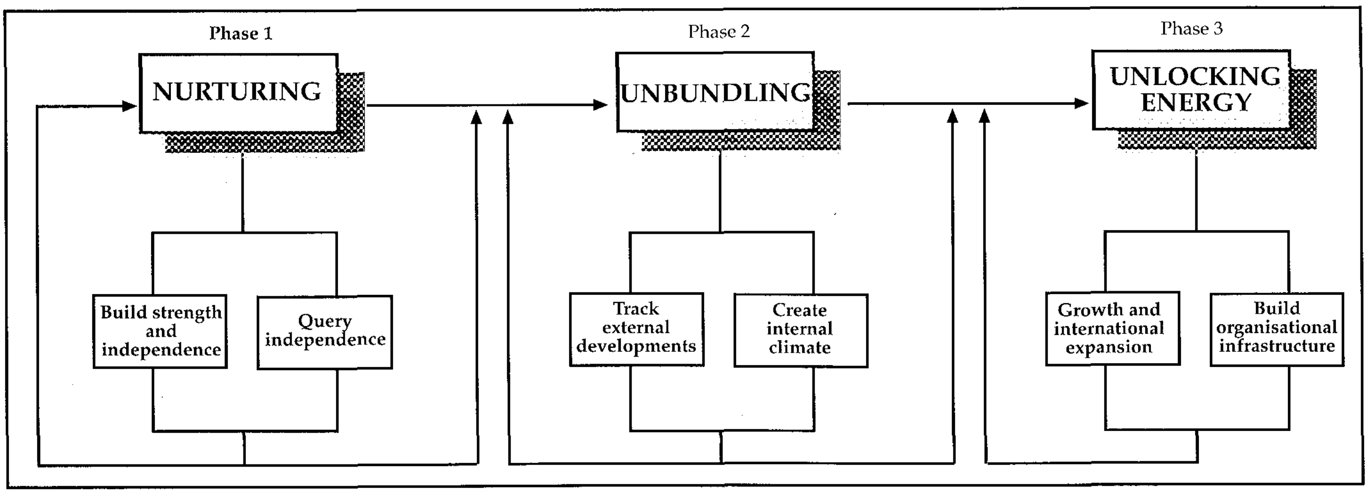

Figure 1. An evolutionary model of corporate advantage

sional structure or the M-form) of maintaining a balance between centralisation aimed at enhancing the integrity and coherence of the corporation (Selznick 1957; Teece, Rumelt, Dosi & Winter 1994) and decentralisation. Furthermore, given market pressures for shareholder wealth maximisation – as discussed by Rappaport (1986), for example – and efficient internal and external monitoring mechanisms, it is reasonable to expect that a competent corporate centre will continuously assess its contribution to shareholder wealth by querying the need for subsidiary dependence.

Finally, various scholars have observed the need to build organisational capacity and strength prior to the initiation of drastic change – as noted, for example, by Greiner & Bhambri (1989) and Stopford & Baden-Fuller (1994). In this regard, Owen & Harrison (1995) suggest that ICI was not able to unbundle earlier because its pharmaceuticals division was not ready for independence. In terms of the dimensions of corporate restructuring identified by Bowman & Singh (1993), restructuring during the nurturing phase will thus be of a primarily organisational nature, although the possibility of incremental portfolio changes (with consolidation in some areas and diversification in others) cannot be excluded.

Preparing for and implementing unbundling

The second phase in the evolution of corporate advantage, the 'unbundling' phase, derives from the success of the corporate centre in building the strength and encouraging the independence of unrelated subsidiaries. It is proposed that this phase – which in terms of Bowman & Singh's (1993) corporate restructuring dimensions will primarily involve portfolio restructuring – will be driven by the aspirations for independence of strong, independent subsidiary management teams, as well as by the continuing desire of the corporate centre (influenced by the continuing demand of major shareholders) to add value. In particular, the centre will be expected to closely track developments in the external context – especially capital market sentiments and valuations – while at the same time continuing to craft a conducive internal climate for severance or unbundling, should it be indicated. Corporate value addition in this phase will therefore revolve around the role of the centre in encouraging its 'offspring' to set up their own 'homes', while at the same time trying to ensure that such transactions will increase shareholder value.

It should be noted that it is not suggested that conglomerates with strong, independent subsidiaries will necessarily unbundle. Unbundling will be indicated when the break-up value of the firm exceeds its market value, which will imply either that the cost of the corporate centre exceeds its benefits, or that the perceived potential of the subsidiaries is greater than their potential as part of the conglomerate structure. When this happens, and with the obvious support of blockholders (Bethel & Liebeskind 1993), the decision will be taken to unbundle the corporation. However, this decision will be taken only if shareholders are satisfied that the subsidiaries that are to be unbundled are in a position to face their competitive environments without the support of the centre. This contrasts with the findings of Duhaime (1984) that the competitive and economic strength of a subsidiary that is to be divested (mainly through sell-off or liquidation) is negatively related to the decision to divest. From an unbundling perspective, it is proposed that this relationship needs to be positive for unbundling to have the desired effects.

The idea that the evolution of a conglomerate structure will eventually lead to its unbundling finds support in the arguments of Teece et al. (1994), who advance the notion of the conglomerate as a transitional form. Viewing the firm as a package of technical and organisational competencies, they suggest that, since the technical competencies of a conglomerate necessarily exist at the business unit level, the conglomerate form will disappear when the centre can no longer provide distinctive organisational competencies. Although discounted by Teece et al. (1994), the existence of the conglomerate form has long been predicated on the basis of the benefits associated with internal capital markets, as discussed by Williamson (1985), for example. However, given success in building subsidiaries into 'adult' firms, the point may be reached where the centre may experience resource allocation problems due to continuing subsidiary growth demands (Ito & Rose 1994), leading to an erosion of internal capital market benefits. Whatever the case, the implication is that when the potential for corporate centre value addition (whether organisational or financial) starts to diminish (in which case one would expect the firm to be under-valued), unbundling would seem to be the next step.

Pressure for unbundling, however, will not be restricted to the external context of the firm and the diligence of the centre in looking after shareholder interests. It is expected that the centre's efforts in crafting a conducive internal climate for unbundling will find support in the aspirations of independent subsidiary management teams. Stopford & Baden-Fuller (1994) describe how the initiation of frame-breaking change in their companies was dependent on a 'galvanisation' process at the top marked by aspirations that exceeded current resources, and Grinyer & McKiernan (1990) observe how 'aspiration-induced crises' eventually led to fundamental change in their stagnating firms.

Unlocking entrepreneurial energy

Following unbundling, the third phase in the evolution of corporate advantage, 'unlocking entrepreneurial energy', derives from the need of newly independent management teams to fulfil their aspirations and to assure the market that the decision to unbundle was indeed in the interests of shareholders. Corporate value addition during this phase will emanate from enabling-related acquisitions and organic growth, international expansion (given supportive external contexts), and the establishment of an appropriate organisational infrastructure, including effective governance mechanisms (Seward & Walsh 1996). Over time, it is expected that the unbundled firms will become associated with continued profitability and growth, generally exceeding industry averages. In terms of Bowman & Singh's (1993) restructuring dimensions, corporate restructuring during this phase will be organisational and portfolio in nature, although the latter will be aimed at strengthening the existing portfolio in a related sense (Markides 1995b: 8).

The favourable stock market reactions following spin-off announcements linked to strategic motives (as discussed, for example, by Hite & Owers 1983; Schipper & Smith 1983; Johnson, Brown & Johnson 1994) seem to indicate that the anticipated outcome of a refocusing process is associated with increased growth potential and profitability, for which Markides (1995a) finds support, albeit only with reference to the divesting firm. Although this may be the result of the increased attention that management teams are able to give to the remaining core businesses, other factors may also play a contributing role. Seward & Walsh (1996), for example, found that spun-off firms placed considerable emphasis on the design of performance-linked employment contracts. This, coupled with the fact that it is usually the ambitious 'insider' managers from the pre-unbundling subsidiaries that head these independent firms (Seward & Walsh 1996) and whose reputations are obviously at stake, seems to suggest that increased energy and entrepreneurship would be a justifiable expectation. Evidence following the unbundling of the UK firms Courtaulds (in 1990) and ICI (in 1993) supports this conjecture (Kennedy 1993; Owen & Harrison 1995).

With regard to the growth and related expansion of unbundled firms freed from previous possible corporate restraint, some evidence suggests that internationalisation will be given priority – as discussed, for example, by Collis (1991) and Smith (1993) – especially by means of foreign acquisitions (Melin 1992), in order to rapidly acquire capabilities that may be hard and time-consuming to develop internally (Haspeslagh & Jemison 1991). Finally, as regards organisational infrastructure apart from incentive systems and governance mechanisms, Hill, Hitt & Hoskisson (1992) and Markides (1995b) argue (with tentative empirical support) that, following refocusing, corporate centres will tend to increase central control in order to exploit scope economies by creating centralised multidivisional structures (the so-called CM-form).

Summary

The purpose of this article has been to develop, on the basis of existing theory, a conceptual model through which corporate unbundling processes can be analysed. The result is an evolutionary model of corporate advantage, within the context of unbundling, underpinned by the imperative of corporate centre value addition. The model consists of three distinct phases: a nurturing phase (building subsidiary strength and encouraging independence); an unbundling phase (challenging the dependence of subsidiaries, creating the climate for break-up and finally taking the decision); and a phase in which entrepreneurial energy is unlocked (characterised by renewed energy and growth, profitability and international expansion). It is expected that key revolutionary events will bracket these evolutionary phases.

However, apart from this 'bird's eye' view of the antecedents, process and consequences of corporate unbundling, what should be of particular interest to corporate managers is how corporate centre value addition takes place within each of these phases. This will necessitate an examination of the internal organisational and decision-making dynamics of each phase – 'internal dynamics' being used to refer to the patterns of interaction and influence among the chief executive officer, other members of the top management team and board members in their efforts to add value and to bring about major organisational transformation (Greiner & Bhambri 1989). In a follow-up article, an attempt will be made to develop, on the basis of existing theory, three process models of the internal dynamics within each of the evolutionary phases. Together with the evolutionary model proposed in this article, these models should facilitate subsequent empirical investigations of voluntary corporate unbundling processes.

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Relationship marketing for industrial markets

T. Schultz[*] & C. Strasheim[†]

The purpose of this article is to discuss the merits and applicability of relationship marketing in industrial markets. Various definitions of relationship marketing are reviewed, and a literature review of relationship marketing is presented. This forms the basis of a theoretical synthesis for a proposed model to identify ideal situations in which to apply relationship marketing in industrial markets. A conceptual framework is developed from a transaction cost perspective to identify situations in which relationship marketing is appropriate in industrial markets. Relationship marketing is necessary in buyer–seller relationships characterised by goal congruence and high performance ambiguity. Such situations offer the best opportunities for relationship marketing to decrease transaction costs and maximise joint value.

Introduction

This article discusses the merits and applicability of relationship marketing in industrial marketing. To date, the literature has focused predominantly on relationship marketing in service industries (Berry 1983; Grönroos 1990; Payne & Ballantyne 1991). Competition in industrial markets has increased considerably as a result of globalisation, advances in technology and deregulation. Companies are continually looking at ways and means to differentiate themselves in order to keep ahead of their competitors. Differentiation of core products is becoming more difficult to sustain, as competitors rapidly copy product features and improvements. To counter this trend, companies seek to increase the value of their quality products by augmenting these with intangible qualities such as after-sales service, warrantees, credit facilities, technical support, delivery arrangements and spares availability. This cross-functional integration between selling and buying organisations has promoted relationship marketing as an industrial marketing tool.

This article looks, firstly, at various definitions of relationship marketing as used in the literature. Secondly, a literature review of relationship marketing is presented. In the final section, a model for the applicability of relationship marketing based on transaction cost analysis is developed.

Definitions

The notion of relationship marketing has been discussed extensively in the literature pertaining predominantly to services marketing. The definitions of relationship marketing include:

- "Relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises" (Grönroos 1990: 138).
- "In relationship marketing the focus shifts from products and firms as units of analysis to people, organisations, and the social processes that bind actors together in ongoing relationships"(Webster 1992: 10).
- Relationship marketing is marketing seen as relationships, networks, and interactions (Gummesson 1996).
- The concept of repeated market transactions is called relationship marketing (Sheth, Gardner & Garrett 1998).

The above-mentioned definitions vary in scope, with Sheth et al. (1998) limiting their definition to repeated market transactions, whereas Grönroos (1990) and Webster (1992) focus their definition on elements involved in the establishment and management of the relationship. Gummesson (1996) extends the definition of relationship marketing to networks, such as the complete value chain.

Industrial marketing is defined in the literature as follows:

- "Industrial marketing can be described as the marketing of goods and and/or services in industrial markets essentially for use in the production process or the provision of services, as well as marketing between organisational buyers and organisation users. Industrial marketing is often also described as business-to-business marketing" (Van Veijeren 1998: 2).
- Hutt & Speh (1998) use the definition given in the prospectus of the Institute for the Study of Business Markets of the Pennsylvania State University when they define industrial or business markets. According to this definition, business markets are "markets for products and services, local to international, bought by business, government bodies, and institutions (such as hospitals) for incorporation (for example, ingredient materials or components), for consumption (for example, process materials, office supplies, consulting services), for use (for example, installations or equipment), or for resale ... The only markets not of direct interest are those dealing with products or services that are principally directed at personal use or consumption such as packaged grocery products, home appliances or consumer banking"(Hutt & Speh 1998: 4).

[*]Torsten Schultz is Operations Director with Hansen Transmissions.
[†]Arien Strasheim is a Senior Lecturer at the Unisa Graduate School of Business Leadership.

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- "The factors that distinguish business marketing from consumer marketing are the nature of the customer and how that customer uses the product. In business marketing, the customers are organisations (businesses, governments, institutions" (Hutt & Speh 1998: 4).

This article takes an all-encompassing view in which the intimacy of the buyer–seller relationship varies along a continuum. This approach is clarified in the literature review and is incorporated in the proposed relationship marketing model outlined for select buyer–seller relationships.

Literature review

Complex buyer–seller relationships result from the intangible qualities of product augmentation, which is rapidly becoming the central focus of industrial marketing. The intangible aspects of relationship marketing are much more difficult for competitors to imitate and, if efficiently managed, can therefore provide a sustainable competitive advantage for an organisation.

In order to determine which relationships are profitable, business marketers first have to understand the tools organisational buyers use to measure the value of a supplier's product offering. A distinctive feature of industrial marketing is that buying decisions are usually made by many people in the buying organisation, all of whom exert a certain influence on the final decision. The end-users, influencers, buyers, deciders and gatekeepers follow various roles in the purchasing decisions (Van Veijeren 1998).

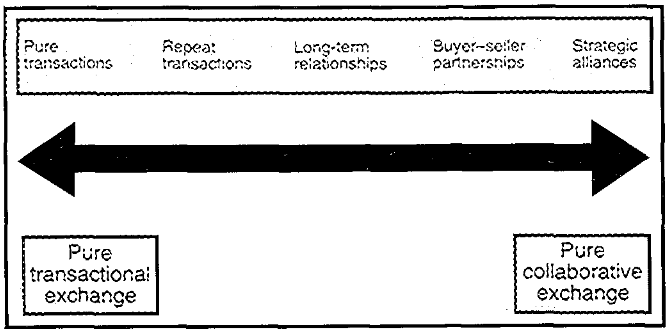
End-users base their recommendation on their prior experience of the augmented product, which tends to be reasonably technical in nature. The quality of the product, technical support, peace-of-mind and general after-sales support are key features in forming the perception of the end-user. Influencers contribute information to the buying decision, based on their knowledge and experience, and are therefore often found in key functional positions.

The role of the buyers pertains to obtaining products from suppliers. This may include identifying possible suppliers and inviting tenders, comparing offerings with specifications, selecting suitable suppliers, negotiating terms and conditions of the transaction and the delivery date, as well as choosing actual suppliers from among the available alternatives. In general, the more complex the goods being purchased, the smaller the role of the buyer and the more important the role of other influencers. The role of the buyer is considerably elevated when purchasing straight re-buys. The deciders' power to take a decision on a specific supplier should be allocated an order. It is often difficult for the marketer to determine who the actual decider is and, furthermore, who the various influencers of the decision are. The final distinctive role is that of gatekeepers in the decision-making process. These individuals possess information and control its flow to other influencers.

The challenge to the industrial marketer is to identify the various role-players in the purchasing decision and to fulfil their individual needs. Marketers need to demonstrate their superior, augmented product complement relative to that of competitors. By forging close relationships with selected key customers, suppliers can differentiate themselves and raise entry barriers (Van Veijeren 1998).

Various types of buyer–seller relationships exist, and these have a direct bearing on the effectiveness and efficiency of the relationship marketing process. It must be borne in mind that only profitable relationships should be pursued, namely, those that offer a win–win situation for both the supplier and the purchasing organisation. Close buyer–seller relationships are thus not always desirable. The degree of intimacy depends on the cost/benefit relationship between the seller and buyer.

Hutt & Speh (1998) advocate a buyer–seller relationship continuum that varies from a pure transactional to a pure collaborative exchange, as depicted in Figure 1.



Source: Hutt & Speh (1998: 108)

Figure 1. Buyer–seller relationship continuum

In this model, pure transactional exchange refers to timely exchange of basic products at highly competitive market prices, whereas pure collaborative exchange involves "a process where a customer and supplier firm form strong and extensive social, economic, service, and technical ties over time, with the intent of lowering total costs and/or increasing value, thereby achieving mutual benefit" (Anderson & Narus 1991: 96). Individual relationships are defined as follows:

- Pure transactions

  This buyer–seller relationship involves "a one-time exchange of value between the two parties with no prior or subsequent interaction" (Webster 1992: 6). The price is determined by the competitive market and contains all the information necessary for both parties to conclude the exchange.

- Repeat transactions

  Repeat purchases move the level of exchange beyond the pure transaction and reflect the success of marketers in achieving product differentiation and creating preference and loyalty.

- Long-term relationships

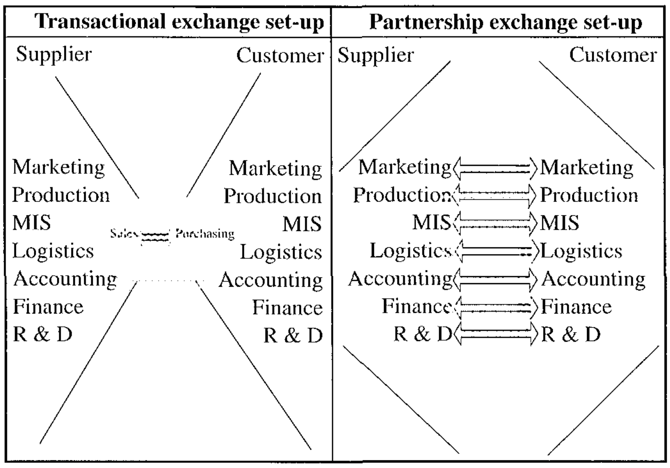
  Based on relatively long-term contractual commitments, this relationship is managed at arm's length. The buyer and seller are opposed to each other, with price being the focal issue.

- Buyer–seller partnerships

  In this relationship, a mutual dependency exists in which the value of the augmentation of the product is negotiated. The buying organisation has one or a few preferred suppliers who undertake to deliver the augmented product. Augmentation typically includes quality, delivery, technical support and after-sales service. Information is openly exchanged between functional departments or project teams of both parties. This is in stark contrast to the pure transactional exchange, in which only the buyer and seller interact. The various approaches to information flows are outlined in Figure 2.

- Strategic alliances

  A strategic alliance is characterised by the intent of each party to attain a long-term strategic goal. It involves "a formal long-run linkage, funded with direct co-investments by two or more companies, that pool complementary capabilities and resources to achieve generally agreed objectives" (Day 1990: 272). Such objectives could pertain to accessing a market or technology, gaining economies of scale by combining complementary expertise, faster entry of new products to markets and sharing risks.



Source: Hutt & Speh (1998: 110)

Figure 2. Information flow for transactional versus partnership exchange set-up

Commitment and trust, which are key characteristics of relationship marketing, increase along the buyer–seller relationship continuum outlined in Figure 1. According to Morgan & Hunt (1994: 22),"they encourage marketers to:

- Work at preserving relationship investments by co-operating with exchange partners
- Resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners
- View potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically"

Grönroos (1994) advocates the partnership exchange set-up, as shown in Figure 2, and refers to the non-marketing specialists outside the sales and marketing departments as part-time marketers. These typically outnumber the full-time marketers several times and include all the people that interact directly with the buying organisation, such as those from design, research and development, deliveries, customer training, invoicing and credit management. Such interactions across functions of buyer–seller organisations decrease both transaction and quality costs. Mutually satisfactory relationships make it possible for customers to avoid the significant transaction costs involved in shifting supplier and for suppliers to avoid suffering unnecessary quality costs. Grönroos (1994) further emphasises that customer relationship profitability analysis is a pre-requisite for customer retention decisions and that only profitable relationships should be pursued.

In the relationship exchange, new product development tailored to customer needs may become an integral ingredient in customer retention strategy. Levitt (1976) gives an interesting perspective when he urges firms to provide less service if they want to be more successful. Levitt's argument is to change the system, rather than to fix problems by adding more 'service'. Pitt, Berthon & Watson (1999) state that new technology, such as the Internet, now gives companies the opportunity to redesign services to replace the human element with a machine, which, if well designed, may provide more service, rather than less. Customers may have access to more information, a core element of most services. Berthon, Lane, Pitt & Watson (1998) propose a model that industrial marketers may use to assess the effectiveness of their Web site as a marketing communication tool.

In a partnership exchange set-up, the supplier organisation has to ensure that it conveys consistent messages to the buying centre and various functional departments of the customer organisation. Internal marketing provides a management tool to ensure goal congruence within the sales department and functional departments of the suppplier organisation that interact with the customer (Spekman & Johnston 1986). Such goal congruence could typically pertain to a certain level and method of customer satisfaction that the supplier organisation wants to achieve for a specific customer or market segment (Griffin, Gleason, Preiss & Shevenaugh 1995). Effective internal marketing is imperative for a supplier organisation to be successful. The purpose of internal marketing is to create an organisational awareness that interdepartmental commitment from everyone (including commitment from departments that do not usually interface with customers) in sharing information, knowledge, ideas and support with those that interface with customers is also customer service. Organisations are continually forced to balance limited resources against the increasing demands of customers (Tjosvold, Meredith, & Wellwood 1993).

According to Grönroos (1994), an integral element of the relationship marketing approach is the promise concept. If promises are not kept, the evolving relationship cannot be maintained and enhanced. Fulfilling promises that have been given is equally important as a means of maintaining customer satisfaction, retaining the customer-base and achieving long-term profitability.

Based on the buyer–seller relationship continuum presented in Figure 1, appropriate marketing strategies can be devised, ranging from transaction marketing to relationship marketing. The implications of the various approaches are summarised in Figure 3. As shown, various types of goods and services can be placed along the continuum. The exact place and corresponding marketing strategy cannot be located, but it becomes obvious that industrial goods lend themselves to relationship marketing. The applicability of relationship marketing to industrial goods will be discussed in more detail in the following section.

Figure 3 requires more detailed discussion. The customer-perceived quality is founded on the customer's perception of the technical solution/output (what the customer receives in terms of tangible product), as well as on the various interactions with the firm (how the product/service is perceived, in terms of the intangible experience of the augmented product). These are synonymous with the technical quality (what the customer receives) and the functional quality (how the customer receives it) in one of the first service quality models proposed by Grönroos (1984). In relationship marketing, the augmentation of the quality product may even become the domi-

The strategy continuum	TRANSACTION MARKETING	RELATIONSHIP MARKETING
Time perspective	Short-term focus. Do deal and disappear	Long-term focus. Negotiate a win–win situation and be a source for better results
Dominating marketing functions	Marketing mix – product, price, place, promotion Build business on deals Getting new customers Selling focus	Interactive marketing supported by marketing mix Build business on relationships Customer retention and loyalty Relationship-focus for relationships
Price elasticity	Customers tend to be more sensitive to price	Customers tend to be less sensitive to price Promote value
Dominating quality dimensions	Quality of output (technical quality dimension) dominates After-sales support and service is unimportant and an unnecessary cost Focus on product/service	Quality of interactions (functional quality dimension) Grows in importance and may become dominant After-sales support and service is strong and is seen as an investment in the relationship Focus on customer perceptions and expectations
Reward system	Incentive for doing the deal	Incentive for long-term relationship and revenue
Measurement of customer satisfaction	Monitoring market share (indirect approach)	Managing the customer base (direct approach)
Customer information system	Ad-hoc customer satisfaction surveys	Real-time customer feedback system
Interdependency between marketing, operations and human resources	Interface of no or limited strategic importance	Interface of substantial strategic importance
The role of internal marketing	Internal marketing of no or limited importance to success	Internal marketing of substantial strategic importance to success
The product continuum	**Consumer packaged goods ⇔ Consumer durables ⇔**	**Industrial goods ⇔ Services**

Source: Adapted from Grönroos (1991: 7–13) and Pathmarajah (1993)

Figure 3. The marketing strategy and its implications

nant marketing strategy. To succeed, the relationship marketer needs to focus on customer expectations as well as perceptions. In transaction marketing, a rise in market share is considered a measure of success and thus indirectly also a measure of customer satisfaction. It is, however, not known how many customers are lost and replaced with more new customers by means of aggressive marketing and sales. Relationship marketing is typically suitable for industries with fewer customers, which makes managing the customer-base possible. This means that the supplier has at least some kind of direct knowledge of how satisfied its customers are. Instead of thinking in terms of market share, management thinks in terms of people with personal reactions and opinions (Grönroos 1994).

It is further apparent that while the traditional marketing mix has proved to be successful in transaction marketing, it cannot be discarded in relationship marketing. Relationships cannot function by themselves. The traditional marketing mix still forms the basis on which relationships can be built. According to Baker, Buttery & Richter-Buttery (1998), relationship marketing is a third dimension of the transaction marketing model based on the traditional marketing mix, rather than a new paradigm of marketing. Relationship marketing alone is not sufficient to bring about the exchange that is fundamental to marketing. The authors present a marketing model, which reflects the marketing of products (dimension one) to market segments (dimension two), facilitated by channels and supported by promotion and pricing. The third dimension – relationships – is introduced as a spiral diagram that elevates the customer above the two planes of products and markets and, in so doing, generates an entry barrier to competitors.

Proposed model to apply relationship marketing to industrial marketing

It is evident that relationship marketing (discussed in the previous section) is not relevant to all buyer–seller interactions. In this section, a conceptual framework is developed from a transaction cost perspective to investigate when relationship marketing is applicable to industrial markets.

Transaction costs comprise all non-marketable expenses incurred in the exchange process of any buying or selling organisation. According to Williamson (1992) in his discussion on transaction cost economics, non-marketable expenses include human capital investments, such as specialised training and learning-by-doing economics in production operations. The latter expenses typically include product quality problems and late deliveries. Additionally, transaction-specific savings can accrue as supplier–buyer familiarity permits communication economics to be realised. Such savings typically pertain to the costs of advertising and promotion, personal selling, service support, administration, as well as to general costs related to peace of mind. With familiarity and repeat transactions, the switching costs (investment and risk of exposure costs) to the buying organisation increase. Relationship marketing aims to minimise these costs and to maximise joint value. It must be borne in mind that the definition of value changes over the course of the relationship, as the expectations of customers keep increasing with the improvement of supplier performance and promises of superior value from competitors. Relationships therefore need to be carefully monitored and managed.

Pitt & Foreman (1999) propose a conceptual model for internal marketing from a transaction cost perspective. The concept of transaction cost analysis was introduced by Bowen & Jones (1986). From these concepts, transaction cost analysis, based on a transaction cost/maximisation of joint value approach, is adapted to investigate the application of relationship marketing to industrial marketers. From the point of view of the supplier organisation, its internal relations management approach is transposed to its external relations management approach.

The goal incongruence of both parties in the buyer–supplier relationship, as well as the performance ambiguity for both parties, governs the minimisation of transaction costs and/or maximisation of joint value approach. These parameters can be defined as follows:

- 'Goal incongruence' occurs when either party has the incentive to promote its interests at the expense of the other because the expected returns from competitive behaviour will exceed the returns from cooperative behaviour.
- 'Performance ambiguity' exists when any characteristic of the exchange makes it difficult for either party to evaluate the performance of the other (Pitt & Foreman 1999).

Performance ambiguity and exchange in the industrial market

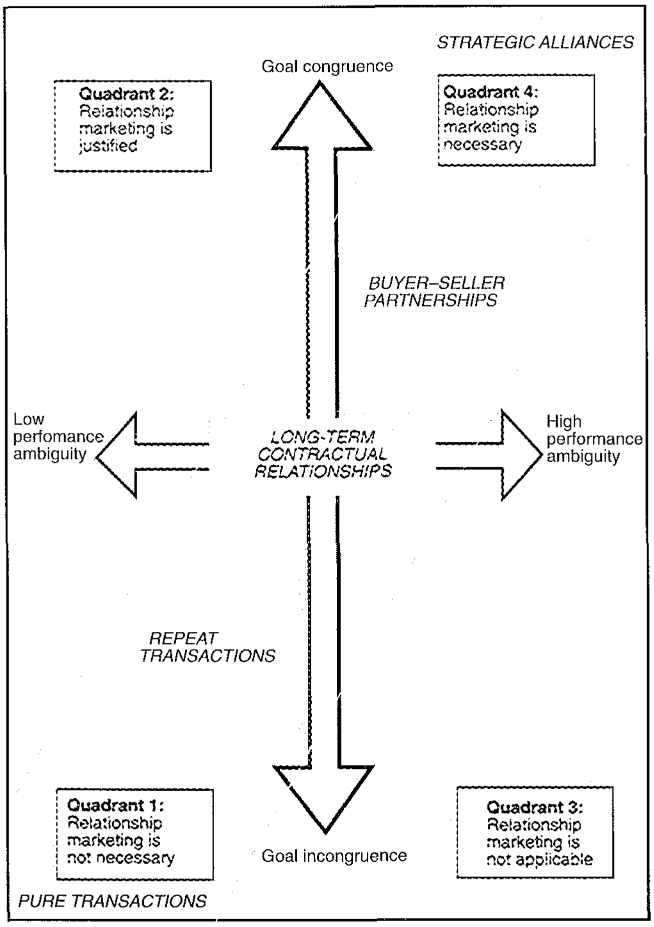
Transaction costs will escalate with an increase in performance ambiguity. This can be attributed to the cost of negotiation, monitoring and controlling in order to manage uncertainties. Performance ambiguity exists because of an inability to measure the performance of parties to an exchange and/or the inability to accurately assess the exchange value. In the industrial market, explicit and formal agreements or contracts between buying and selling organisations can lower performance ambiguity. This is especially applicable to pure transactions, repeat transactions and long-term contractual relationships as depicted in Figure 1. The assessment of exchange value and performance measurement becomes more difficult when product augmentation occurs in the form of after-sales service, technical support, customer training, special delivery arrangements, stock holding and warrantees. This increases performance ambiguity and, along with it, transaction costs. Strategic alliances post the highest performance ambiguity, as it is almost impossible to assess the exchange value of each party in pursuing their long-term strategic goals. Generally, the closer and more complex the buyer–seller relationship, the higher the performance ambiguity and more intricate the governance mechanism of the exchange.

Goal incongruence and exchange in the industrial market

Greater goal incongruence in the buyer–seller relationship will increase the costs pertaining to communications. Goal incongruence is brought about when the buying and supplying organisations have different motivations and goals for the exchange. This frequently occurs at the other party's expense. The most obvious goal incongruence in the industrial market exists when the buyer's goal is to purchase goods at the lowest cost, while the supplier aims to make the highest profit. Such goal incongruence is typical of transactional exchanges that involve a one-off exchange of value between the two parties, without prior or subsequent interaction. Any negative implications of such an approach are therefore immaterial. For repeat transactions and long-term contractual relationships to occur, there must be a certain level of loyalty, which is attained by more congruent goals. Commitment and trust are required in buyer–seller partnerships that are characterised by a degree of mutual dependency, requiring a high level of goal congruence. A case in point is early supplier involvement in new product development initiatives. Strategic alliances are formed to achieve generally agreed objectives and thus reach the highest level of goal congruence in the buyer–seller relationship continuum outlined in Figure 1. Goal congruence will occur when the buying and selling organisations work towards the same objectives, and when both parties perceive that they will benefit from cooperation.

Relationship marketing as governance mechanism

The buyer–seller relationship in the industrial market is presented in a model based on the minimisation of transaction costs and/or the maximisation of joint value approach. Such relationships are illustrated in Figure 4, using the degree of goal incongruence and performance ambiguity as parameters. The applicability of relationship marketing as governance mechanism for each of the four quadrants is shown and discussed as follows.



Source: Adapted from Pitt & Foreman (1999)

Figure 4. Implications for relationship marketing in industrial markets

Quadrant 1: Goal incongruence/low performance ambiguity

Relationship marketing is not necessary in industrial markets characterised by low performance ambiguity and goal incongruence. The marketing exchange takes place in accordance with explicit and formal agreements or contracts between the buying and selling organisations, portraying low performance ambiguity. Goal incongruence means that both parties will behave in their own interests. Both parties will aim to keep transaction costs at a minimum. With low performance ambiguity, the transaction costs can be effectively regulated by the mechanism of price. Close relationships are negated by goal incongruence, and relationship marketing would only add to transaction costs. The prime governance mechanism will therefore be the free-market price of the industrial goods.

The buyer–seller relationships in these industrial markets will pertain to pure transactions, repeat transactions and long-term contractual relationships, as shown in Figure 4. Examples of industrial products and services in this market category relate predominantly to commodity products and other standardised niche products and services. The lowest cost strategies applied to these industrial markets make relationship marketing unnecessary.

Quadrant 2: Goal congruence/low performance ambiguity

The combination of goal congruence and low performance ambiguity reflects the lowest level of transaction costs in the marketing exchange. Low performance ambiguity makes it easy to measure the performance and exchange value of both parties, thereby lowering the cost of negotiating, monitoring and controlling contracts. In contrast to the characteristics described for Quadrant 1, goal congruence between buying and selling organisations in these industrial markets makes relationships beneficial. Interactions occur between the functional departments of both parties to an exchange, based on formal procedures as stipulated in the agreement or contract. Relationships in this category tend to be more long-term, to the extent that mutual benefits and gains are attained as inter-functional bonds develop between buying and selling organisations. Closer relationships develop, which permits savings based on communication economics to be realised. Quality costs are reduced by improving, or even customising, industrial products and services. The governance mechanism in this situation is not based purely on price, and relationship marketing will be justified to reinforce commitment to the congruent goals of both parties.

Quadrant 3: Goal incongruence/high performance ambiguity

The combination of goal incongruence and high performance ambiguity is directly opposed to the characteristics of Quadrant 2 and has the highest transaction costs in the marketing exchange. With both parties behaving in their own interests because of their goal incongruence, as well as an inability to evaluate the performance of parties to an exchange, such a relationship is unlikely to exist in a free-market economy. For such a relationship to function, one party would have to coerce the other into the exchange, which is illegal. It is therefore concluded that relationship marketing is not applicable to the extent that such industrial markets would not exist in a free-market economy.

Quadrant 4: Goal congruence/high performance ambiguity

Goal congruence between buying and selling organisations in these industrial markets can make relationships beneficial. The high performance ambiguity increases uncertainty and implies that price alone will not facilitate the exchange process. This makes the exchange process more complex and offers opportunities for relationship marketing to act as a governance mechanism. Both parties to the exchange have to assess the transaction costs and determine whether joint value can be created in forging relationships. This requires a medium- to long-term view, as relationships require time to develop, which may lead to transaction cost reduction and/or joint value organisation.

Industrial goods typically consist of augmented products, which may include after-sales service, technical support, stock holding, flexible and timeous deliveries and credit facilities. Buyer–seller partnerships and strategic alliances, as already discussed, provide a means of exploiting industrial market opportunities, as shown in Figure 4. Transaction costs can be drastically reduced as a result of savings in risk management achieved by the open exchange of information between the functional departments/project teams of the respective parties to the exchange. Joint value can be maximised by forming a strategic alliance in which competencies are complemented and weaknesses strengthened to pursue and sustain a competitive advantage in the marketplace. Such relationships are complex and are based largely on commitment and trust to achieve customer satisfaction, customer retention and long-term profitability. Relationship marketing, which may provide the only possible governance mechanism in such a situation, therefore becomes a necessity, as depicted in Figure 4.

Summary

Relationship marketing has its origin in the service industry. After a review of the literature on relationship marketing, a model has been proposed, outlining that for certain conditions, relationship marketing can be useful in industrial markets.

The implications of relationship marketing, compared with transaction marketing, are outlined. These form two marketing strategy approaches at both ends of a continuum, each being applicable to certain buyer–seller relationship conditions.

The aim of both parties to an exchange process is to minimise transaction costs and/or maximise joint value. Based on this premise, the proposed model uses the goal incongruence and performance ambiguity of both parties in the buyer–seller relationship as parameters to determine when relationship marketing could be relevant as a governance mechanism. Situations in which relationship marketing is alternatively 'not applicable', 'necessary', 'not necessary' or 'justified' are identified. Low performance ambiguity and goal congruence define situations in the exchange process where transaction costs are at a minimum and/or where the greatest joint value can be generated. The ideal situation is one in which relationship marketing is justified but not necessary. The industrial market is dynamic and the management bodies of both parties to the exchange process can use the model and relationship marketing as a tool.

Relationship marketing is found to be necessary as an industrial marketing tool in situations where goal congruence and high performance ambiguity exist. Such situations offer the best opportunities for relationship marketing to decrease transaction costs and maximise joint value. In these circumstances, relationship marketing may be an invaluable industrial marketing tool.

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*A review of challenges facing black and white women managers in South Africa**

Lize Booysen†

With the demise of apartheid and the implementation of equal opportunity and affirmative action legislation, there has since 1994 at least been formal, legislated equality between people of different races and genders in South Africa. Despite the changes that have taken place, the latest statistics on management show that whites, as a group, still account for the largest percentage of management (57%), and are thus over-represented as a population group in comparison with the percentage that whites form of the general population. Moreover, white males comprise 41% of management, while white females comprise only 16%. Blacks, however, comprise 27% of management, with black males comprising 20% and black females only 7%. It is thus evident that males, especially white males, are still over-represented in management, while females as a group, especially black females, are under-represented.

Over and above investigating the disparity in the proportion of men and women in management, there is also a need to compare and contrast the status of white and black women in management, as well as to examine the number differences between these two groups. Even though both groups have experienced gender oppression and discrimination, it seems that black women face a dual challenge in attaining a top management position in the light of the conclusions reached in the draft South African Employment Equity Bill (1997: 2). The bill indicates that it was 5000 times more likely for a white male South African (the previously most advantaged group) than for an African woman (the previously most disadvantaged group) to be in a top management position. Present-day South Africa is thus still experiencing not only male dominance but also white dominance in management.

This paper firstly investigates the current disparity in numbers between male and female managers, as well as between white and black women in management and management training in South Africa. Secondly, the article investigates the existing masculine management paradigm and points out the importance of including feminine values in business leadership – the values women can add in corporate South Africa. Lastly, the article proposes some initiatives, in line with government policy and legislation, to build female, especially black female, critical mass in South African management.

Introduction

It is claimed that cultural differences influence individual expectations and assumptions about management, modes of interaction and behaviour patterns. It is also claimed that management philosophies typically evolve in harmony with the cultures within which they function (Hofstede 1980, 1991, 1994; Dorfman 1996; House, Wright & Aditja 1997). However, although South Africa is a complex amalgam of several cultures and subcultures, the dominant management practices are, for historical reasons, Anglo-American (Binedell 1992; Khoza 1994; Christie 1996; Manning 1997). The South African leadership context is furthermore marred by socialised assumptions, such as, 'White is right', 'West is best' and 'Think manager, think male' (Lessem 1993, 1996; Potgieter 1996; Sonn 1996; Steyn & Motshabi 1996). The leadership picture is made even more complex and biased by the skewness that still exists in the representation of managers in terms of the various population groups. (See Table 1, in which the legislators, senior officials and managers in South Africa are classified by population group and gender for 1994, 1995 and 1996).

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†Lize Booysen is an Associate Professor at the Unisa Graduate School of Business Leadership.

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Table 1. Legislators, senior officials and managers in South Africa by population group and gender, 1994–1996

Year	Total %		Asians %			Coloureds %			Whites %			Blacks %		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F
1994	78	22	6	5	1	5	4	1	58	46	12	31	23	8
1995	78	22	7	6	1	4	3	1	58	46	12	31	23	8
1996	72	28	8	6	2	8	5	3	57	41	16	27	20	7

Source: South Africa. Central Statistical Service (1995a, 1995b, 1996a, 1996b); South Africa. Statistics South Africa (1998)

Table 1 shows that of the total population of legislators, senior officials and managers, in both 1994 and 1995, 78% were male, while in 1996 72% were male. Of the males, 46% were white and 23% were black in 1994 and 1995, while in 1996, 41% were white and 20% were black. In 1994, 5% of the males were Asian and 4% were coloured. In 1995, the percentage of Asian males increased to 6% and coloured males decreased to 3%, and in 1996, Asian males remained constant at 6%, while the percentage of coloured males increased to 5%.

In 1994 and 1995, the statistics for females remained constant. Of the total population in these occupation groups, only 22% were female: 12% white, 8% black, 1% Asian and 1% coloured. A slight change is evident in 1996, when the percentage of females rose to 28%: 16% white, 7% black, 2% Asian and 3% coloured.

Preliminary results of a study by the South African Commission on Gender Equality on the private sector show that in 1999, fewer than one in four jobs in the private sector are held by women, compared with almost two-thirds in the public sector (Jacobson 1999). It is thus evident that males, especially white males, are still over-represented in these occupation groups, while females are under-represented.

Since the first democratic elections in South Africa in 1994, the influx of women into the labour force, together with the political, social and economic efforts to advance gender equity in the work setting, is beginning to result in increasing numbers of women occupying positions of leadership in South Africa. Several authors argue, however, that women of all races are still disadvantaged in South Africa, hold hardly any senior positions – especially in the corporate world – and are still a wasted resource (Manning 1997; Naidoo 1997a, 1997b; De Villiers 1998; Erasmus 1998; Bennett 1999; Jacobson 1999).

The aim of this article is threefold:

1. To investigate the current disparity in numbers between male and female managers, as well as between white and black women in management and management training in South Africa
2. To investigate the existing masculine management paradigm and point out the importance of including feminine values in business leadership – the values women can add in corporate South Africa
3. To propose some initiatives, in line with government policy and legislation, to build female, especially black female, critical mass in South African management.

Before investigating the current disparity in numbers between male and female managers, and between black and white female managers, it is necessary to give a cursory overview of the impact of affirmative action, as one of the measures to address the disparity in numbers, on business leadership in South Africa.

The impact of affirmative action on business leadership in South Africa

Munetsi (1999) argues that apart from the racial privileges afforded whites by the discriminatory legislation of the apartheid era, which resulted in preferential treatment and job reservation, it was also permissible to discriminate on the basis of gender (and disability), according to the Wage Act of 1937 – hence the prevalence of racial and sexual discrimination in South Africa.

With the demise of apartheid and the implementation of equal opportunity and affirmative action legislation, there is at least now formal equality between people of different races and genders (Human 1991; Human & Bowmaker-Falconer 1992; Kemp 1994; South Africa 1996, 1998; Swanepoel, Erasmus, Van Wyk & Schenk 1998; Van Wyk 1998).

According to Section 9.2 of the Constitution of the Republic of South Africa (1996), Swanepoel et al. (1998) and Munetsi (1999), affirmative action, as a means of creating employment equity, includes providing equal employment opportunities, removing all discrimination and redressing past discriminatory practices.

However, this process is slow because, as Tsukudu (1996: 14) points out, it is very important to get commitment to affirmative action from top management, because "discrimination on the basis of race and gender is institutionalised in South African organisations and white male managers as an elite group *will, if there is no commitment*, continue to maintain their privileged position by closing off opportunities to white women and blacks" [own emphasis].

Fischer (1995) cites research done in 1993 that contrasted the attitudes of white men, white women, black men and black women to affirmative action. The majority (80%) of men were adamant that white women should not be afforded any form of affirmative action, with a significant percentage (50%) disagreeing that the development of women is as important an issue as the development of black people. She points out that 80% of this group did not believe that black women, as the victims of both gender and racial discrimination, should be the primary beneficiaries of affirmative action. Fischer

(1995: 24) continues, "as white males constitute the decision-making power of the private sector and thus dictate the importance placed on issues of development, this raises serious issues of how, when and, indeed, if ever gender issues will be addressed. It further implies that the development of women may be neglected and seen as subordinate to the development of black people".

It thus seems that there is the danger in South Africa that affirmative action is conceptualised as the advancement of blacks only (predominantly black males) and excludes Asians, coloureds and white women. Fischer (1995) points out that, beyond the argument that this makes the policy exclusive rather than inclusive, there is concern that this focus will inevitably lead to the maintenance of the *status quo* of women. She points out that a lesson can be learnt from Zimbabwe in this regard,"where the issue of advancement of women has not been afforded the importance that it deserves and, as a result, this group of people have made very poor progress in terms of advancement in the private or public sector" (Fischer 1995: 23).

Fischer (1995: 24) concludes by stating that the challenge facing South Africa is what forms of affirmative action are appropriate for the different minorities in organisations, in order to ensure that affirmative action programmes eliminate discrimination in all its forms and meet the needs of all employees, as well as those of the organisation."It is only then," she continues, "that affirmative action will become a strength, as organisations seek to effectively achieve and manage the diversity of their workforce".

Affirmative action also means giving preferential treatment in the short term, with a view to correcting past discriminatory practices, to get more equal representation of all possible participants in the labour market (Makwana 1994: Kemp 1994; Blum 1994; Van Wyk 1998.) Affirmative action thus raises expectations among all people of colour and among women as a group. In practice, however, as Fischer (1995), Masango (1994) and Slachmuijlder (1993) point out, the reality is that affirmative action has focused primarily on the need to address racial imbalances within organisations, with gender issues being marginalised or overlooked.

With the promulgation of the Employment Equity Act (South Africa 1998) and its anti-discriminatory provisions – which came into effect on Women's Day, 9 August 1999 – this challenge is largely addressed by including black, Asian and coloured people, as well as women (black and white) and the disabled, as entities among the designated groups that need to be affirmed. The focus now is not only on affirmative action appointments but also on the recruitment, succession planning and development and training of persons in the designated groups (Munetsi 1999; Pillay 1999).

In concluding this section, it can be stated that, as a result of the emphasis on providing equal opportunities for all employees and of affirmative action, more women, as well as more black, Asian and coloured people, are entering the workforce and are attaining management positions in greater numbers. The demographics of management, as well as corporate boardrooms, are in a process of transformation. The overwhelmingly homogeneous white male majority in these institutions is starting to give way to much greater population diversity, more in line with the country's general population.

Although the effects of these programmes are already evident, it will take some time before there will be substantial equality between races and genders, because of societal discrimination and the legacy of the discrimination of the past. Moreover, the way in which affirmative action is being implemented is still subject to the dominant white male value system (Slachmuijlder 1993; Masango 1994; Fischer 1995; Jacobson 1999; Klein 1999; Van der Westhuizen 1999).

From the above discussion, it thus appears that the most prevalent reason for affirmative action in South Africa is the need to redress the existing imbalances in terms of race *and* gender in management because, over and above the universal social notion of white supremacy and male supremacy, discrimination on the basis of race and gender was entrenched in the statutes of the country.

Black and white women in management in South Africa

In this section, the available literature is examined in investigating the place of black and white women in management and management training in South Africa.[1] Before doing so, it is necessary to focus briefly on women in management in general, nationally as well as internationally.

The status of women in management worldwide

Adler & Izraeli (1994: 89) state that, although women represent more than 50% of the world population, there is no country in which women represent half, or even close to half, of the corporate managers. They claim that "until the late 1970s, women were virtually invisible as managers, and their absence was generally considered a non-issue. Since then, women managers have become increasingly visible in many countries". However, they add that each country tells similar stories of patriarchy, of societies in which men control the centres of political and economic power, and of the profession of management controlled and dominated by men, where women remain relative newcomers, especially at the top. South Africa is no exception, and major barriers still hinder the progress of women in management (Govender & Bayat 1993; Erwee 1994; Naidoo 1997a).

The systematic investigation of women's progress in management is new. It began in North America in the early 1970s, in South Africa in the late 1970s, in Western Europe in the early 1980s, in Asia towards the mid-1980s, and in the former Eastern European Communist countries and the People's Republic of China only towards the end of the 1980s

1 Note that while the author acknowledges and is fully conversant with the influence of the psychology of the oppressed and the oppressor, the dynamics of in- and out-groups in society and the role that power plays in these dynamics, the following discussion is not an analysis thereof, an endeavour to participate in or contribute to the debates on power or structural power relations under patriarchy or white group supremacy (sexism or racism), a feminist or social (de)constructionist critique or discourse analysis or an explanation of the research phenomenon. The sociology of psychology and the sociology of leadership and gender are thus beyond the scope of this article. The article is also not an investigation into discriminatory practices against women in management ('glass ceilingism') or an exploration of dual-career issues.

(Izraeli & Adler 1994; Erwee 1988, 1994; Smit 1977). Of all nations, the USA seems to have the most interest in promoting women in management and has legislation in place to this end. From the *North American Catalyst's 1996 Census of Women Corporate Officers and Top Earners* (Canadian Women's Business Network 1998), it emerges that in the USA, women comprise:

- 46% of the labour force
- 48% of specialised managerial and professional staff
- 10% of corporate officers
- 9.5% of board directors
- 2.4% of the highest titles
- 1.9% of the top earners
- Only one *Fortune* 500 chief executive officer.

The status of women in management in South Africa

South African women are still generally far behind their counterparts in the USA. However, the influx of women into the labour force, together with the political, social and economic efforts to advance gender equity in the workplace, is beginning to result in increasing numbers of women occupying positions of leadership in South Africa as well. Nevertheless, according to Manning (1997: 91), "women of all races are disadvantaged, and a wasted resource. They still hold hardly any senior positions, except perhaps in market research, personnel, and finance ... But here, as elsewhere, they are pouring out of their homes, through the education system, and into the workplace. So major changes lie ahead. They will be driven by the ANC's [African National Congress's] commitment not just to non-racism, but also to non-sexism".

The current changes in this regard are most evident in government organisations and especially in government itself, where several initiatives have been introduced, such as:

- The quota rule that 30% of government representatives in 1994 would be women
- A national women's empowerment policy
- The signing of a number of United Nations conventions on women
- The Joint Standing Committee on the Improvement of the Quality of Life and Status of Women
- The Commission on Gender Equality.

These government initiatives concern women in general and in the workplace. They are aimed at enlarging the pool of talent from which leaders are drawn and more specifically at breaking down socialised patterns (Naidoo 1997b; Convention on the Elimination of All Forms of Discrimination against Women 1998; Cullinan 1998: 9; De Villiers 1998; Paton 1998: 2; Van der Westhuizen 1999).

Paton (1998: 2) says that "this quota rule introduced into Parliament a trend that was way ahead of society, where women, especially black women, are at the bottom of the occupational ladder and where it is taken for granted that they alone are responsible for domestic work and child care". Jaffer (1998: 4) claims that this is a dramatic move away from the situation under the previous government and states that "in the days of the whites-only parliament, six women were elected over a period of 50 years. Now our country occupies seventh position out of 179 parliaments surveyed on their involvement of women, with only Sweden, Denmark, Norway, the Netherlands, Finland and New Zealand ahead of us".

Following the 1999 elections and with Thabo Mbeki as president, the quota has almost been filled, with a 29.8% representation of women in parliament, as opposed to 27% after the 1994 elections and 2.7% prior to that. Nevertheless, it is argued that parliament is still too patriarchal with a male representation of 70.2% (Van der Westhuizen 1999).

Despite the initiatives already discussed, very few women are in senior and executive leadership or management positions in either public service management or in the corporate world. Statistics show that in December 1997, 87% of management in the public service (at the level of director and above) were men, and only 13% were women. Over half of the male public sector managers were white (South Africa. Central Statistical Service 1998: 41).

Preliminary results of a study of the private sector by the South African Commission on Gender Equality show that in 1999, fewer than one in four jobs in the private sector are held by women, compared with almost two-thirds in the public sector. Moreover, 47% of the 103 companies that were willing to participate in the study (out of a total of 300 companies that were approached) did not have a gender policy (Jacobson 1999).

Naidoo (1997b: 31) provides some statistics on senior positions in the corporate sector. Women comprise only 1.3% (49) of the 3773 directors of the 657 companies listed on the Johannesburg Stock Exchange, only 14 women are listed as executive directors, chairwomen or managing directors, and fewer than 1% of board members are women. A recent FSA-Contact survey of non-executive directors of small and large listed and non-listed companies in 1999 shows that 7% are female (Klein 1999). This indicates marginal but unsatisfactory progress.

Division of labour according to stereotyped gender roles

Apart from the disparity in numbers between male and female managers, the division of labour occurs in other contexts according to stereotyped gender roles. Naidoo (1997b: 30–32) points out that, although women constitute approximately 54% of the population, they comprise only 39.4% of the paid workforce. Moreover, 68.4% of all service sector employees and more than half of all clerical and sales personnel are women. She continues by contesting that "women also occupy a significant majority of the so-called 'pink-collar jobs'". They comprise:

- 96% of registered nurses
- 90% of occupational therapists and radiotherapists
- 86% of social workers
- 79% of hairdressers
- 67% of teachers
- 96% of domestic workers.

At the opposite end of the spectrum, women are obviously under-represented in the following categories, where they comprise:

- 5.1% of artisans and apprentices
- 5.9% of communication and related occupations
- 3.1% of registered engineers
- 9.6% of judges/magistrates
- 0.8% of metal and engineering industry workers.

Govender & Bayat (1993), Naidoo (1997a) and Erasmus (1998) point out that several individual, organisational and social barriers account in varying degrees for this under-representation of women in senior leadership positions. Erasmus (1998: 26) points out that, from his research on South African career women, it seems clear that professional and managerial women have greater difficulty than men in advancing into higher level management positions "even though they are just as talented, educated and committed to their careers". Many of the barriers that keep women from being promoted relate to the misperceptions that women do not show leadership potential and behave differently from traditional male leaders, in ways that would be detrimental to themselves and to the organisation.

It is evident from the above discussion that:

- The patriarchal ideology, based on the superior position of men, is evident in both government and the corporate world.
- The division of labour is often based on stereotypical gender roles.
- Management is still dominated by white males, as reflected in the latest available statistics and depicted in Table 1.

The dual disadvantages suffered by black women in management

Apart from examining the patriarchy that is evident in management, it is also necessary (especially in South Africa, with its apartheid legacy) to investigate the effects of racism on black women in management. It is thus necessary to focus not only on the disparity in numbers of males and females in management (as discussed above), but also to compare and contrast the respective power statuses of male and female managers and to study the differences between the numbers of white and black women in management (Adler & Izraeli 1994; Fischer 1995).

Naidoo (1997b: 31) affirms this viewpoint in saying that there is a vast difference between the representation of white and black females in management in South Africa, "which takes a specific apartheid-related character; there is inequality within inequality". She compares the status of white women with that of black women in the corporate world, and shows that 77.6% of managerial, executive and administrative posts, 57.8% of sales and clerical posts and 57.8% of professional, semi-professional and technical posts are occupied by white women. In contrast, black women are over-represented in service, production and related occupations (83.4%), and approximately 38% are involved in menial work.

Table 2. Commission on Gender Equality staff survey

	AVERAGE COMPOSITION OF STAFF				
Staff level	**Female** %	**White female** %	**African female** %	**Coloured female** %	**Indian female** %
Non-executive directors	13 (males 87)	10	3	0	0
Executive directors	12 (males 88)	9	3	0	0
Senior-executive management	17 (males 83)	10	6	0.5	0.5
Senior management	25 (males 75)	20	3	1	1
Middle-senior management	24 (males 76)	17	5	1	1
Junior-middle management	28 (males 72)	15	7	3	3
Assistant management/ senior supervisor/junior professional	32 (males 68)	19	8	3	2
Supervisory, artisan, technician, senior operative, senior administrative/clerical/ secretarial / graduate entry level	40 (males 60)	21	4	8	7
Apprentice and trainee technician, operative/administrative secretarial/clerical	42 (males 58)	16	5	12	9
Entry level/labourer	34 (males 66)	2	28	3	1

Source: Adapted from Jacobson (1999)

Preliminary findings of the study of the private sector by the South African Commission on Gender Equality show that in 1999, not only are fewer than one in four jobs in the private sector held by women, but most of these jobs are held by white women (Jacobson 1999).

Table 2 shows that, of the 13% female non-executive directors, 77% are white and 23% are African black, while there are no coloured or Indian female non-executive directors. Of the 12% female executive directors, 75% are white and 25% are African black, and there are no coloured or Indian executive directors. This means that 76% of women directors in the private sector are white, 24% are African black and none are coloured or Indian.

Senior-executive management comprises 17% females, of whom 59% are white, 35% African black, 3% coloured and 3% Indian. Of the 25% senior female managers, 80% are white, 15% African black, and 5% each coloured and Indian. Of the 24% female middle-senior management, 75% are white, 21% African black, 4% coloured and 4% Indian. Of the 28% female junior-middle management, 55% are white, 25% African black and 10% each coloured and Indian. This means that 66% of the female managers at the various levels of management in the private sector are white, while 24% are African black, 5% coloured and 5% Indian.

In terms of the 36% female supervisory and senior support staff levels, 56% are white, 18% African black, 14% coloured and 12% Indian. Females comprise 38% of staff at the lower levels, with 22% being white, 47% African black, 19% coloured and 12% Indian.

From this survey, it is evident that white females as a whole are still over-represented at all staff levels, with the exception of entry or labourer level, while African black women are under-represented at all levels, with the exception of entry or labourer level. These survey results also affirm Naidoo's (1997b) argument that inequality within inequality still exists, even in management positions, between white and black women, with African black women still in the most disadvantaged position.

It thus seems that black women face a dual challenge – both as women and as black women. The draft Employment Equity Bill (1997: 2) shows that it was 5000 times more likely for a white male South African (the previously most advantaged group) than for an African woman (the previously most disadvantaged group) to be in a top management position. Prekel (1994) states that, even if affirmative action were to be fully implemented with gender in mind, it would take decades for the effects of centuries of discrimination against black women, in terms of both gender and race, to be eliminated.

Erasmus (1998: 28) says in this regard that "there is no denying the fact that too few women, especially African women, are employed as managers". He also adds that it is of the utmost importance to train and develop more women managers in order to manage the diverse workforce more effectively. Mechanisms must also be put in place to make the workplace more friendly to women.

It is evident that over and above the disparity between men and women in management, there is another aspect of the gender issue that needs some consideration – the need to make a distinction between white women and women of colour. While both groups have experienced gender oppression and discrimination, the main differences, according to Adler & Izraeli (1994), Fischer, (1995) and Booysen (1999a) are:

- Women of colour are further from the centre of power because, historically, white women have had indirect access to economic, social and political power through their alliance with white men.
- White women were not subjected to racial discrimination.
- Patriarchy seems to be stronger in the black culture than in the white culture in South Africa.

In line with the feminist critique on gender essentialism,[2] in South Africa it is thus true to say that "black women are not white women with color" (Omolade 1980, in Harris 1994). This assertion could be taken even further by stating that African black women in South Africa are not merely white South African women with colour.

In the previous section, the disparities in number between male and female managers, as well as between white and black female managers, were investigated. In the next section, a brief overview is given of the position of women in management training, in terms of their representation as students on management training-courses, as well as their representation as lecturers presenting management training-courses.

Women in management training

Adler & Izraeli (1994) and Betters-Reed & Moore (1995) argue that, although the global workforce is becoming increasingly diverse, the predominant paradigm for educating and managing this new labour force has remained rooted in an exclusively Anglo-American male mind-set, and even management development programmes designed to focus on females have suffered from the tendency to encourage women to 'think manager, think male'.

Bickerstaffe (1994: 87) states that, despite major changes that have taken place and that are still continuing in terms of restructuring course content and tuition methods in Masters of Business Administration (MBA) programmes, one element has remain stable – namely the composition of the student body. "The type of person attending a school to take an MBA degree has changed hardly at all over the past decade. The typical MBA student in both Europe and the USA is white, middle class and male".

Booysen (1999a) points out that the percentages of women on MBA programmes in the six South African university business schools average no more than 19%. Women students in all South African business schools average no more than 20% of total student numbers, with white women representing approximately 16% and African black women approximately 2% of the 20%. Asian and coloured women make up the other 2%. Of the 80% of students that are male, approximately 63% are white and 8% are African black, with coloureds accounting for 2% and Asians for 7% (Strasheim 1998).

This under-representation and stagnation in the number of women MBAs spurred the launch of a seminal American study in March 1998 conducted by Catalyst (a non-profit organisation that works with business to advance women), the University of Michigan Business School and the Centre for the Education of Women at the University of Michigan (Canadian Women's Business Network 1998). This research will yield insights into the value of MBA programmes for women, the support for female students in these programmes, as well as how women perceive opportunities in corporate careers. Bickerstaffe (1994: 89) expresses the opinion that, while no-one is quite sure why the proportion of women entering the MBA market is so low and so constant, some possible hypotheses are worth investigating, for example:

- In theory the MBA should represent a means of breaking through the glass ceiling, but in practice this is not the case. Given the reality of discriminatory appointment and promotional practices, there is still a wage gap between men and women with the same education and training and credentials.
- The increased emphasis on work experience and the specific selection criteria for MBA programmes have pushed up the average age of the MBA student to the point where many women are considering a career break to start a family rather than to take a further degree.
- The selection of a quota of international students, who are almost exclusively male, has pushed up the proportion of male students.

Even if women do gain better access to management training, other aspects that need to be added and that may affect the representation of women in business education include the lack of female role models and mentors, not only in business but also in business schools. The Feminist Majority Foundation & Mew Media Publishing (1995: 2) notes in this regard that, despite some changes in the composition of the student body, "the faculty and administration of business schools remain predominantly white and male, not unlike corporate management where women are grossly under-represented". The percentage of women on the full-time teaching staff of university business schools in South Africa averages 20% (Booysen 1999a).

Lastly, the 'think manager, think male' paradigm that still exists to a large extent in business education may also be an important variable in the under-representation of women in management training. Betters-Reed & Moore (1995) and Adler & Izraeli (1994) state that the implicit (and sometimes explicit) assumption has been that women would succeed if they adopted the characteristics of effective white male managers. The constantly reinforced message was (and in some cases still is) that women could succeed only if they became more assertive and competitive, dressed for success and were more politically and socially astute. Hence the advice from *Fortune* magazine in 1990 to women wanting to succeed in the workplace: "Look like a lady; act like a man, work like a dog". This is unfortunately also the case in South Africa, according to Govender & Bayat (1993), Erwee (1994) and Wilkenson (1995).

Research on the leadership profiles and underlying cultural dimensions and values of South African managers (Booysen 1999a) indicates that, apart from general race and gender differences in leadership values, there are also significant differences between white males as a group and the group formed by black males, black females and white females, who tend to be more similar. The research indicates that, generally speaking, white males think differently about leadership from white females, black males and black females. Moreover, it was found that white males fit the Anglo-American mind-set that is so entrenched in management training much better than the other three categories. We are thus deluding ourselves if we believe that management training reflects the values of blacks (whether male or female), or even of white females.

From the above discussion, it is clear that a number of issues related to the social patterns caused by patriarchy have resulted in the under-representation of women in management. In South Africa, women (especially black women) are not only under-represented in management, but also in management training. This situation is exacerbated by the scarcity of women mentors and teachers in both management and management training. This implies that the potential management talent pool from which organisations can draw is also skewed in terms of its representation of the population and gender groups, favouring white males. While this situation persists, feminine values will continue to be under-valued and male values (particularly white male values) over-valued in both management and management training.

In the next section, the importance of having women in management positions and the value of feminine values in management are discussed.

The emergence of feminine values in leadership

As a result of the subordinate status of women in management, and the devaluation of feminine values in the business environment, the first female executives to succeed in breaking through the glass ceiling into corporate management adhered to many of the rules of conduct, norms and standards that spelled success for their male counterparts (Rosener 1990; Appelbaum & Shapiro 1993; Betters-Reed & Moore 1995; Lawrence 1998). Because they were breaking new ground, these women did not have role models, and because there was a general lack of recognition of women's ways of leading, they also tended to lead like men in a command-and-control style of management. South African research studies confirm that the first wave of South African female managers also tended to simulate a stereotypical male style of management (Govender & Bayat 1993; Erwee 1994; Wilkenson 1995; Prekel 1997).

These first-wave women executives were under pressure to conform to and assimilate a dominant white male corporate culture and to counteract the traditional stereotypes that men held of women. In so doing, they rejected some of their own feminine values and culture. Yet they dared not go too far in adopting male patterns of behaviour lest they pose a threat to the position of men. They were expected to be tough, though not macho; they had to be ambitious, but could not expect equal treatment in terms of pay, perks and promotion. Women dared not lose their femininity altogether, but their femininity was also not valued. As Lawrence (1998) points out, this posed a double bind for women in general and for black women in particular. For black women, having to function in a white world, and to subscribe to the white male values and behaviours of the dominant business culture, led to feelings of alienation and marginalisation and to actions that compromised their own cultural identity.

Rosener (1990), Betters-Reed & Moore (1995) and Lawrence (1998) all point out that a second wave of women is moving into top management, both internationally and in South Africa (Naidoo 1997b; Prekel 1997; Booysen 1999a, 1999b, 1999c), not by adopting the style and habits that have proved successful for men but by drawing on the skills and attitudes they have

2 Gender essentialism – the notion that a unitary, 'essential' women's experience can be isolated and described independently of race, class, sexual orientation and other relations of experience – usually refers to the white woman's experience as the norm (Harris 1994).

developed from their shared experience as women. They draw on what comes naturally – their interactive, supportive, transformational leadership styles. Rosener (1990: 119) argues: "These second generation managerial women are drawing on what is unique to their socialisation as women and creating a different path to the top. They are seeking and finding opportunities in fast-changing and growing organisations to show that they can achieve results – in a different way. They are succeeding because of – not in spite of – certain characteristics generally considered to be 'feminine' and inappropriate in leaders".

This second wave of women leaders is equipped with a leadership style that is more consensus-building and more open and inclusive (in terms of power- and information-sharing). They are more likely than their male counterparts to be caring and to encourage the participation of others, enhancing their self-worth and energising them. These second-wave women have learned that they can be successful and effective by drawing on what is unique in their own socialisation as women. They utilise their feminine skills and attitudes developed from their shared experiences as women (Rosener 1990; Hofstede 1991; Appelbaum & Shapiro 1993; Betters-Reed & Moore 1995; Chorn 1995; Eagly & Johnson 1996; Lawrence 1998).

This approach to management is referred to as a feminine style – it appears to be interactional, transformational and relationship-oriented. South African literature and research (Govender & Bayat 1993, Wilkenson 1995; Booysen 1999a, 1999b) support the notion that a shift has taken place in the leadership style of female managers in that they no longer tend to emulate male managers but have their own distinctive way of leading. Moreover, Booysen (1999a, 1999b, 1999c) found that the South African female leadership profile tends to be transformational and relationship-orientated, with an emphasis on collaboration, participation, support, empowerment and subtle forms of control, while the South African male leadership profile focuses on leadership as a number of social transactions, with an emphasis on competition and winning, domination, control and directive styles. The value of a feminine leadership style and the potential contribution to management by South African female leaders are now discussed.

The worth of feminine leadership values

Organisations worldwide are becoming less bureaucratic and more transparent and inclusive (Kotter 1996, 1998a, 1998b), and the trend is said to be towards more collaborative styles of working across organisational departments to create environments in which teamwork encourages innovation and creative problem-solving. This indicates a huge shift from transactional to transformational and relationship management. In today's flatter organisations, flexibility, networking, teamwork, trust, information-sharing, empowerment and self-leadership are replacing rigid, hierarchical structures, competitive individualism, control and secrecy. The best managers listen, motivate, empower and provide support to their staff, and many women seem to do these things more naturally and more effectively than men, because of socialised and internalised gender behaviour. The notion of the conventional male leader – who controls others, takes command and makes unilateral decisions – does thus not seem to fit the new structures, systems and culture of organisations of the twenty-first century, at least not as far as most recent theory asserts (Lee 1994; Betters-Reed & Moore 1995; Bennis 1996, 1998a, 1998b; Bennis & Ward 1998; Moskal 1994).

Booysen (1999a, 1999b, 1999c) indicates that there is a growing awareness that male management practices are not necessarily superior, and are at odds with the requirements for managing the diverse workforce in South Africa. Moreover, there is also a shift in mind-set in terms of recognising the value that traditional women's skills and experience can add to leadership. Contrary to previous assumptions, such skills are no longer regarded as being unsuited to the business world. In fact, the feminine approach to leadership has the advantage of being in line with the democratisation of the workplace in South Africa, as well as with the world trend of moving towards more horizontal organisations and the empowerment of the workforce.

"Optimally, what would emerge from this transformation is neither a masculine nor a 'feminine' model of leadership, but a synergistic model that enables people to work together to maximise their collective strengths and avoid their individual weaknesses" (Smith & Smits 1994: 46). It is thus not suggested that all the traditional masculine values should be swept aside. These have indeed made a considerable contribution to the success of organisations in the past. However, the external environment has changed, and has led to a fundamental change in structures, cultures and systems in organisations. A complementary set of feminine values is now required in organisational leadership. It is most important to note, however, that instilling feminine values in organisations is not necessarily only linked to women, because many men possess attributes that are associated mainly with the traditional female model, and vice versa. Many of the feminine values are increasingly being espoused and learned by male leaders, as they respond to insights from management research and modern training and development, which all emphasise the value of a more democratic, participative management style. The astute leader realises that changing times worldwide, including in South Africa, demand a more flexible, transformational approach, rather than the somewhat rigid transactional approaches of the past (Booysen 1999a, 1999c).

In concluding this section, it can be said, in agreement with Clemmons (1995: 62), that "women executives bring a much-needed variety of opinions, ideals and management styles to a company. With today's fast-changing markets, senior management needs the broadest possible range of abilities and viewpoints". This also affirms the argument of Bennis (1997) that feminine leadership is needed to steer organisations into the next millennium. Bennis (1997: 2) states quite frankly that "competitive advantage will be the leadership of women". Bennis also argues that feminine traits contain the potential for improving the human condition and that society must dispel the myth that the only way for women managers to survive is to act like men, because the irony is that male leaders have been trying to shed the macho character traits that women have been encouraged to imitate. Bennis (1996: 2) states further that "what has to change is not women's character traits but corporate cultures, because most of them have been playing male-chauvinist games for too long. The power structures and avenues of opportunity have excluded women for years".

This is also the case in South Africa, but the reality is that South Africa, like America and most countries in Europe, simply does not have enough women in management positions to form the necessary critical mass to bring about a paradigm shift (Adler & Izraeli 1994; Naidoo 1997a; Govender & Bayat 1993; Erwee 1994; Erasmus 1998; Booysen 1999a). In the next section, the challenges to initiatives to bring about the necessary critical mass of feminine leadership values are discussed.

Three challenges to rectify the unequal subordinate position of black and white women in management in South Africa

It has been shown that competitive advantage in the future will require the incorporation of the leadership values of women, alongside those of men (Bennis 1997). It has also been shown that South African males and females show significant differences in leadership values, in line with the international research on leadership and gender differences. Moreover, it has been found that the South African female profile fits this new approach to leadership better than the male profile (Booysen 1999a).

What is noteworthy, however, is that even though there is a distinctive South African female leadership style, Booysen (1999a) also found significant differences between white and black females, with black females having the greater similarity with the broader feminine leadership style. However, it is necessary to emphasise, in agreement with Littleton (1993: 117), that "we need to recognise differences among women as diversity (*which is a strength*) rather than division, and differences between women and men as opportunity rather than danger" [own emphasis].

It is therefore now time for feminine values and for women themselves (especially black women) to assume their rightful and much-needed place alongside men in both the South African organisation and in management training.

Changes thus need to take place in the South African corporate environment in order to rectify the inequitable, subordinate status of black and white women in management. However, in order to do this, three major challenges first need to be overcome.

Challenge 1: The disparity in numbers between male and female managers, as well as between white and black females

Despite political changes and the changes that have taken place in workforce demographics since the early 1990s, the value systems of male South African managers (particularly white male South African managers) still prevail in corporate South Africa in the late 1990s. This is because men (especially white men) still form the major group in management, especially senior management. Moreover, white males are the most over-represented group in management in terms of their representation in the general population.

Furthermore, in the female management group, white females outnumber black females. After white males, white females are the second most over-represented group in management. Black female managers, with the lowest numbers of all the groups (lower than white males, white females or black males), are the most under-represented.

Challenge 2: The relative ineffectiveness of affirmative action in closing the disparities in numbers

There is at least now formal equality between people of different races and genders, and the effects of affirmative action programmes are already evident. It will, however, take some time before there will be substantial equality between races and genders, because of societal discrimination and the persistent effects of the legacy of discrimination. At present, there is still an over-representation of males (especially white males) and an under-representation of females (especially black females) in management as well as in management training in South Africa.

Moreover, the way in which affirmative action is being implemented is still subject to the dominant white male value-system, because of the disparity in numbers between male and female managers. This raises some issues in terms of the approach to and effectiveness of affirmative action, namely:

- The perceived addressing of racial rather than gender imbalances
- The need for white males, who still hold most positions in senior management, to be serious about advancing women in management
- The dual disadvantage of black women in management.

The potential benefits of the correct and speedy implementation of the Employment Equity Act, as well as training and development in empowering all women (particularly black women) and the effects this will have in the workplace, should therefore not be underestimated.

Challenge 3: The need to re-examine management behaviours and training in line with feminine values in management

Management in South Africa is dominated firstly by masculine values and practices and secondly by white Western values and practices. South African organisational cultures and leadership, as well as leadership training, will thus value masculine and Western values in leadership, the results of which are that:

- Feminine (particularly black feminine) values in leadership are not yet valued on equal grounds with masculine values. This is reflected in management practices, values and management training curricula.
- There are simply not enough women, black and white, in management and executive management in South African organisations to demonstrate the value women can add to corporate South Africa.
- Because of the large proportion of male students and male lecturers in management development in South Africa (as a result of the masculine management paradigm) the current and future management pool or talent pool is, and will continue to be, skewed in favour of masculine values.

Addressing the challenges facing black and white women managers in South Africa

In order for South Africa to compete in the current and emerging competitive environments, it is necessary to place more value on feminine approaches to leadership and to achieve the necessary critical mass of women to change the current management paradigm. Some initiatives that would help in this regard are discussed below.

Education and general management training

- Managers at all levels should be educated to realise the potential value of feminine approaches to leadership, so that feminine leadership values will come to be regarded as equally important alongside masculine leadership values.
- Management/leadership curricula that are still biased towards a masculine Western leadership style should be

revisited and revised so as to be more inclusive of a diversity of values and at least reflect the values of the broad spectrum of managers/leaders and of the diverse workforce.

- A higher representation of women in management training, both as staff and as students, should be ensured, even if this means reserving bursaries or student position for women, particularly black women.
- A sense of pride should be instilled in the groups that are culturally 'different' from the current white-male-dominant corporate culture, in order that they may come to recognise and value their own identity and the contribution they can make towards achieving corporate goals.

Naturally, these initiatives also need to be coordinated at a national level, and debate needs to start to raise awareness among role-players of the value women can add to management in South Africa.

Initiatives to address the relative ineffectiveness of affirmative action

Organisational initiatives and corporate responsibility could include advancing women through certain coordinated preferential treatment (in line with the Employment Equity Act), such as by actively recruiting and urgently fast-tracking development and training for existing women managers and women with management potential, especially black women. This would entail plotting career paths, doing succession planning and becoming serious about promoting women.

Such strategies would need to be organisation-wide and not limited to selected areas like the human resources department or to certain functional areas. They would also need to be implemented from the top down and instituted at all levels, rather than just at the lower levels of the organisation.

None of these organisational and corporate initiatives will gain momentum unless:

- The chief executive officer and top management are committed to their success
- They are budgeted for
- Targets are set
- Performance and development are managed.

It is also recommended that similar initiatives to those in parliament need to be implemented in all organisations to break down the patriarchy and to balance the masculine value systems in the organisation. Such initiatives could include:

- Introducing a quota system for black and white women at all levels of management
- Legislating gender policies and gender analyses of budgets and training
- Instituting women's groups as support, mentoring and pressure groups to make management more accepting of feminine values.

Changing management mind-sets

Apart from getting more women into management positions, the above initiatives are also directed at changing the messages and meta-messages about women in management and the existing management paradigms of the day. They are aimed at steering management thinking and practice in South Africa away from being an exclusively male (mostly white male) domain and creating an all-inclusive management domain and a management corps that is heterogeneous rather than homogeneous, because there is strength in diversity. The objectives of such initiatives are to change:

- The 'think manager, think male' paradigm *to think manager, think competence – irrespective of race or gender*
- The 'look like a lady, act like a man, work like a dog' paradigm to *look like a lady, act like a lady and work effectively*
- The 'West is best' paradigm to *West is just one way, there are also North, South and East to choose from.*

In order to effectively manage South African organisations with their diverse workforces, diversity in management is also needed. The male manager – particularly the white Afrikaans-speaking male (WAM) manager – is as necessary as the female manager – particularly the female African black (FAB) manager – in this very exciting new era for management in South Africa.

From the above discussion, it is evident that by using the proposed initiatives to address the challenges that black and white female managers face in South Africa, the corporate environment and the public service in the country will be transformed. The new environment will be more inclusive, will value all its people as being equal and will give voice to and empower a group of very important people – the female managers of South Africa.

This transformation will then not only bring more feminine values (particularly black feminine values) into organisations, but will also further the cause of women and other marginalised groups in management and enlarge the pool of talent available for management in general, in the interests of organisations and of the country as a whole.

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Community leadership: The cases of an African village and an American firm

H.C. Ngambi*

Current literature on the success of organisations in Africa and elsewhere reveals that whether an organisation succeeds or not depends mostly on the leadership style in place. The two case studies discussed in this paper define a leader from an African village perspective and contextualise this definition to modern society. A comparison is made between the leadership of an African village and a successful American firm that is run on similar principles. The article submits that it is the community leadership style, based on an African village model, that will succeed in the new millennium. A model of community leadership is proposed, and the article concludes with a summary of behaviours that characterise effective community leaders.

Introduction

During the past decade or so, much has been said and written about what constitutes effective leadership, giving rise to many different definitions of leadership. There are probably as many definitions of leadership as there are writers on the subject. Some have viewed it on the basis of traits, behaviours, styles and various other qualities and characteristics. Some of the definitions are reminiscent of the story of the blind man, describing an elephant on the basis of the part he can feel with his hands at any one moment. To an extent, effective leadership is like love – it is difficult to define, but when you see it, you recognise it. It is argued in this article that leaders do share common traits and exhibit common patterns of behaviour, but that, fundamentally, a leader is effective in the eyes of the beholders – 'the followers'. Leadership seen in this way recognises the importance of a community that is built on voluntary membership. If so-called leaders have people working under them only because of the financial reward and formal position they hold, they are not regarded as proper leaders (in terms of the argument of this paper), but rather as managers or corporate executives; those below them are not considered to be followers, but subordinates.

This paper, therefore, endeavours to discuss a new model of leadership that is contrary to the traditional bureaucratic type supported by systems, structures, job descriptions and formal command by comparing two successful cases – an African village and an American firm. The paper first gives a brief background of the African philosophy of 'Ubuntu', then reviews what constitutes an effective leader from the perspective of an African village headman and the leadership of a successful American firm, Sun Hydraulics. Based on these comparisons, the article develops a model of community-based leadership, the 'African village model of leadership'. The paper argues that it is leadership based on this model that will succeed in the new millennium.

Background: *Status quo*

In Western society, the assumed basis for all actions is, 'What is in it for me?'. Contrary to this, in the African village, the sense of self is very different; the 'we' is more important than the 'I'. The self is fulfilled through others. The concept on which the African village is built is commonly referred to as 'Ubuntu', which has come to be accepted as an African philosophy. The concept is based on communalism, as reflected in the supportiveness, cooperation and solidarity of a community (Mbigi & Maree 1995; Christie, Lessem & Mbigi 1993). It is the basis of a social contract that stems from, but transcends, the narrow confines of the nuclear family, reaching out to the extended kinship network – the community. It places great importance on working for the common good, as captured by the expression, 'Umuntu Ngamintu Ngabantu' (Literally translated, this means, 'A person is a person through other human beings' – 'I am because you are; you are because we are'.) In terms of Ubuntu, the admiration of the community is regarded as more important than individual achievement. Individual status is thus derived from community contribution. The key values of Ubuntu are group solidarity, conformity, compassion, respect, human dignity and collective unity. The Ubuntu philosophy is accomplished through dialogue.

In the Western organisation, dialogue (or what some would call conversation) is often lacking. It is this dialogue that promotes 'togetherness' in an African village. In Western culture, people have discussions, which tend to entail airing one's views *at* one another. This usually promotes a win–lose situation, rather than the win–win situation that results from dialogue.

The Western perception of the organisation as an 'entity' also differs from the African village perspective, which views the village as a community, made up of people and relationships. While communities can hold visions, share assumptions and enhance collective capabilities (in other words, they

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* Hellicy Ngambi is an Associate Professor at the Unisa Graduate School of Business Leadership.

can learn), organisations cannot. It is therefore our belief that leadership that builds organisations instead of communities is unlikely to succeed in the new millennium.

In talking of a new type of institution that will thrive and survive, we inevitably have to talk of a new type of leadership in the idiom of 'new bottles for new wine'. Above all else, leaders build organisations. The discussion of what constitutes a leader first examines an example of an African village headman – Chief Mwenichifunwe of Chakosamoto village, Isoka, Zambia – and notes the characteristics of leaders in the community, Ubuntu or Afrocentric style.

The case of Chakosamoto village

The discussion of community leadership begins by describing the lifestyle of Chakosamoto village and how people in the village are led. A definition of a community leader is then developed.

The headman of Chakosamoto village (who has also been a member of the committee of senior chiefs for more than 60 years), directly heads a village of approximately 500 people and is part of the leadership of the chieftainship, with a population of about 5000 people. Observation and conversations with the headman and the people of Chakosamoto village reveal why leadership based on the community approach will make 'modern' organisations excel.

Chakosamoto is a typical African village, without modern infrastructure, electricity, tap water or other amenities of Western society. Observing the style of life in this village provides an understanding of what makes, or facilitates, communal living. A good example of a communal approach to life in the village is that of children attending a weekly boarding school. For many years, the children of Chakosamoto village walked about 30 kilometres to weekly boarding schools, leaving home each Sunday and returning on Fridays. While at school, they took care of one another under the leadership of the local villagers; they learned to cook for themselves, with firewood they fetched from the forest on their own; and they drank water they drew from the river themselves. Apart from all these activities, they also had to attend school and learn. They used paraffin lamps to study. On Fridays they returned to their homes to replenish their non-perishable food supplies. When comparing this style with the Western way of bringing up children, it is easy to see why the 'I' is prominent in the Western (Eurocentric) culture and permeates all aspects of life, while the 'we' is prominent in the African (Afrocentric) culture. In the African village, all members of the community learn from an early age to live for one another in a spirit of trust, group care and loyalty. It is critical to their survival that villagers do not work against one another but for one another.

Community leadership characteristics

Certain characteristics of leadership foster a communal way of life. These characteristics, noted in the leadership style of the Chakosamoto village headman in the course of interaction and conversations with the members of the village, are discussed in this section.

In the village, membership is voluntary. "You do not force your opinions as a leader on the members of your community", says the headman. "You call meetings and discuss issues that concern the village." The village headman leads by going ahead of his people in dangerous situations, but leads from behind in situations that are calm, peaceful and involve celebrations, thus allowing villagers to express themselves fully and grow as people. Chakosamoto village is united by shared visions. A mental image of a possible and desirable future for the village was first developed in the 1930s by the village headman and those with him at the time. It articulated a view of a realistic, credible and attractive future for the village. The vision was that Chakosamoto would become the most secure, healthy, progressive and prosperous village. The people of Chakosamoto would live for one another and ensure that all people would be free, healthy, secure, peaceful and trusting. This vision was articulated through stories, songs, dances and slogans. The villagers of Chakosamoto synthesised the vision, articulated it clearly and were committed to it. For example, without any outside assistance, they made bricks, built a school and then approached government to request teachers.

In the traditional Western leadership model, the leader would set the vision and then work on getting people to buy in, resulting in superficial commitment. In the village model, people become committed to the vision because it reflects what they care about. As the saying goes, 'you don't have to get people committed to their children, they are naturally committed'. Such is the type of commitment that comes from a shared vision. It does not require anyone to 'surrender' their uniqueness, but requires all to express it. As such, the African village does not foster dependants but 'independants'. Such an environment is only possible if the leader deepens each person's unique sense of vision and establishes harmony among the diverse visions so that people can move forward together.

Observation shows that in the village setting, vision is established through dialogue. Senge (1995: 228) points out that Western culture suggests a one-way link – the leader acts on the followers. In the African village, leaders and followers interact through dialogue. It would seem that the one-way link of Western culture has its roots in the parochial and ethnocentric view whereby people regard their own ideas as best, and the world as consisting only of one's own world, to the extent that any 'differentness' is perceived as wrong. For example, in the typical Western classroom, most students try to find out what the teacher would like the students to write, and they go ahead and do their best to 'imitate' him or her. This is because the system teaches people that education is about knowing, rather than learning. Students are scared of making mistakes, so they 'cram' for examinations and remember almost nothing afterwards. Education has, in many cases, become 'studying what someone else says you need to know', rather than pursuing one's own intrinsic motivation through learning. The typical African village, before it was dismantled by colonialism, displayed leadership that allowed people to learn. Learning was not a matter of 'right' or 'wrong', but of appropriateness.

Another characteristic of a village leader is empathy. Even if the views of the headman differ from those of any of his followers, he listens to them. He generates conversation with them and become involved in dialogue. He has insight into his follower's positions and a genuine feeling for their perspectives.

The headman of Chakosamoto village also maintains a very clear, consistent position. He is a man of integrity and inspires trust by making his position very clear, but is able to reconsider that position if new evidence comes to light. He fosters the upholding of these values by telling stories. One such story, teaching the importance of integrity, is called

'Nchebe (hunting dog) and Kalulu' It goes like this: Nchebe was chasing Kalulu, sometimes jumping up and biting her as if he would kill her, and sometimes fawning upon her as if playing with another dog. After telling the story, the headman turns to his listeners and asks what they think was going through the mind of Kalulu. He uses the story to explain the importance of removing confusion, uncertainty and lack of commitment in the people you work with by being consistent and open. He concludes by asking, "How do you expect people to work and walk with you if they don't know whether to trust you or not?"

Through listening to the community, the headman is able to identify the will of the villagers. He notes both what is said and what is not. He reflects on what he has heard and uses it to learn and grow as a leader, as well as to develop his character. He says that you have to know and understand yourself before you can motivate others to follow you. He knows everyone and is aware of everything going on in the village. He is aware of himself and others, which helps him to understand issues involving ethics and values. He seeks to convince, rather than to coerce, and is very effective at building consensus within the community. He has a phenomenal ability to recognise and help those that are emotionally or physically hurt and spiritually broken. He looks beyond the day-to-day realities and is able to understand the lessons of the past, the realities of the present and the possible consequence of a decision for the future. He acts as a steward for the whole village. He believes that people have an intrinsic value beyond their tangible contributions in the work of the village. He seeks, and continues to seek, to identify the means of building a community among the villagers he deals with.

One of the things that makes the headman an effective all-round leader is that he provides the villagers with food, both physically and spiritually. Apart from being a village headman, he is also a preacher. Every Saturday, he conducts services for the community. He provides food for all whose crops have failed. He has the insight shown by Joseph of the Bible during his sojourn in Egypt, when people approached him to obtain food during the drought. There were some three years of drought in Zambia in the early 1960s, a period known as 'Chandeya'. Before the drought, the headman had planted a big plantation of cassava, which is not affected by drought. When drought destroyed the maize supply, the headman had food that helped the whole village and even people from other villages. During more prosperous harvests, he operates a food house, called the 'Lord's barn'. Each family donates a tenth of their harvest to the 'Lord's barn', and this food is given to the poor and needy of the village – widows, strangers or visitors, orphans or those whose crops have failed. This practice seems to be based on a biblical principle found in Deuteronomy 26: 12. The headman thus practises what he preaches.

The headman also provided health care at a time when there were no medical facilities in the village. The closest clinic at that time was some 500 kilometres away, and since modern infrastructure was lacking, the only means of transportation was by bicycle. The headman would travel to the cities and come back with medicines of all kinds. He even gave injections and saved many villagers from dying of diseases such as smallpox, bilharzia and malaria.

Based on the description of the African headman, the principles of successful community leadership could be said to be knowing one's 'calling' or potential, being an 'all-rounder', and showing an ability to relate well to others and to develop the best in their characters (Munroe 1993). Houston (1987) claims that these principles were evident in the leadership style of the Biblical King David. The secret of the successful leadership of King David and of the headman of Chakosamoto village would seem to lie in rewarding ability appropriately, showing appreciation, being approachable and adaptable, and holding oneself accountable to God and to one's followers.

The theory of leadership that most closely parallels the leadership style and quality of the village headman is the style based on servant leadership. Essays on servant leadership reveal that an effective leader is first and foremost a servant; he/she listens, is task oriented, has strategic sense and is eager to understand, to emphasise and to collaborate (Tar, in Spears 1995: 81). Examples of organisations that have successfully applied some of the characteristics of servant leadership include Sun Hydraulics of Sarasota, AT&T and Santa Barbara Bank & Trust.

The case of Sun Hydraulics

The case of Chakosamoto community seems to show that effective leaders have to serve the people they lead. Successful leadership is founded on genuine care for the well-being of all the stakeholders. These beliefs are further illustrated by means of a case study of a successful organisation that applies the African village principles – Sun Hydraulics of Sarasota. What follows is a report of the tour we took of the organisation on 10 October 1997. The information is based on a speech by the chief executive offier and interviews with leaders and floor personnel. Leadership qualities as perceived by these individuals, as well as the overall organisational atmosphere, are reported on, with concluding remarks on how these relate to community leadership.

Sun Hydraulics is an industrial manufacturing company, established in 1970. It is situated in Sarasota, Florida, USA. Its success has drawn many to its premises. As reported by Henderson (1997: 55):

> If you haven't heard of Sun Hydraulics before, it's because company officials want it that way. "We prefer to let people come to us," says Richards K. Arter, who handles media and investor relations. And come they do, from all over the world, to see the little widget-maker that could. What they seek is a glimpse of a chimera: A shop floor where workers cooperate with each other; where they take creative license, switching roles in the production process at will; where they push machinery to its limit, with minimal supervision. What makes Sun employees behave this way cannot be seen, smelled or touched. But its power is felt from the board-room to the shop floor.

At first glance, one might be mistaken into thinking that Sun Hydraulics is like any other corporation. That perception changes after a visit. Whatever you may have read about the company, seeing is believing. Sun Hydraulics is truly unique – a company run along the lines of an African village. All the employees, including the executives, occupy desks in an open space. They all seem to be busy 'minding their own business'. In the sections that follow, the tour is reported on, as well as interviews, first with the chief executive officer and then with the floor workers.

Chief executive officer

The chief executive officer of Sun Hydraulics, Bob Koski, addressed our group by highlighting the history of the company.

He started by saying, "Due to the ineffectiveness of processes and blunders in manufacturing that I experienced throughout my career in various organisations, I knew what not to do in starting Sun". One of the major problems that he encountered resulted from the age-old policy of formalised structures and titles. "If you give someone a title and then move them, they would rather quit than accept a lower position," says Koski. He also highlighted the importance of the informal organisation, which, in his opinion, is what really runs the company. In the end, the informal organisation will find ways to get around the formal organisation. "They are designed to say no to the formal organisation, and don't recognise authorities or officials. Thus, we have removed the formal organisation or authority. For example, in purchasing, we let everyone buy what they need when they need it, and where they can get it," he says.

Bob also emphasised the importance of trust. He said that people are more careful when they feel trusted. The only way one gains control, according to Bob, is to give it up by trusting people. He does not believe in punishing people for mistakes, but rather in correcting the mistake by examining the system that created it.

Leadman

Jim Doucett, the next person we saw, showed us around the plant. He occupied the position of floor leadman, which in the traditional Western hierarchy would be known as 'supervisor'. This section reports our interview with him.

Jim told us that he enjoyed working at Sun Hydraulics and stayed with the company because it provided a nice, friendly flexible environment. He also mentioned that any employee is free to get a purchase order and buy anything that will help them do their job better. He related the story of the recent purchase of a machine to de-burr parts. He had seen a sandblaster for sale, but thought it seemed rather expensive. He had arranged to have one brought into the plant so that they could try it out before taking a decision to purchase it. They had really liked the machine and decided to purchase three of them. The purchase was made on someone's personal credit card, and the employee was reimbursed by the company." People are encouraged to go with their ideas and make a contribution to the company," he says.

Sun is also unique in that people are motivated to broaden their horizons, pursue their dreams and seek opportunities. Jim told us that the employees in one of the sections we toured had started to request more work and responsibility so that they would not be standing around waiting for work. Jim did not offer an explanation why the workers at Sun Hydraulics would request more work and responsibility instead of standing around (as would probably be the case in most manufacturing factories). It may have had something to do with being held accountable for the value of the contribution that they make to the company. Factory workers are encouraged to keep their lines of communication open in order to build a nurturing work environment.

When asked what he felt the company's vision was, Jim responds with a story: "There is a person outside the window looking in with his nose pressed up against the glass. He is waiting for a part to get his machinery running because he is losing money for every second that the part is late. Our vision is to be of service to him."

He felt that the company shows compassion and dignity when dealing with people experiencing problems. The people at Sun Hydraulics show a commitment to their work, their customers and, especially, to one another. Teamwork is part of their key to success. Jim says, "No-one on a project is there for a 'free ride'. All participants contribute equally to the project. If the project succeeds, they all succeed. Training for newly hired people may be on-the-job, but it mostly comes from the co-workers".

Floor workers

We also had an opportunity to interview any worker we chose to. Some of the responses of the floor workers, as well as our observations, are summarised in this section.

In speaking with the floor workers, we found that they held much the same opinion of Sun Hydraulics as the company leaders, namely that the company offers freedom and flexibility. One said that he had tried a few sections in the company that he had not liked and had asked to be moved, which he said would not have happened in other manufacturing jobs. Workers stated that they have more flexibility at Sun Hydraulics than in other manufacturing jobs, not having to meet quotas or having people watching over them. They are allowed to work at their own pace and even to work overtime if they choose to, and they do not seem to mind putting in the extra hours.

The atmosphere of the company is family-like. Workers are able to celebrate birthdays openly and picnics are not uncommon. They treat one another like family, which is uncommon in the manufacturing industry.

Reflections on Sun Hydraulics

Some conclusions can be reached on the type of leadership observed at Sun Hydraulics, as discussed in this section.

The organisation exhibits community leadership attributes, as confirmed by the speech of the chief executive officer and the interviews with the workers. There is no single, clearly stated vision of the organisation. Many people would be uncomfortable with the fact that the vision seems not to be clear, in that different workers said different things in this regard. However, a number of them emphasised the importance of meeting the needs of the customer 'with his nose to the glass'. We would argue that the existence of many individual 'visions' is indicative of the workers' freedom to express themselves in unique ways and find their own visions within Sun Hydraulics' overall vision.

Empathy was particularly emphasised, especially in the context of the way family problems are handled, so that each worker is treated as a 'whole'. There is an emphasis on listening and a persuasive approach to communication. There is a commitment to the growth of people, as well as stewardship exemplified by their commitment to one another. These aspects all represent qualities of the community/servant style of leadership that Sun Hydraulics seems to practice.

However, the organisation has not yet fully realised its potential as a community. This is evidenced by a comment by the president, Clyde Nixon, that he would like to be able to say that the chief executive officer's attitudes are mirrored throughout the organisation, but that they are not yet. He cited communication as one of the problems limiting Sun Hydraulics' full family orientation.

Based on the above observations and discussion, we propose a different model of effective leadership – the African village leadership model (illustrated in Figure 1). This model recommends that effective leadership eliminates bureaucracy, rigid hierarchy, strict definitions of functional boundaries, centralisation, myriad layers of management and command-and-control approaches. It is our belief that organisations that are to excel in the new millennium will not be those with a typical vertical hierarchy, but those with a horizontal organisational structure that are led by community-type leaders. Such organisations would be organised around processes that are linked ultimately to the needs of the customer, rather than around functions, departments or tasks. As pointed out by Zeithaml & Bitner (1996: 246), "In its purest state, the horizontal corporation centers around a company's core processes – its flow of activity, information, decisions, and materials – that deliver what customers expect". Redesigning processes appropriately can improve performance and allow employees to interact more directly with customers and to respond more quickly to their needs, as is the case at Sun Hydraulics, along similar lines as observed in Chakosamoto village.

In summary, we argue that an effective leader is one that displays the characteristics observed in the African village headman and in the leadership of Sun Hydraulics. These can be summarised as vision, empathy, maintaining a consistent position, integrity, listening, awareness, healing, persuasion, conceptualisation, foresight, stewardship and commitment to the growth of people.

Characteristics of the African village as a community

How does this leadership style manifest itself in the community? This section discusses the characteristics of a community, based on the proposed African village model of leadership. This model, based on the two cases presented above, proposes that community leadership will enable organisations to survive and thrive in the global village. Many features characterise the African village as a community. Some of these are described in this section and depicted in Figure 1.

Villagers are encouraged to believe in their dreams and to pursue their realisation, no matter how irrational they may appear. Many members of the village have realised their potential because of the importance of encouraging everyone to pursue their vision, even in the face of adverse conditions. The importance of allowing people to grow and to realise their dreams is acknowledged in the Bible – "Without vision, people perish" (Hosea 4: 6). The opposite is the case in most conventional organisations, where people tend to be 'swallowed up' by the vision of a single person at the top.

Frequent open-air sessions are customary in the African village, with all villagers participating fully. These sessions involve dialogue and shared leadership; anyone can assume the role of leadership. The sessions are also used to educate people in new values that the village needs to adopt and are effective in the creation and communication of a gripping vision for the village. Villagers feel enthused as they share their convictions and feelings on the common theme. The discussions are punctuated by singing, dancing and slogans, and morale is high.

The common element in all village activities is participatory democracy, with consensus decision-making based on 'we' rather than 'I', which is different from most Eurocentric organisations. Service and leadership are voluntary in the African village. Members of the community bond through stories, songs, dances and slogans, thus fostering trust and group care. The elders of Chakosamoto village tell the following story in this regard, entitled 'It does not concern me':

> Once upon a time, there was a family that kept animals – a cow, a dog, a chicken and a cat. A rat was spotted in the house, and the home owner set a trap to kill it. The rat called a meeting with the other animals in the house and tried to solicit their help in removing the trap. All the animals, especially the chicken and the cow, told the rat off, saying that the trap was no concern of theirs as it had not been set to catch them. The trap eventually caught a poisonous snake, which had entered the house and bitten the owner of the house while he was trying to stop a fight between the cat and the dog. The snake bite was fatal. The cat and the dog blamed each other for causing their master's death and fought each other to the death. The cow was slaughtered to feed the mourners at the home owner's funeral, and finally the chicken was slaughtered when the time came for the last funeral rites.

There is a lesson to be learned from answering the question, 'In the long run, whose concern was the trap?' A leader seeks first to serve others – creating inspiring visions, empathising, listening, caring, being aware of others' needs and committed to others, acting as a steward and showing integrity.

All relationships are informal in the African village. The village is a community, not a task-oriented group that disbands after the task is complete. It is a community with inclusive relationships based on trust and intimacy, group care and solidarity, which enhances the vision. The way in which

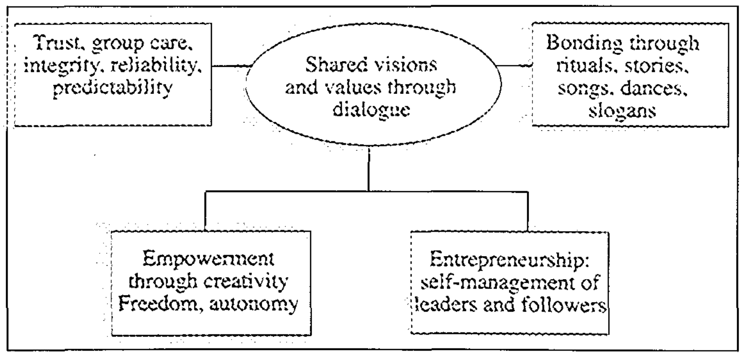

Figure 1. Community leadership: The African village model

people act to turn vision into reality is shown by the fact that Chakosamoto village has to date built two primary schools using the unpaid labour of villagers. Intimate relationships and a collaborative and caring atmosphere have helped to empower Chakosamoto villagers to freedom and action.

Another aspect that characterises the African village is entrepreneurship. Hunting, herding cattle, fetching firewood, watching over the fields to prevent the monkeys from eating the crops, and making mats, baskets and clay pots are some of the activities that the village is involved in. The customers are people from the same village and from other villages. The activities are expressions of entrepreneurship, without the formalism of organisational structures, hierarchies or job descriptions. All the activities are skill- and knowledge-based, involving processes that have to be learned. Villagers that want to learn to hunt, for instance, are trained by those that have hunting skills and knowledge. Learning takes place by doing. Learners that make mistakes are not punished or 'fired', but are taught the consequences of the mistake, and how to avoid mistakes that could cost lives. In the course of such activities, villagers learn emotional resilience, persistence, hunch, instinct, an eye for chance, enthusiasm and the capacity to work hard, take risks and improvise, just as does the modern entrepreneur (Mbigi & Maree 1995).

In the African village, frequent celebrations are held in honour of the successes of the community to acknowledge and encourage further achievements. These celebrations usually honour different groups that have succeeded, like hunters, or school children that have been selected to go to high schools in cities far away from the village. Bountiful harvests are also celebrated.

Communication is open and informal in the African village. For example, invitations are not sent out for weddings or funerals, which are considered public events. A wedding is announced by means of a trumpet-like instrument, as well as through word of mouth. A funeral is announced with a drumbeat. Everyone rejoices with those that are rejoicing and mourns with those that are mourning. All the villagers bring what they can in terms of food, firewood and all that is needed for the occasion. In Western culture, the custom is to send out invitations, which means that the event is exclusive, to be attended only by those that have been invited. In the African culture, because of the communal lifestyle, events are 'open', and no-one feels rejected through not being invited. Everyone 'belongs' because of the social relationships among villagers.

Work in individual fields is also done mostly in groups. Anyone that requires the help of others in farming activities prepares food and brews beer and non-alcoholic drinks, and then sends out an open invitation for people to come and help in the fields. The village thus equips people to work both alone and in teams. People enjoy singing, dancing and shouting slogans. These are some of the ways that the village uses to tap into the emotional, social and spiritual resources of villagers (Mbigi & Maree 1995).

Building an effective community

Based on the cases presented and on the relevant literature, this section discusses how groups of people form effective communities and how individuals, both leaders and followers, express themselves in such a setting through the proposed African village model of leadership (Figure 1). The discussion begins by mentioning the pitfalls to avoid in building an effective community based on the principles of Ubuntu (Mbigi & Maree 1995) and servant leadership (Spears 1998).

The first pitfall to avoid in building effective communities is the Eurocentric way of building organisations on the basis of a linear, sequential approach (Senge 1995). In the Eurocentric approach, the first step would be to establish a shared view of goals. These would then be converted into action plans, including roles, objectives and reporting lines, which would provide an organisational foundation. This would be followed by putting in place control mechanisms to ensure that all goes according to plan. However, this view of how to achieve coordinated action seems to be breaking down because the world is changing so fast that conditions tend to alter before the plans are implemented. The most common response to this situation so far has been empowering front-line workers to make more decisions on their own. Unfortunately, these employees are often empowered to make decisions with little or no understanding of how such decisions affect others in the organisation and outside. There is a lack of appreciation of the need to develop within employees the capability of thinking across functional boundaries and understanding the whole system – 'systems thinking' seems to be lacking. 'Empowerment' thus appears to have become a 'fad' that does not necessarily improve the quality of the decisions.

Dialogue as used in the African village suggests a different approach to accomplishing coordinated action. As people participate in a 'pool' of common thought, their actions naturally begin to align. As they continue to think and converse together, they start increasingly to act together. Such an approach requires patience, which seems to be scarce in the Eurocentric culture. Westerners generally do not know how to converse and listen. Impatience is evident in expressions like, 'And what might your point be?' An example of how effectively the village as a community communicates with patience and works together is found in the act of hunting. Hunters know only too well that no one person's action will be sufficient to kill the hunted animal – coordinated effort is required. Hunters have to alert others if and when they spot an animal. They have to watch out for other members of the group in a caring and protective way. The group shares responsibility for the outcome. Trust, group care and loyalty are critical to individual survival, because the life of each hunter is in the hands of the others, just as in the village where people live for one another.

To survive, villagers do not work against but with and for one another. In this sense, the villagers can be regarded as 'coworkers' (1 Corinthians 3: 9), working together to accomplish the good intended. Producing dependants would create problems in the village. Each person's survival depends on other people's efforts. The village is dependent on mutual trust, respect and care. Open discussion forums on key issues that affect the village are a common feature. If any villager suspects that there is anyone that is 'out to get him', the forum is the place at which to address such fears, thus building and maintaining a 'healthy' community based on mutual trust, respect and care. To facilitate such communal living, a particular type of leadership is needed, as the two case studies demonstrate. This kind of leadership is captured in Palmer's (1990: 5) definition of a leader as "a person who has an unusual degree of power to create the conditions under which other people must live and move and have their being – conditions that can either be as illuminating as heaven or as shadowy as hell. A leader is a person who must take special responsibility for what is going on inside him- or herself, inside his or her consciousness, lest the act of leadership create more harm than good". This definition emphasises that effective leaders cast little or no shadow, but much light (as demonstrated by the leadership style of the African headman and the leaders of Sun Hydraulics), and implies that, to build an effective community, it is necessary to eliminate the insecurities that might prevent leaders from succeeding.

The shadows found inside leaders, as discussed by Palmer (1990), include insecurities about their own identity and worth, which could cause them to attempt to prove themselves. As a means of dealing with their own unexamined fears, such leaders may create institutional settings that deprive others of their identity. A second shadow that Palmer mentions is the perception that the universe is essentially hostile to human interests, thus instilling fear in others. A shadow of this nature all too often becomes a self-fulfilling prophesy. Palmer's third shadow is "functional atheism" – the unexamined conviction within people that, if anything decent is going to happen, 'I am the one who needs to make it happen'. Such a shadow leads to dysfunctional behaviour on every level of life, in that people with this conviction may start to behave as though their actions are the only appropriate ones. A true leader realises that there are others that act differently, whose actions and theories may be just as valid, if not better. This acknowledgement frees the leader and others to better and healthier action. A fourth shadow among leaders is fear, especially of the natural chaos of life. In an institution, this shadow manifests itself in the form of a rigidity of policies, rules, procedures and personnel manuals. Instead of treating chaos as a pre-condition for creativity, attempts are made to eliminate chaos. All four of these shadows inhibit effective leadership.

In South Africa, people (especially black people) have been insecure and unsure of their identity and worth. The apartheid leaders created institutional settings that treated them as 'pawns', so they acted as such, in the way of a self-fulfilling prophesy. Viewing people that are different with suspicion and hostility hinders progress in building effective communities. Changing this mind-set in South Africa is one of the biggest challenges facing everyone that cares for the well-being of others. We agree with Palmer that no community can be strong and healthy if it operates on a foundation of "functional atheism". In the African village model, each person depends on everyone else, and yet each individual remains independent. This is the essence of the Ubuntu concept, which was dismantled by the apartheid system in South Africa and colonialism in other African countries and which many people are attempting to recapture and rebuild (Mbigi & Maree 1995; Christie et al. 1993).

Experience teaches that effective leaders care sincerely for people and seem to have an exceptional ability to forgive and let go of bitterness, even when they have been gravely wronged by members of their communities. Apart from the leadership style observed in the two case studies, one does not have to look far for other leaders with the same abilities. President Mandela would be such an example.

Such leaders seem to stop confusing their role as leaders with their sense worth. They also seem to have the ability not to 'blow their own trumpet' at their success. Successful leaders seem to operate on the assumption that 'all I know is what I have learned, and what I have learned is not all there is to know'. Taking this approach, leaders teach themselves and others to compete, not with others (which leads to strife), but with themselves. This is helpful in terms of learning to lead from within (Palmer 1990). Using this approach, leaders put the needs of those that they lead above their own needs, as in the case of the Chakosamoto village headman and Sun Hydraulics' leadership.

In terms of existing theories of leadership, the one that seems to be most analogous to the Ubuntu concept on which community leadership is based is Greenleaf' s (1996) model of servant leadership. An aspect of leadership that is common to both the case studies is the openness that servant leadership advocates with respect to successes and failures, pain and consequent healing. This helps others that are climbing the leadership ladder to learn and take courage.

The Ubuntu philosophy parallels the philosophy of servant leadership. In the African context, the term 'servant' poses a challenge. In view of Africa's past, epitomised by South Africa, where most blacks have been regarded simply as 'servants', the term is equated with bondage, or slavery, and is therefore not a suitable term to use in empowerment. Applying the principles of servant leadership (Spears 1995) is easier to imagine because these principles are similar to those of community leadership or Ubuntu – the Afrocentric approach.

The principles of servant leadership include service to others; a holistic approach to work; the promotion of a sense of community; power-sharing in decision-making; a positive attitude towards the least privileged in society; and the development of a relationship in which those being served grow as persons (Spears 1995). These principles can be promoted and taught by referring back to the community life in the village, where all these principles were, and in some cases still are, in effect, as in the case of Chakosamoto village. Effective consensus management through democracy, and through human care, is the approach used in the traditional African village. It is possible to transform an organisation from a mere economic entity, based on exclusive relationships, into an enterprising community, with inclusive relationships, based on the trust and intimacy of an African village. The reinforcers that brought values to life in an organisation studied by Rasmussen (1995: 291–295) are widely used in Africa. Such reinforcers include stories and myths, rites and rituals. The term 'servant leadership', may, however, not find a place in post-colonial Africa as an empowering tool because of the negative connotations of the word 'servant' This article submits that the principles and philosophies of the servant leadership model already exist in the African village model of community leadership, built on the Ubuntu philosophy.

One other thought that we have been reflecting on with regard to effective leadership is Greenleaf's (1987) "codeless code of ethics". He says that "one should be a 'seeker' throughout one's life". He makes a distinction between those that 'seek to find' and those that 'seek to seek', and he recommends the latter course. He says that "a seeker must not have a goal, but be consumed by the search", otherwise the seeker will not be "free, spontaneous, limitless".

Our reflection on this is that people, especially leaders, should 'seek to seek, and in so doing they will find'. Although the emphasis may not necessarily be on 'finding' but on 'seeking', it is necessary to have faith that in 'seeking to seek', they are realising their full potential at any particular moment and that something of value to themselves and those that they serve (lead) will be found. We view 'seeking to seek' as a step on the road towards the accomplishment of a vision, even if the leader is not ultimately a partaker in the outcome. Thus, we advocate that one should have faith in the here and now – "the substance of things hoped for, and the evidence of things not seen" (Hebrews 11: 1). It is necessary to be sure of what is hoped for and certain of what is not seen in the here and now. A good example is that of Martin Luther King Jr., who sought his dream and believed that there would be an outcome; whether he personally had the privilege of sharing in it or not, others would. His dream was realised, as evidenced by our now being able to 'sit at one table' sharing ideas in a respectful manner.

In Africa, the (ineffective) leadership that dismantled the village approach did not build relationships in which those being served could grow as persons by becoming healthier, wiser, freer, more autonomous and more likely to become leaders themselves. Instead, the colonial system produced dependency, to the extent that Africans started believing that foreign was better, no matter how inappropriate and useless it was to their culture and well-being. They had been taught not to question authority. Current leadership in such an environment will first have to break this dependency on what is foreign before it can effectively apply the community or servant leadership concept. A leader in such a situation may have to consciously return to the past, use the African village model to find answers to current problems and then build better community leadership on the foundation of the African village model.

Conclusion

Based on the case studies and the literature presented in this paper, it can be concluded that leadership based on the model of the African village as a community, focusing primarily on the needs of its members, is more likely to succeed in the new millennium than leadership based on the Western approach. On the basis of the cases presented and on the characteristics of people known to be effective leaders, it is possible to identify certain behaviours that foster effective community leadership. These are summarised below:

1. The leader listens and takes his/her lead from the troops (working along similar lines to the consensus building used by the Japanese), encouraging members to participate in decision-making and being able to adapt to the situation.
2. The leader handles disappointments creatively and maintains peace in adversity without denying the vision and the total trust in his/her potential – for example, Mandela.
3. The leader inspires confidence, secures cooperation and wins the respect of others by being faithful and committed to the cause, to the extent of being willing to die for it – for example, Martin Luther King Jr.
4. The leader maintains discipline without making a show of authority. He/she inspires others to become better, for example, by setting highly challenging but achievable goals, thereby engendering expectations and trust that become a source of self-discipline – for example, Mother Teresa.
5. The leader mobilises others, making full use of human resources, identifying and developing new talents and releasing human potential. In this way, people are happy to do things that they would not normally want to do.
6. The leader is secure in himself/herself, is not afraid to establish strong relationships and is easily able to provide emotional support to group members. He/she does not treat his/her followers as failures when they fall, but corrects them and tries to help them learn from their mistakes and do better the next time.

We would like to emphasise the importance of leaders caring for all those that they interact with – being a servant first and foremost, which begins with the desire to serve. Aspiring to lead then entails a conscious choice. This philosophy works because it reinforces the nature of a profession and calls upon its more noble instincts. It is action oriented and involves commitment to the celebration of people and their potential. Through service to their followers, people become effective leaders.

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SBL Centre for Applied Research

Working Paper

*Recent organisational transformation methodologies and the SME**

G.P. O'Donnell

Governments and corporate businesses worldwide are downsizing. It is commonly held that SMEs (small and medium-size enterprises) are the current and future vehicle for employment growth, and this is particularly so in the New South Africa. Consultants have espoused many organisational change models in recent years – for example, total quality management (TQM), business process reengineering (BPR) and organisational change (OC) – all requiring a big budget and a large, sophisticated corporate staff. This article is essentially a literature review of the relevance and application of the various change models in SMEs and a report of an investigation, by means of interviews with change consultants and academics, of the extent to which South African SMEs can use these approaches.

Introduction

Small and medium-size enterprises (SMEs)[1] are the backbone of modern economies, as they are the primary generator of employment. Although they should prosper and produce high quality outputs for their own account, their role as suppliers of goods and services to large enterprises (LEs) is steadily increasing. This trend is especially evident among original equipment manufacturers (OEMs), which are choosing increasingly to outsource the manufacture of components while retaining the core functions of design, assembly and distribution. The OEMs generally operate in a highly competitive global market and view quality, processes, service and price as issues of strategic importance. It is no wonder, then, that SMEs, as second-tier suppliers to these global corporations, are coming under increasing pressure to maintain alignment with the increasing demands of a competitive world economy, and as a result must consider major change issues such as business process reengineering (BPR), total quality management (TQM) and organisational change (OC), which until now have really only been in evidence in larger organisations. Are these organisational change initiatives appropriate in an SME environment, and do SMEs have the depth of knowledge in their management ranks, as well as the financial resources, to operationalise such change?

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How do these change methodologies relate to one another, and to what extent are they integrated? TQM belongs to the discipline of continuous process improvement and, in the strictest sense, is not included in BPR. However, present-day practice is to include TQM as an intervention within BPR. Business reengineering can describe any one of three concepts (Martin 1995):

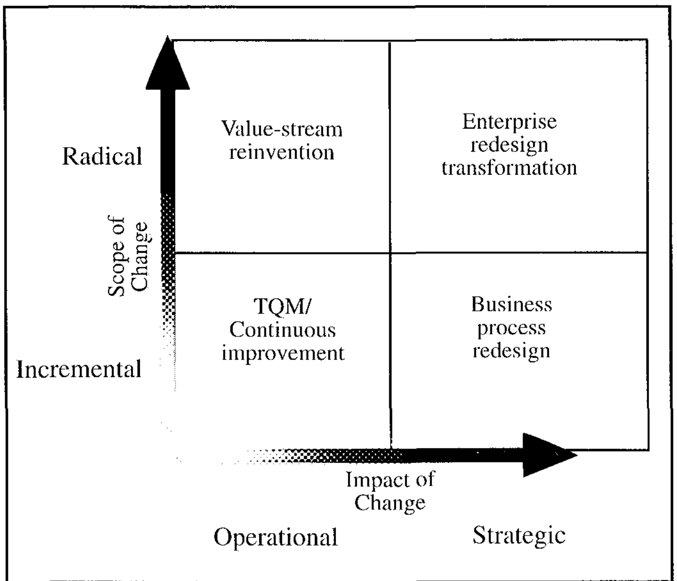
1. 'Business process redesign' entails redesigning processes to make them more efficient or to improve service quality. It does not require a fundamental change in the purpose of the process, but rather seeks better ways of doing the same thing and, as such, is a higher level of TQM or continuous improvement.
2. 'Value-stream reinvention' is really process innovation, in that it seeks to make processes more valuable by altering them in fundamental ways to create more value for the customer, and describes BPR in its purest form.
3. 'Enterprise redesign' is revolutionary rather than evolutionary. It usually entails devising a new strategic vision and competitive strategy, with the concomitant development of

*Final-year MBL student working paper, Unisa Graduate School of Business Leadership
Supervisor: Susan Adendorff

1 Medium-size companies are generally classified as firms with fewer than 250 employees and small companies as those with fewer than 50.

entirely new business processes, and is akin to organisational transformation.

All the above change interventions require that the organisation identify and accept the need for change and develop a culture that is comfortable with continuous change and reinvention. The leadership and development of such a change culture within the organisation, and the central role of people in the process, is the principal subject realm of organisational change. Indeed, there has been a notable shift in emphasis towards the human factors by Champy (1995), compared with the position taken in an earlier book on BPR that he co-authored with Hammer (Hammer & Champy 1993). The scope of change being undertaken by companies can be placed on a continuum, with incremental change at one extreme and radical (neutron bomb), clean-slate transformation at the other. The other dimension of transformation reflects the impact of the change on the organisation, which can be described as either operational or strategic (Figure 1).



Source: Adapted from Nadler & Tushman (1986)

Figure 1. Organisational change

Total Quality Management

'Quality' can be defined as a dynamic state associated with products, services, people, processes and environments that meet or exceed customer expectations (Goetsch & Davis 1995). 'Total quality' is an approach to doing business that attempts to maximise the competitiveness of an organisation through the continual improvement of the elements of quality, as alluded to above. The word 'total' implies that it relates to the entire enterprise and should be driven by the head of that enterprise. The following definition of total quality is from Feigenbaum (1951): "Total quality is an effective system for integrating the quality-development, quality-maintenance, and quality-improvement efforts of the various groups in an organisation so as to enable production and service at the most economical levels which allow for full customer satisfaction".

TQM involves customers, suppliers and employees, in addition to statistical process control with the aim of consistently meeting or beating consumer expectations. A very high level of process focus is the fundamental characteristic of this methodology. Customer input into product definition and evaluation, using techniques such as quality function deployment and Taguchi methods, is used to optimise product performance in use. Supplier involvement is seen as a prerequisite in the reduction of waste and the improvement in the produceability of products. Continuous process and product improvement is attained through employee involvement and empowerment, using statistical process control to reduce production costs caused by poor quality. Since process knowledge is gained, process improvement will result. While traditional management control stresses corrective action after the fact, TQM aims to continuously improve processes and systems so as to yield ever-improving value to the customer before problems occur. Furthermore, TQM recognises that most process problems can be attributed to the system and are therefore the responsibility of management. The old maxim of 'If it ain't broke, then don't fix it'is replaced with 'If it isn't perfect, make it better'. This continuous improvement theme requires an understanding of the sources of variation in a system so that non-assignable causes of variation can be reduced, if not eliminated.

TQM for small business

Today, TQM is widely accepted and practised throughout a growing number of organisations, but, according to Bonvillian (1996), small organisations have begun to recognise that it is difficult, if not impossible, to emulate their larger counterparts. His in-depth study of two small manufacturing concerns provides some insight into the applicability of TQM in the SME environment. The most important lesson learned by both firms was the need to define total quality in the context of their own distinctive environments. Expending resources on activities that yield minimal results can result if this issue is not adequately attended to. Firms must identify and understand what distinctive competencies they possess and concentrate their improvement endeavours in these areas. Quality-driven change will produce shallow results if it does not ultimately support the long-term competitive positioning of the organisation. This is particularly relevant in the SME, as it typically cannot afford to squander scarce resources. SMEs must keep abreast of changes in their respective industries and must retain the ability to adapt their people and operating systems to market conditions and new technologies.

The vital and central role of leadership in any change initiative has been widely accepted, and this is especially true of TQM. The role of leadership in change management is elevated by the high visibility and proximity of senior managers in the small organisation, and this statement is even more true in situations where the principal owner is on site. Bonvillian (1996) maintains that the responsibility of leadership to 'walk the talk' is essential and without substitute in the SME. His research identifies the multiple roles of management as the central issue in change facilitation, and the most crucial element in assuring a successful quality programme. Moreover, although empowerment and the devolution of decision-making are some of the central tenets of TQM, in the small organisation especially, the workers expect clear direction and guidance from the leader at the helm.

The availability of the necessary resources (knowledge, time, information and capital) to support the TQM programme is another issue with special relevance in the case of SMEs. Good ideas are sometimes killed by a lack of resources, so often the case in an SME, and this can often be misconstrued as a lack of commitment from top management, causing demotivation among employees who perceive a dissonance between empowering the workforce to effect change and constraining resources. What is lacking in this perspective is not leadership commitment to total quality but rather the reality that resources are frequently severely limited in the SME. Bonvillian's research (1996) supports the view that the image of leadership suffers as a result of this perception, which can ultimately have a negative impact on the success of the project. Evidence suggests that workers tend to focus on the immediate task on hand and give little thought to the issue of affordability. The suggested remedy for this problem is to preface the TQM initiative with an introductory course on the fundamentals of business finance, so that workers can appreciate the realities of empowerment within the context of limited resources and develop the ability to accomplish more with less.

Shared decision-making in the context of worker empowerment can also cause problems in the SME. Two factors that are relevant in this regard are the reluctance of the owner/manager to truly devolve the decision-making responsibility, and the calibre and maturity of the employee. Entrepreneurs typically regard the business as primarily their own and frequently retain the prerogative to manage and intervene as they see fit. This tendency is reinforced when one considers that the entrepreneur ultimately carries the burden of success or failure.

Perhaps the area in which SMEs differ most from larger corporate organisations is in their commitment to and use of employee training, which may also be constrained by resources. Banfield, Jennings & Beaver (1996) state that management training and development still receive comparatively little attention in small firms. Development of the knowledge-base necessary to ensure a successful TQM programme is linked to the development of broad-based management skills.

Given that SMEs generally lack the financial and intellectual resources of larger organisations, research by Ghobadian & Gallear (1996) concludes that TQM can be used with considerable success by SMEs and that the discipline helped sharpen their customer focus, increase business efficiencies, improve competitiveness and develop human resource potential more fully, all of which factors contribute to long-term success and growth.

Association for Small Group Activities

The Association for Small Group Activities (ASGA) was established in 1984 with the objective of promoting the quality circle concept in South Africa. Since then, ASGA has broadened its vision to include other types of small group activities, such as project teams, process teams and green areas. ASGA has accepted the challenge to do something meaningful towards developing the people of South Africa. It uses the concept of small group activities to involve people more fully in their jobs, with the aim of improving productivity and quality (Association for Small Group Activities [S.a.]).

ASGA seeks to achieve its objectives of productivity and quality enhancement through continuous improvement, which includes the following elements:

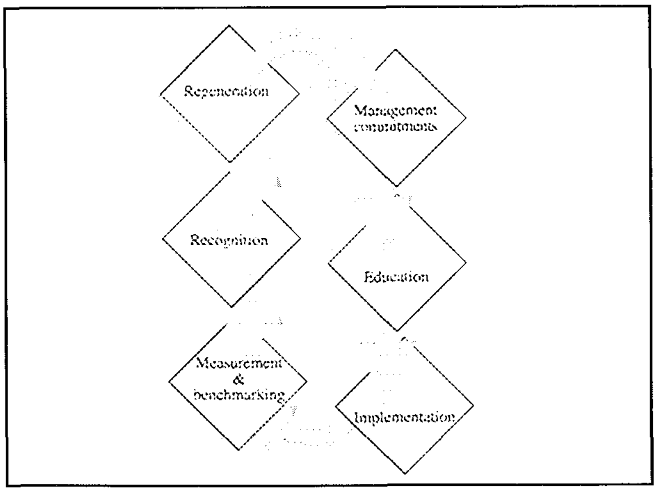
- Understanding customer requirements and improving performance to meet customer needs more effectively
- Understanding processes, eliminating waste and inefficiency, and working better, more effectively and faster
- Improving communication among all employees and breaking down internal barriers
- Getting employees involved, improving performance, and working in teams to improve morale and support the development of individuals.

Peter Evans, the consultant at ASGA who deals with SMEs, maintains that continuous improvement through teamwork has proved to be a very potent change medium for small businesses. However, he recommends that a company have a minimum of fifty employees for teamwork to function effectively. Otherwise, all employees are involved in each initiative, and there are too few participants to ensure an adequate pool of innovative potential solutions to problem areas. He categorises teams into two distinct groups:

- Corrective action teams such as quality circles, workplace improvement teams and self-managed teams, which are reactive in terms of the problem areas they deal with
- Process improvement teams, which are proactive by definition. Fundamental organisational change has occurred when continuous improvement activities have evolved to the proactive level.

To this end, ASGA has developed a framework for continuous improvement (Figure 2), with the following six steps:

1. Management commitments – demonstrating a commitment to continuous improvement is the never-ending responsibility of management.
2. Education and training – employees should be provided with the necessary skills and tools to enable them to participate.
3. Implementation – managers and employees must actively work together in teams to analyse processes, investigate problems and implement solutions.
4. Measurement and benchmarking – managers have to develop a set of measures, such as the balanced scorecard, in order to drive their improvement programmes. Internal and external benchmarks should be used to raise expectations on the scale of potential improvements.
5. Recognition – the organisation needs to development the means of recognising the contributions made by its staff, as people will only accept the challenges of continuous improvement if they believe that their role and efforts are appreciated.
6. Regeneration – continuous improvement requires the constant renewal of management's commitment and interest, as well as the injection of new ideas.



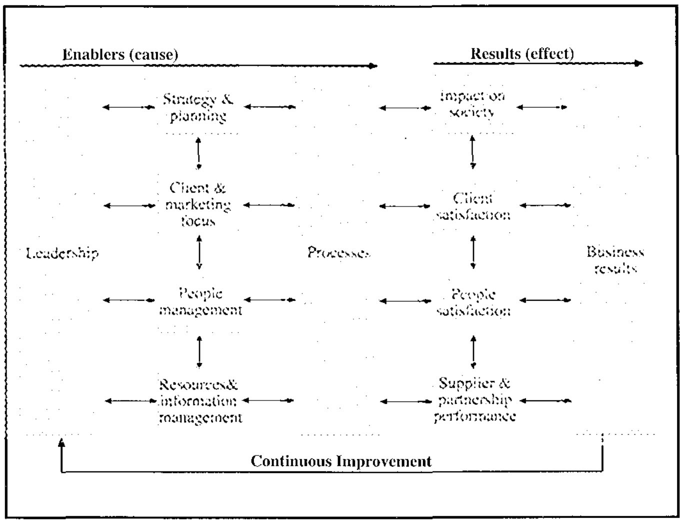
Source: Association for Small Group Activities ([S.a.])

Figure 2. Framework for continuous improvement

The South African Excellence Model for SMEs

The South African Excellence Model was developed by the South African Business Excellence Foundation (SABEF) in 1997, and builds on the principles of the US Malcolm Baldridge National Quality Award (MBNQA) and the European Foundation for Quality Management (EFQM). The SABEF model has been adopted throughout the Southern African Development Community (SADC) countries and is duly recognised by both MBNQA and EFQM. The SABEF model should not be seen as a drive in competition with existing TQM improvement activities, but rather as an umbrella framework aimed at lending synergy to all improvement initiatives.

The South African government has produced two documents on small and medium enterprises in South Africa. In 1995, the Department of Trade and Industry (DTI) produced a *National Strategy for the Development and Promotion of Small Business in South Africa,* which aimed primarily to make SMEs more competitive by upgrading the skills of SME operators. In 1996, the National Small Business Act (Act no. 102 of 1996) was passed. The Act defines SMEs in various categories and states government's commitment to attaining high economic growth and employment through this vehicle. Following on government's commitment to developing small business locally, the DTI funded a task team to adapt the SABEF model specifically for small and medium enterprises (Figure 3).



Source: South African Business Excellence Foundation ([S.a.])

Figure 3. South African Excellence Model for SMEs

The South African Excellence Model for SMEs is based on the original business model and has been essentially redrafted in layman's terms so as to be applicable in a relatively unsophisticated environment. The model is currently being tested in several SMEs around the country, with special attention being paid to suppliers of components to the automotive manufacturing industry that have recently been established as spin-offs from the core business and are required to be ISO 9000 compliant so as to meet international standards in the global market. The model comprises eleven elements, which are split into six enablers and five result areas. In essence, the cause and effect relationship between the enablers and results is such that, "Customer Satisfaction, Employee Satisfaction, Impact on Society and Partnership Performance are achieved through Leadership, which in turn drives Strategy and Planning, People Management, Customer Focus, Resources and Information Management, and Processes leading ultimately to excellence in Business Results" (South African Business Excellence Foundation (S.a.]).

The aim of the SABEF model is to move SMEs to accept broader quality concepts, such as TQM, rather than focus on narrow concepts of quality such as ISO 9000. When interviewed, Colin Francis, a consultant to SABEF specialising in small companies, enthused about the acceptance of the model during its initial trial phase. He explained that the differentiating aspect of the SABEF model for SMEs is that it provides a simple, integrated perspective of all the key drivers of performance in the organisation and links them to results outcomes in a virtuous feedback cycle of continuous improvement. It facilitates the average small business manager to understand the concept of horizontal processes and the drivers of excellence. Furthermore, given the invariable resource constraints present in most SMEs, the model is designed around self-assessment so as to obviate the need for expensive consultants and auditors. An ISO 9000/2000 accreditation for an SME can cost over R70 000, and evidence suggests that most SMEs opt for ISO certification only in response to demands from their primary customers, which are often multinational global players, rather than from any desire to drive continuous improvement. This model emphasises the cause-and-effect relationship between process enablers and process outcomes and advocates continuous improvement through a feedback cycle.

TQM in South Africa

The hallmark features of TQM are outstanding quality, the ability to innovate rapidly, the exploitation of technology and the flexibility to quickly and effectively adapt to changing market conditions. Adopting these features does not mean that South African companies should try to follow Japanese practices, but rather that they should develop processes based on local business strengths, while incorporating the acknowledged hallmarks of success. Globalisation will mean that such features will become essential in any business system. There is nothing inherently difficult in TQM practices, but the poor education levels of the majority of the South African labour force, coupled with a tradition of antagonism and mistrust towards management, could undermine the empowerment, commitment and responsibility that TQM requires. South African business executives need to be prepared to make the first move in repairing the damage of the past. The workforce will need to be developed by providing them with information, skills and responsibilities. This new manufacturing philosophy will produce two types of issues that will have to be tackled – the hard issues and the soft ones. The hard ones are the number-crunching issues such as outputs, performance levels, quality, service, inventories, scrap rates and downtimes. The soft ones are issues of culture, such as values and attitudes (Syfert 1998). In the South African business environment, TQM has a critical role to play in the country's endeavours to become world class. It can help overcome the traditional stand-off relationship that has existed between management and employees and replace it with a relationship based on mutual respect and the sharing of a common vision. For this to happen, both management and workers will need education and training in understanding their respective new roles as coach and players in a team committed to the goal of continually meeting and beating customer expectations.

Business process reengineering

Business process reengineering, or business process redesign, involves the fundamental redesign of business processes in an attempt to achieve dramatic improvements in the organisational areas of cost, quality, flexibility, speed and service. In today's hyper-competitive business environment, consumers demand products and services of excellent quality, while simultaneously expecting affordability, personalised features and the convenience of availability. Price and quality can no longer be considered competitive advantages, but rather competitive necessities. As a consequence, firms seek to reduce costs, speed up processes and enhance flexibility and responsiveness, while at the same time delivering top quality goods and services so as to achieve sustainable competitive advantage.

Hammer & Champy (1993) emphasise that it is no longer sufficient to execute traditional tasks better. Rather, the realities of the current competitive environment require that the old 'individual-based task-oriented' management concept be discarded completely and replaced with a 'team-based process-oriented' management concept. According to BPR proponents, the structures of many business organisations are based on principles stemming from the Industrial Revolution, such as task specialisation and the division of labour that have evolved on an ad hoc basis over the life of the firm, resulting in unnecessary complexity and bureaucracy. Consequently, there are frequent instances of sub-optimal processes and excessive costs. Business process reengineering entails a radical rethinking of an organisation and its cross-functional, end-to-end processes (Hammer 1993). It attempts to identify and implement world-class best practices and break-through opportunities for the core processes of the business. The primary enablers in BPR are developments in information technology and organisational design. BPR needs to be differentiated from business process improvement, which has its roots in the quality management discipline and the philosophy of continuous improvement. Revolutionary business transformation entails a fundamental rethink of every dimension of a company and its activities. It requires radical change in all aspects of organisational life in terms of how employees conduct their work. Radical change is also necessary in the interaction between functions within the company and between the company and its customers and suppliers, as well as in the design of the organisational infrastructure, hierarchy and reward systems.

BPR comprises two principal activities:

1. Firstly, the operation of the organisation is defined in terms of a formal system of business processes. Davenport (1993) defines a process as a "structured, measured set of activities designed to produce a specified output for a particular customer or market". These processes represent the flow of work through the company, across the functional boundaries rather than up and down the chain of management. All businesses have two types of business processes: core value-adding processes and support processes that are required to underpin the core operating processes.
2. The operation of these processes is then analysed and reviewed in order to identify opportunities for improvement by redesigning the way these processes operate. BPR leads to the elimination of interdepartmental boundaries, a flattening of the organisational hierarchy and the adoption of self-managed process teams. Rather than a reliance on traditional control by middle management by means of financial reporting, BPR advocates the use of more meaningful non-financial measures, readily understood by team members, that instantly indicate the performance of the team in mission-critical areas.

BPR for smaller organisations

BPR is almost always associated with large enterprises. Famous cases have been widely publicised, such as Ford's accounts payable system and Fedex's mail tracking capabilities. It should be asked, however, whether the principles and benefits of BPR apply regardless of the size of the organisation. Are BPR success factors the same for SMEs and LEs? SMEs have unique advantages, including their flexibility, their ability to reorient themselves quickly and make major changes, their capacity for rapid decision-making and their intimate knowledge of their customers. On the negative side, however, SMEs usually have limited resources and exercise little control over their business environments. Their use and development of information technology is consequently constrained. The limitations in human, material and financial resources experienced by SMEs, the nature of their planning and decision-making processes, their rapid evolution, and their dependency on a few key individuals all constitute major challenges to the development and implementation of the IT-based systems that are regarded as an integral component of a BPR transformation.

Research undertaken by Maull, Weaver, Smart & Bennett (1995) shows that organisations that take a radical view of the scope of change take much greater risks with their profitability. This conclusion poses particularly serious implications when taken in the context of SMEs, with scarce resources, and could even threaten the survival of such firms. Raymond, Bergeron & Rivard (1998), in one of few articles on the subject, compile an empirical research document that tests the primary determinants of BPR success and compares these determinants in small and large companies. The more salient findings of their research, based on 134 Canadian firms of varying sizes, conclude that SMEs seem to understand as well as LEs that BPR entails radical rethinking about the core elements of the firm – primarily sales and production. It is to be expected that the size and duration of BPR projects will be smaller in SMEs than in LEs, and this suspicion is confirmed, because small businesses are intrinsically less complex and more limited in terms of human and financial resources. Consequently, external consultants are more in evidence. More importantly, the level of organisational support for the BPR intervention is significantly weaker among SMEs, and such firms have been generally less tractable with BPR principles, particularly with regard to the integration of information technology. In addition, SMEs are shown to be less rigorous in the technical aspects, such as structured analysis. Notwithstanding these deficiencies, the results of the study indicate that SMEs perceive an overall improvement, equal to that experienced by LEs, in performance areas such as cost, output, flexibility and quality.

The balanced scorecard

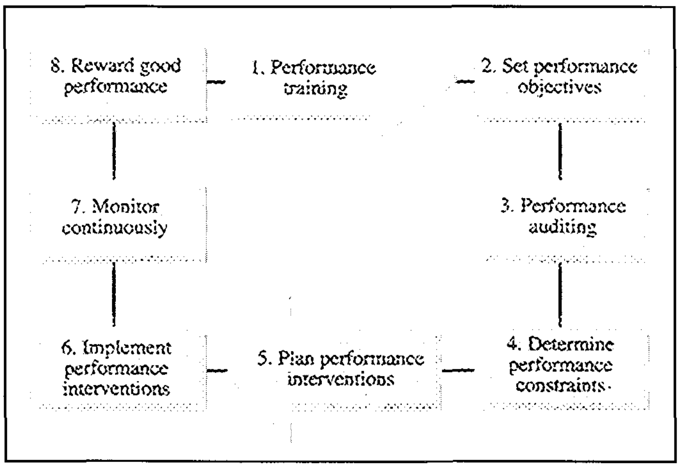
The current emphasis on restructuring has created a new problem for management because traditional measures of financial performance are no longer adequate to fully assess how the newly restructured organisation is performing. Not only will successful restructuring require innovation in the way organisations view and measure performance, but developing, implementing and evaluating such measures can present quite a challenge. The 'balanced scorecard', as conceived by Kaplan & Norton (1993), is a set of financial and non-financial measures relating to a company's critical success factors. What is innovative about the concept is that the components of the scorecard are designed in an integrative manner so as to reinforce one another in indicating both the current and future prospects of the company. The balanced scorecard seeks to concentrate corporate focus on the performance measurement innovation needed to underpin the new manufacturing environment. Yesterday's accounting results tell little about the things that can actually help grow market share and profits, such as employee development and turnover, innovative services that enhance customer values, the quality of vendor services and benefits from advancements in research and development. A key advantage of the balanced scorecard is that it puts strategy, structure and vision at the centre of management's focus.

A well-designed scorecard combines financial measures of past performance with measures of the firm's drivers of future performance, as derived from the firm's vision and strategy. Such drivers usually include at least the following perspectives: financial, customer, internal business processes and learning and development. The development of a well-integrated set of performance measures, such as the balanced scorecard, encompassing all the business processes within the organisation, is necessary in order to ensure that the business system as a whole is optimised. Otherwise, there is the danger that resources could be expended in optimising a single sub-process, while simultaneously sub-optimising the overall process.

Chow, Kamal & Williamson (1997) advocate the balanced scorecard as a means for small businesses to design their performance goals based on their unique needs and perceived critical success factors. Fanie Bosch, an independent local consultant specialising in the field of BPR within the SME context, also subscribes to this view. Bosch maintains that there is a great need for a simplified, affordable approach to BPR so as to put the discipline within reach of SMEs, given the limited skills and the cost and time constraints characteristic of the SME environment. He advocates the use of a simplified balanced scorecard to highlight core constraints within the small enterprise and to provide a quick and easy performance improvement feedback mechanism that tracks the key elements of the company's strategy. Bosch is currently working on an interactive Internet site that will enable small business entrepreneurs to develop their own unique balanced scorecard. Bosch is of the opinion that the consulting industry has woven a web of intrigue and complicity around the field of organisational transformation, especially BPR, that has set it beyond the reach of the average entrepreneur. While acknowledging the role of information technology in BPR, he feels that there are many affordable IT packages that are more than adequate for the relatively uncomplicated and straightforward circumstances of the typical SME. His company, Transform, advocates an affordable and simplified approach to transforming small business performance by measuring and managing the drivers of business success (Figure 4). This approach comprises the following steps:

1. Do performance training in the form of workshops to orientate and train management and staff in the principles of business performance management. This helps establish the necessary foundation for a performance culture.
2. Set performance objectives at strategic workshops to translate the business strategy and vision into operational performance objectives, measures and targets for a set period and to design and develop the framework for the performance measurement system.
3. Do performance auditing, implementing the performance measurement system based on the balanced scorecard, doing the actual measurement and reporting periodically to management.
4. Determine performance constraints, linking the undesirable effects through cause and effect diagrams to determine the core performance constraints.
5. Plan and design performance interventions to break the core constraints in each of four areas, namely, financial, customer, internal business processes, and learning and growth.
6. Implement performance interventions, scheduling and implementing the identified interventions in the four areas.
7. Monitor performance results continuously to ensure that the interventions have long-term effects through mentoring assistance.
8. Reward good performance by developing, designing and implementing a reward system that will motivate management and staff to continuously improve performance.

As performance measurement takes place on a continuous basis, good performance can be observed, areas that require rectification can be highlighted, the effect of action plans can be monitored and performance can be recognised.



Source: Transform

Figure 4. Business performance management for SMEs

BPR in South Africa

BPR literature is based primarily on North American and British experience. Clearly, the experience of these two regions is based on different economic and socio-political factors from those that prevail in South Africa. Local issues such as rampant unemployment, poor levels of education in the workforce and a highly politicised work environment have to be balanced with the imperatives of global competition. In this context, BPR cannot become another euphemism for downsizing and retrenchments. Otherwise, it is bound to fail and to upset the delicate social balance.

Organisational change

Perhaps the greatest challenge facing companies today is adjusting to and embracing endless cycles of change. They must be able to learn rapidly, innovate ceaselessly and tackle new strategic imperatives ever faster and more comfortably. This means that successful organisations need to develop a culture that embraces challenge and is healthily uncomfortable with maintaining the *status quo*. Such organisations will need to be acutely aware of developments in the marketplace and of emerging trends and be quick, agile and aggressive in responding to real and perceived threats. Successful organisations do not rest on the laurels of past successes and are forever attempting to raise the stakes through never-ending cycles of continuous improvement and reinvention. To thrive, companies will need to be in a ceaseless state of transformation, perpetually creating fundamental and enduring change.

Beatty & Ulrich (1991) maintain that the challenge of change is to learn how organisations and their employees can change faster than changing business conditions. The presence of long-established norms causes complacency and a tendency to do more of the same, even though the competitive landscape has altered dramatically, leading to inertia and an avoidance of new, potentially rewarding challenges. Beatty & Ulrich hold that this is particularly true for mature organisations, where established norms of stability and security must be replaced with a new paradigm of speed, simplicity, a focus on exceeding customer expectations and a confident, empowered workforce that is comfortable with entrepreneurial risk-taking. They maintain that organisations, during the course of their lifetime, evolve from being entrepreneurial, to growth, maturity and finally decline. The challenge that inevitably faces mature businesses is to embrace organisational renewal, which entails restructuring, bureaucracy-bashing (doing the right work), employee involvement, continuous improvement and, ultimately, cultural change (doing the work right).

Nadler & Tushman (1986) categorise the nature of change in two dimensions: strategic and incremental. The motivation for change is either reactive or anticipatory. Reactive change is forced on an organisation in response to an external event or change, while anticipatory change is made in the belief that initiating such change in advance of future events will provide competitive advantage. According to their research, strategic change fails in more than 90% of organisations when the change is reactive. Strategic change should therefore be anticipatory, if at all possible. The reactive changes that do succeed almost always involve a change of chief executive officer (CEO) and senior leadership, often with the new leadership coming from outside the organisation. A differentiating feature of the SME is that the CEO is often the owner. Reactive change will thus have an even smaller chance of success because of the entrenched position of the CEO.

Typically, the emphasis in transformation is on analysing and developing plans regarding what should be changed – such as processes, systems and job roles. Little attention is paid to the practical aspects of successful implementation of the project. It is true that a comprehensive plan of implementation is developed once the organisational designs have been finalised, but the all too unpredictable human factor is frequently underestimated. Organisational change as a transformation intervention is concerned with marketing the imperatives of change throughout the organisation. It assumes that a new vision has been formulated by the CEO and that this vision must now be percolated through to all levels of the company. At the heart of organisational change is the need to cultivate an organisational culture that is comfortable with change and, as such, this is really a large-enterprise issue.

Organisational change within the SME

Spector (1989) concludes that successful transformations require more than just an enlightened leader, dissatisfied with the *status quo*. The leader must diffuse this dissatisfaction throughout the organisation, ensuring that the need for change is accepted by those whose cooperation will be required to successfully implement the change initiative. Otherwise, they will fail to generate any real commitment from their followers. The author lists four generic interventions that the leader can use to diffuse satisfaction:

- Sharing competitive information on how the firm measures up to the competition
- Creating behavioural dissatisfaction by pointing to shortcomings in individual, on-the-job behaviours, team building, and modifying the interaction between management and workers
- Using models to depict the desired future state and to indicate how far off the mark the firm currently is
- Mandating dissatisfaction by making it clear that the train is leaving with or without individuals.

In the SME environment, according to Colin Francis, change is likely to be mandated by the entrepreneur, and the compulsion to sell the need for change to reluctant followers is nowhere near as evident as it would be in the context of large organisations where political agendas often need to be surmounted. The reasons are twofold:

1. The leader of a small enterprise is really the supreme commander and the employees generally accept without question the chosen direction.
2. In an SME, there is unlikely to be a significant middle management layer, which is generally accepted to be the group that is most resistant to change initiatives.

Within the context of SMEs, the barrier to change is generally the CEO. Ownership and management are usually vested in a single person and, in such cases, resistance to change by the CEO is almost impossible to overcome. In circumstances involving an enlightened CEO, organisational resistance to mandated change is slim because of the all-powerful, respected and unchallenged position of the leader and the general absence of the impervious layer of middle management.

Change management in South Africa

South African business is emerging from the relative predictability of its apartheid cocoon at a time of intense global competition, rendering the business environment more threatening and uncertain than at any time during the era of sanctions. Several political and economic factors drive the crusade for transformation, as well as for competitive leadership and visionary imperatives. Change leaders in South Africa must be in a position to meet the needs of a culturally diverse workforce comprising a highly skilled, motivated and well-qualified mainly white workforce on the one hand, and a substantially black, illiterate and unskilled workforce on the other.

Beatty & Ulrich (1991) propose a five-step process of leadership and work activities to accomplish the desired transformation. The first step involves restructuring the organisation in an effort to shed the excess kilos and includes such activities as downsizing and delayering. The next phase entails bureaucracy-bashing and refocusing on high value adding activities. These two initial phases, although mainly considered as issues peculiar to larger organisations, pave the way for employee empowerment, which then leads to continuous improvement, and finally to a profound change to a culture that accepts the inevitability and even desirability of incessant change in the work environment. South African business development would seem to have gone through the first two stages but is battling with the employee empowerment phase as a result of a variety of factors, not least of which is the preferred command-and-control management style, which is very evident in small owner-manager organisations. Failure to address these deficiencies will ultimately retard the advancement of South African business into the energising final stages of ongoing improvement and a sustained capability to cope with and exploit change in its many facets.

Bennis (1998) maintains that, in order to compete into the next millennium, a new business architecture and culture is needed, with structures and systems that support a flatter organisation and empowered employees and an organisational culture that is more tolerant of risk-taking and quick in decision-making. The leadership of firms of the twenty-first century will be democratic, collaborative and transformational and will value listening, openness, consensus, cooperation and team decisions – qualities that are often absent in an owner-managed environment. In terms of Hofstede's (1980) seminal work on culture and leadership, such leadership traits are categorised as 'feminine', as distinct from the present-day South African command-and-control leadership style, which he terms 'masculine'. According to Stephenson (1997), "the way women assert power in the work place tends to be power with rather than power over, and it is used for competence and co-operation rather than dominance and control". However, it is important to note that a feminine leadership style is not exclusive to women, is certainly not practised by all women and can be learned by men. It is not that the masculine leadership style is obsolete, but that moderation is required when dealing with empowered teams and knowledge workers. In the South African context, a very pertinent observation was made by Booysen (1999) that South Africa's Afrocentric values would complement and enhance feminine leadership values. Her research shows that, from a leadership perspective, black males and white females have more in common than white males and white females. While the most convergent groups are black males and black females, the next closest convergence is between females on either side of the black-white racial divide. She concludes that, as a group, white males diverge the most from all the other groups. Clearly, then, white males are the odd ones out, and, when one considers the arguments advanced for the suitability of a feminine leadership style for leading into the twenty-first century, it is difficult not to accept that the command-and-control white male leadership style is in need of significant adaptation.

In the case of South Africa, the prime motivator of change has unfortunately been adaptive in that business has reacted with incremental solutions to problems that, in the main, require radical reorientations. Some of the more visionary and exemplary local firms seem to have anticipated and appreciated the imperatives of change quite some time ago. They have actively sought to educate and empower their workforces and have adopted an outward focus in their business plans and strategies. The need for a radical social transformation is still only reluctantly accepted in all but the most progressive of business organisations. In the owner-managed environment of local SMEs, one unfortunately often encounters an extreme stubbornness and reluctance to adapt to changing business, political and social conditions. The attitude is frequently defiant, and the ability of the enterprise to embrace the culture of continuous change as a competitive strength is therefore considerably weakened. The absence of the separation of ownership and management in the SME is, in such instances, a distinct threat to the survival of the organisation in times of intense change.

Clem Sunter, the well-known South African author and director of Anglo American Corporation, asserted during an interview that BPR is really about making big firms operate with the speed, flexibility and intensity of an SME. He referred to a book by John Micklethwaite & Adrian Wooldridge (of *The Economist*), entitled *The Witchdoctors – Making Sense of the Management Gurus*. The authors claim that the consulting industry has four primary defects: it is constitutionally incapable of self-criticism, its terminology confuses rather than educates, it rarely rises above basic commonsense, and it is faddish and bedevilled by contradictions that would not be allowed in other more rigorous disciplines. Sunter is adamant that small business are by their nature focused and energised and just need to be given the right environment, free of bureaucracy and constraints, within which to operate. TQM, BPR and other paradigms are unnecessary in the SME because the business cannot afford to let its focus wander from product and service excellence for any appreciable period of time.

Conclusion

Orgland & Von Krough (1998) propose a very interesting framework for initiating, managing and sustaining business transformation, which integrates to some extent all the interventions discussed in this paper. They hold that transforming an organisation requires the use of three distinct forces for change: top-down direction setting (OC), horizontal process redesign (BPR), and bottom-up performance improvement (TQM). They contend that, unless a change initiative includes all three components, a risky and sub-optimal outcome is likely. Top-down direction setting involves a thorough situation analysis in order to provide the basis for developing a clear strategic direction for the change. Horizontal process redesign emphasises that the organisation is a system comprising a network of business processes and focuses improvement efforts on the customer. Finally, bottom-up performance improvement entails empowering employees in the improvement process and allows everyone to experience personal growth and development.

TQM, BPR and OC all have relevance in the context of the SME (Figure 5), although, in the case of the latter two change interventions, the applicability is likely to be somewhat limited in scope. There can be little dispute that all businesses, regardless of their size, must acknowledge the imperative of TQM in today's world of demanding consumers and employees seeking fulfilment in their work lives. TQM can be used effectively in smaller enterprises without unduly straining either the financial, physical or managerial resources of the

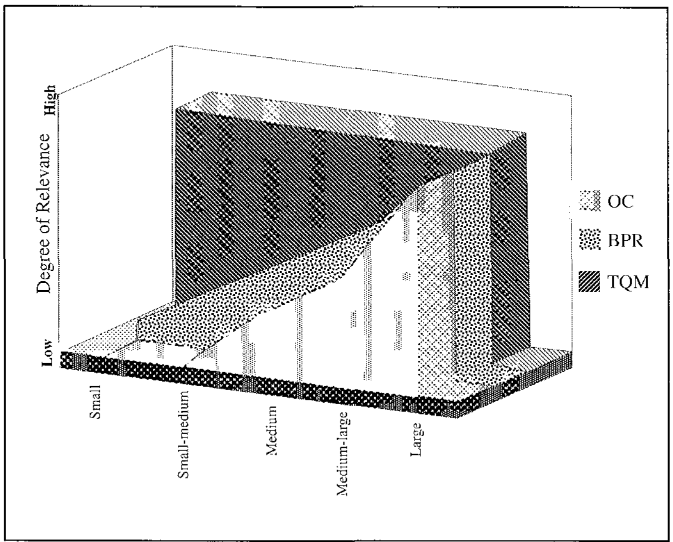


Figure 5. Change methodologies by organisational size

organisation, and the outcome is likely to produce sustainable positive results.

BPR is important more as a paradigm than a methodology, in that all businesses, regardless of their size or complexity, should attempt to align their hierarchical reporting lines and information flows with their value adding processes. The value of measuring and managing the core drivers of business success and rewarding employees accordingly, using the balanced scorecard (as distinct from traditional financial reporting), is undisputed. However, the potential for an SME to identify and implement world-class, IT-enabled, breakthrough opportunities for the core processes of the business is necessarily limited.

Finally, OC is concerned mostly with creating an organisational culture with the ability to exploit the relentless change that is so much part of the global environment at the turn of the millennium. It deals specifically with the human aspects of change that, until recently, were ignored by other change disciplines such as BPR. The need for change and the suitability of management's chosen strategy needs to be marketed to employees, especially in larger organisations. However, in smaller organisations, there is unlikely to be a core of resistance to the lead of the owner-manager, as the typically reluctant and politically motivated middle-management layer tends to be absent. Nevertheless, management in all businesses can benefit from OC principles that facilitate an understanding of the imperatives of change, as well as its effects on all employees and on the process of change itself.

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Doctoral theses completed in 1999

An examination of race and gender influences on the leadership attributes of South African managers

A.E. Booysen

A thesis submitted for the DBL degree to the University of South Africa, Pretoria

Study leader: Professor David Beaty

Abstract

Following the political changes in South Africa since the early 1990s, and given the implementation of employment equity, changes that impact strongly on leadership are occurring in South Africa, including changes in people's values and norms. If organisations are to survive, they need to understand the resultant diversity and manage it effectively. This study investigates the differences and similarities regarding culture and preferred leader attributes between white managers and African black managers and between male and female managers in South Africa.

A triangulation method was used to conduct this research, which combined a quantitative survey with focus groups and individual interviews. The sample comprised 263 junior, middle and senior managers from the three largest retail banks in South Africa.

The results show that the cultural constellation of the white South African management group is largely congruent with Western or Eurocentric management systems, which tend to emphasise competition and a work orientation, free enterprise, liberal democracy, materialism, individual self-sufficiency, self-fulfilment and development, exclusivity, planning and methodology.

The cultural constellation of the black South African management group differs to a large extent from Western or European management systems and is comparable to the Afrocentric management system, which emphasises collective solidarity, inclusivity, collaboration, consensus and group significance, concern for people, as well as working for the common good, structure through rituals and ceremonies, patriarchy, respect and dignity.

The cultural constellation of the South African male management group focuses on performance, competition and winning, domination, control and directive leadership. It emphasises leadership as a number of social transactions, conducted in an unemotional, rational and objective manner.

The cultural constellation of the South African female management group emphasises collaboration, participation, intuition, empathy, support, empowerment, self-disclosure and subtle forms of control. Emphasising follower–leader commitment and relationships, it is interactional and transformational.

Interestingly, international and local literature has shown that the approach to leadership needed in future is different from the current dominant white male culture in corporate South Africa. It overlaps to a large extent with the leadership styles of the currently subordinate groups, namely the female and Afrocentric leadership styles. Adopting and strengthening these leadership styles will – apart from helping to bring about effective change – also lead to the skills of women and black people being more readily accepted, valued and utilised.