

SECTION A

GENERAL INTRODUCTION

CHAPTER 1

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1.1 INTRODUCTION

As South African companies enter the globalised business world of the 21st century, they are required to undergo a paradigm shift in their business philosophy in order to encompass the principles of competitive advantage. All companies have resources which constitute their strategic assets, and by utilising these resources effectively, they can contribute to gaining the competitive advantage necessary to survive in a globalised economy (Brewster, Dowling, Holland, Grobler & Wörnich 2000:XV).

Barney (1995:49-61) indicates that a company's resources can be classified into four groups, namely financial capital, physical capital, human capital and organisational capital resources. It is important to note that this resource-based view (RBV) of competitive advantage differs from the traditional strategy paradigm, in that the resource-based view is company-focused whereas the traditional strategic analysis has an industry environment focus. The traditional strategy model sees the company resources as homogeneous and mobile across companies in an industry, that is, companies can purchase or create resources held by a competing company, which is not the case with the resource-based view (Brewster et al, 2000:17-21).

Effective organisations are increasingly realising that, of the varied factors that contribute to performance, the human element is clearly the most critical (Mello, 2002:4). Regardless of the size or nature of an organisation, the activities it undertakes and the environment in which it operates, its success is determined by the decisions its employees make and the behaviours in which they engage. This applies especially to those companies in the manufacturing industry with the downturn in the South African economy, the shortage of skilled manpower and the challenges from global companies.

Thus, organisations can achieve sustained competitive advantage through people if they are able to meet the following criteria (Bohlander, Snell & Sherman, 2001:5):

- (1) The resources must be of value. People are a source of competitive advantage when they improve the efficiency or effectiveness of the company. Value is increased when employees find ways to decrease costs, provide something unique to customers or some combination.
- (2) The resources must be rare. People are a source of competitive advantage when their skills, knowledge and abilities are not equally available to competitors.
- (3) The resources must be difficult to imitate. People are a source of competitive advantage when employee capabilities and contributions cannot be copied by others.
- (4) The resources must be organised. People are a source of competitive advantage when their talents can be combined and deployed to work on new assignments at a moment's notice.

Thus, to work with people effectively, companies have to understand human behaviour and be knowledgeable about the various systems and practices available to help build a skilled and motivated workforce. This is not an easy task as many factors in the work environment can have a negative impact on individual performance, for example: role ambiguity, unfriendly co-workers, work overload, working conditions, nasty boss and role conflict. An additional factor that has recently become an important issue in companies is that of sexual harassment (O'Leary-Kelly, Paetzold & Griffen, 2000:372-388). Sexual harassment constitutes behaviour that leads to and perpetrates a working environment in which it becomes unpleasant to work and thus negates the positive role employees can play (Tang & McCollum, 1996:53).

The ultimate consequence of allowing sexual harassment to go unchecked is that it leads to underperformance of the employees subjected to this form of conduct.

Besides the cost of litigation associated with sexual harassment, Peirce, Smolinski and Rosen (1998:42) identify the more subtle costs of psychological and physiological harm to the victims. According to Peirce et al (1998:42), victims often experience depression, frustration, nervousness, fatigue and hypertension which, in turn, leads to decreased productivity and increased absenteeism.

Accordingly, Brewster et al (2000:134) advocate that the people (employees) who own the knowledge must be treated as important assets and not merely as commodities since it is the company's intellectual capital that gives it the competitive edge. Companies will not, however, be in a position to exploit the full potential of their knowledge asset as long as employees, who have this knowledge, are subject to psychological and physiological harm.

Given that the primary source of competitive advantage is derived from a company's human resources, it remains incumbent on South African companies wishing to improve their productivity and their competitive position, to pro-actively embrace the paradigm shift necessary to create a harassment-free environment which will harness their employees' full knowledge potential. The South African Government's 1998 inclusion of a Code of Good Practice on the Handling of Sexual Harassment Cases in the Labour Relations Act 66 of 1995 was an attempt to assist in creating an environment that fosters the notion of harmony in the employer-employee relation. The problem is that although the Code provides guidelines, it does not assist companies in the actual management of sexual harassment. It is therefore the function of management to develop the actual modus operandi for managing this problem since, as Brewster et al (2000:7) points out, governments merely create an environment in which organisations and employees can interact to the advantage and benefit of all concerned.

1.2 PROBLEM FORMULATION

From the foregoing it is clear that sexual harassment has a major impact on the working relationship in organisations and negative consequences for an organisation.

In addition to damage awards, sexual harassment has intangible costs associated with reduced morale, adverse publicity and retaliation claims (O'Blenes, 1999:49).

Over the past years the phenomenon of sexual harassment has gained prominent exposure in South Africa. Incidents of this form of behaviour have been reported to have occurred across a spectrum of institutions from the academic field, as is evident by the prominent UNISA case in 2002, and the Government arena, as is evident by the 2002 Department of Foreign Affairs sexual harassment case, as well as the 2002 case of the Western Cape Government.

Further, over an eight-year period commencing 1995, Jutastat's Electronic Publications (July 2003) reported that a total of 55 cases dealing with the phenomenon of workplace sexual harassment were brought before the Commission for Conciliation, Mediation and Arbitration for adjudication. Many of these cases were in the private sector. Notwithstanding this relatively small number, it does not serve as an indication as to the actual extent of the problem as cases of this nature, like other misconduct cases, are as a matter of course dealt with internally by companies via their Disciplinary Code.

It was, however, established in the case of one large multinational organisation which formed part of the survey group referred to in section 1.4 hereunder, that no less than four cases of sexual harassment involving senior managerial staff had been investigated by the Human Resources Department. This organisation reported that two of the managers had been dismissed and the remaining two were issued final written warnings. None of these cases progressed to the level of the Commission for Conciliation Mediation and Arbitration. It is thus clear that cases of sexual harassment can be found in the South African work environment and thus requires the attention of management.

To avoid sexual harassment litigation, an organisation has to act pro-actively in order to prevent the occurrence of such behaviour. It is thus imperative that this issue be managed properly in organisations. The guidelines provided by the South African Code of Good Practice on the Handling of Sexual Harassment Cases leave the management of sexual harassment to South African organisations themselves. There

is thus no programme that provides an employer with a set of action plans in chronological sequence. Consequently, the aim of this study was to provide a model for South African companies that would enable them to manage this problem better.

1.3 PURPOSE OF THE STUDY

The purpose of this study was thus twofold, namely to

- develop a holistic model to manage the problem of sexual harassment in the workplace, which can serve as a guideline for companies wishing to do so effectively and efficiently
- investigate the present situation regarding the management of the phenomenon of sexual harassment in the workplace in the companies affiliated to the Steel and Engineering Industries Federation of South Africa (SEIFSA).

The first objective of the study, namely the development of the holistic model, will be based on a comprehensive literature review of some 130 reference books and scientific journals. The results of the second objective, namely an investigation into the present situation of workplace sexual harassment, will be juxtaposed with the literature review whereafter any modifications to the holistic model that are necessary will be made thereby ensuring the ultimate model is indeed a comprehensive model for the practical management of the phenomenon of workplace sexual harassment.

1.4 THE SCOPE OF THE STUDY

Because it is virtually impossible to investigate all the companies in the manufacturing industry in South Africa, the researcher decided to concentrate on the companies affiliated to the Steel and Engineering Industries Federation of South Africa (SEIFSA). This Federation not only represents the interests of companies in the manufacturing industry but is also one of the country's largest employer associations. The total number of employees employed in the steel and engineering industry is 271 000, with

SEIFSA companies employing approximately 248 622. This represents 91,7% of the steel and engineering industry's total workforce (SEIFSA Annual Report 1999: 6) and 19,2% of the 1 290 560 employees employed in the manufacturing industry. It is thus an important group of companies.

1.5 RESEARCH METHODOLOGY

The research was done by means of

- an extensive literature review for the purpose of establishing the nature and extent of developments in the management of sexual harassment in the workplace which subsequently resulted in the development of a model.
- a questionnaire to determine to what extent the components of the proposed model for the management of sexual harassment in the workplace was being applied in manufacturing enterprises affiliated to the Steel and Engineering Industries Federation of South Africa.

1.6 OUTLINE OF THE STUDY

Section A consists of chapter 1 which formulates the problem, and discusses the purpose and scope of the study, the research methodology and the outline of the study.

Section B provides a theoretical overview of sexual harassment. Chapter 2 defines sexual harassment and discusses the types of sexual harassment found, sexual harassment behaviour, the effects of sexual harassment on the harasser as well as the response styles of sexual harassment victims. Chapter 3 discusses sexual harassment policy, including formal and informal procedures, disciplinary sanctions, training, sensitising employees and the South African Code of Good Practice on the Handling of Sexual Harassment Cases.

Section C looks at the design of a model to manage sexual harassment in the workplace. Chapter 4 discusses the components of such a model which consists of preventative as well as reactive measures.

Section D involves the empirical research, which strives to ascertain the extent to which the various component elements of the proposed holistic model are being applied. Chapter 5 discusses the research methodology, including the design and administration of the questionnaire, population and sampling, and the collection of the data. The representativeness of the response rate and the statistical methodology are also discussed. Chapter 6 covers the data analysis.

Section E consists of Chapter 7, which presents the summary and recommendations of the study.