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WHAT IS STRATEGIC ABOUT STRATEGIC MARKETING MANAGEMENT: A TENTATIVE STUDY

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Verskeie pogings is aangewend om te bepaal waarom ondernemings suksesvol is. NAVORSING GESTEL DAT SUKSESVOLE ONDERNEMINGS TWEE KONSEPE GEBRUIK, TE WETE STRATEGISSE BESTUUR EN BEMARKINGSBESTUUR. NAVORSING HET VERDER GESTEL DAT STRATEGISSE BEMARKINGSBESTUUR NODIG IS OM KONSTRUKTIEWE SAMEWERKING TUSSEN BEGEGENOMDE TWEE PROSESSE TE VEREKKER. BY NADERE BESKOUING HET DI MET WISSELKOP DIT DEE KONSEPE UIT SEKERE ELEMENTE BESTAAN. SEKERE VAN DIE EEMENTE IS IN AL DRIE PROSESSE TEENwoordig. DIE VRAAG ONSTAAN DUS OOR DIE DRIE KONSEPE EEN VERSKYNSEl VERTeenwoordig.

DIE METODE WAT GEVOLG IS OM TE BEPAAL OF DIE DRIE KONSEPE ONDER BESKOUING EEN VERSKYNSEl VERTeenwoordig, IS EERSTENS 'n LITERATURSSTUDIE OM DIE TEORETISIE INHOUD VAN DIE ONDERHOVIGE KONSEPE WIS TE STEL EN TEDEENS 'n EMPIRIESE STUDIE TE DOEN.

DIE STUDIE HET AANGEDUI DAT DI SUKSESVOL AS OK NOODSAKLIK IS OM TUSSEN DIE BETROKKE KONSEPE TE ONDERSKRIE. DIE REPONDESTTE DIE TWEE KONSEPE, TE WETE "STRATEGISSE BESTUUR" EN "BEMARKINGSBESTUUR" GEFONDITIS. DIE KONSEP STRATEGISSE BEMARKINGSBESTUUR IS INEENWEG MET DIE TWEE KONSEPE. BOREL HET DI MET DI KONSEP STRATEGISSE BEMARKINGSBESTUUR WAGLAAKBAAR IS.

1. BACKGROUND

Kotler (1988:33) claims that successful businesses have, inter alia, the ability to adapt and react to a continually changing environment by using market-oriented strategic planning. Market-oriented strategic planning implies that businesses utilise two key processes to build their future, namely strategic planning and marketing. Businesses differ in the degree
to which they use these two processes; however, research has shown that
most outstanding firms use both (Kotler 1980:2).

Kotler (1980:4) defines strategic planning as the managerial process of
developing and maintaining a strategic fit between the organisation and
its changing market opportunities. This definition of strategic planning is
congugent with the definitions of strategic management as proposed by
writers such as Ansoff and McDonnell (1990:xv) and Bateman and
Zeithaml (1990:25). The Kotler definition is therefore considered to be a
definition of strategic management as opposed to a definition of strategic
planning. The marketing (management) process is defined as the
management process consisting of the identification, analysis, choice and
utilisation of market opportunities to achieve the objectives and
eventually the mission of the organisation (Kotler 1980:6).

It has been said that marketing and strategic management cannot be
integrated in an optimal or constructive manner because certain gaps
exist (Wiersema, 1983:46). Strategic marketing management is the
"link" which ensures that strategic management and marketing manage-
ment are integrated (Smuts, 1988:iii).

In attempting to understand the relationship between strategic manage-
ment, marketing management and strategic marketing management a
first step is to recognise that the decision-making hierarchy of organis-
ations typically consists of three levels, namely the corporate level, the
strategic business unit (SBU) and the functional or product level (Doyle,
1994:95-96; Ferrel, Lucas and Luck, 1994:12; Greenley, 1989:6-7; Jain,

At corporate level, management is responsible for formulating strategies
which guide the organisation as a whole towards a prosperous future.
The business as a whole may be described as the aggregate of its
constituent SBUs. Each SBU must in turn formulate strategies within
the ambit of corporate level strategy. Inter alia, this process ultimately
results in a marketing plan for each product and market within each
SBU.

Several authors claim that the role of marketing (management) has
diminished with the advent of strategic management (Aaby and
McGann, 1989:18; Day and Wind, 1980:7; Howard, 1983:12; Raymond
and Barksdale, 1989:47). They are also of the opinion that marketing
has not kept pace with management needs and has failed to live up to its
promise of a central organisational philosophy (Aaby and McGann,
1989:19; Wiersema, 1983:46). Some of the writers claim that the
marketing contribution stops at the SBU level, while strategic manage-
ment can contribute at both the corporate and SBU levels (Raymond
and Barksdale, 1989:47).

These views appear to contradict that of Drucker (1989:35), who is of
the opinion that marketing is so basic that it cannot be seen as a separate
function. Marketing is the whole business seen from the customers' point
of view.

When one reviews strategic management, marketing management and
strategic marketing management, one notices that there appear to be a
number of areas where they overlap, for example, their concern with
who the customers are and what the needs of these customers are. The
question thus arises: are these three concepts truly separate and distinct
fields of knowledge and, if so, to what extent do they function
independently in practice?

The purpose of this article is to report on the findings of research
conducted to address the above issues, as well as to set out the
theoretical and practical implications thereof.

2. SUMMARY OF THE LITERATURE REVIEW
The findings of the literature study can be summarised as follows:

The consolidation and study of knowledge pertinent to strategic
management is relatively new - it was initiated at the Harvard Business
School in the sixties (Greenley, 1989:xx). The field of study was
originally identified using the term "business policy" and subsequently
the term "strategic management" was used. Strategic management is the
main task of the general manager, and it is therefore, interwoven with management.

There is no consensus about the content of strategic management. This is evident from the different definitions found in the literature (Ansoff and McDenell, 1990:xx; Baird, Post and Macon, 1990:51; Bateman and Zeithaml, 1990:25; Glueck and Jauch, 1988:5; Hatten and Hatten, 1987:1; Mintzberg and Quin, 1991:12-19; Pearce and Robinson, 1988:5). But one can conclude that it is basically the same as strategy management (Thompson and Strickland, 1989; Steiner, Miner and Gray, 1986:5). There is also no consensus about strategy (Schonfeld and Hofer, 1978; Mintzberg and James, 1991:3). However, strategy is regarded as a potentially powerful tool for coping with change (Ansoff and McDenell, 1990:44).

Marketing management, on the other hand, is one of the five classical functional areas identified by Fayol (initially known as the commercial activity) (Greenley, 1989:4). Authors agree that marketing management is a sub-function of business management and occurs in conjunction with and subordinate to strategic management (Boyd and Walker, 1980:35-73; Guilhanan and Paul, 1982:8; Kotler, 1988:33-64; Kotler and Armstrong, 1980; Scott, Warshaw and Taylor 1985:7).

Marketing involves the mutually satisfactory exchange relationships by which value is created. Marketing management involves the process of formulating and implementing marketing strategies to satisfy the needs of a target market and, in so doing, achieves organisational objectives. Decisions regarding the marketing mix are critical in this regard (Boyd and Walker, 1980:33; Kotler, 1988:11; Peter and Donnelly, 1988:20; Scott et al, 1985:5). The marketing management process consists of a sequence of activities which, in their turn, consist of sub-activities. Some of these activities correspond with the activities covered by strategic management.

Studies on strategic marketing management appeared in the early 1980's. There are diverse perspectives on "strategic marketing management". This is evident from the texts addressing this issue, which each give a particular version. Furthermore, terms such as "strategic planning", "strategic management", "strategic marketing", "strategic market planning" and "strategic marketing management" are used more or less synonymously (Marx and van der Walt, 1993:560). The various terms do, however, have different linguistic meanings and they relate to different fields of study.

Some authors use the term "strategic marketing management" in the same context as "strategic management" (Aaker, 1989:11; Doyle, 1994:95). The focus is on the corporate level of management. In other cases, writers use this concept in the context of "marketing management" (Ferrel et al, 1994:2), with the focus on the functional level of management. In the majority of instances, however, this concept is applied in the contexts of both "strategic management" and "marketing management" (Kotler and Andreason, 1981:61; Marx and Van der Walt, 1993:569; Smuts, 1988:3; Wiersema, 1983:47). These terms then denote management on both the corporate and functional levels (or as they put it "middle management levels").

3. EMPIRICAL RESEARCH

3.1 OBJECTIVE

The objective of the study is to attempt to determine statistically if there are significant differences between the concepts in question, which would imply that they are independent study fields, as found in the literature.

3.2 METHODOLOGY

Based on the theory underlying these concepts, a structured, non-disguised mail questionnaire was drawn up and mailed to chief executive officers and heads of marketing of selected South African companies listed on the Johannesburg Stock Exchange (JSE) as well as to selected academics at the business schools of universities in the Republic of
South Africa (RSA). The respondents were required to indicate, according to an adapted Likert-scale, which of the elements belong to the various concepts in question. The study was undertaken during March-April 1993.

The population for this study was 391 companies listed on the JSE (excluding investment companies, dormant companies, cash shells, companies in liquidation and companies registered in foreign countries), as well as lecturers in strategic management and marketing management at the business schools of RSA universities. A simple random sample without replacement, that is, a probability sample, of 150 companies was drawn from this list of companies and seven from lecturers at business schools.

Despite the difficulties associated with probability sampling this method was used because:

- the sample was relatively small (150 companies);
- an accurate list of universe items was available (the February 1993 edition of the JSE Handbook, and business schools were contacted to obtain the necessary information); and
- the cost per interview was independent of the location of the sample items (the postage was the same irrespective of destination).

The individual sample items were selected by using a table of random numbers. Numbers greater than 391 were rejected, as were repeated numbers.

It was decided to include CEO's and marketing managers in the study, since CEO's are theoretically ultimately responsible for strategic management, and marketing managers are responsible for marketing management. The sample totalled 307, representing 300 practitioners (CEO's and heads of marketing of 150 companies) and seven academics. In cases where the head of an organisation and the head of marketing could be identified (in the JSE Handbook or otherwise in annual reports) a personally addressed letter and a copy of the questionnaire were mailed to the respondent. Personally addressed letters and a copy of the questionnaire were also mailed to lecturers. Approximately three weeks after the initial letter, a follow-up letter was mailed to each selected respondent to remind him/her to complete the questionnaire and return it.

3.3 RESPONSE
A total of 307 questionnaires were mailed to respondents, five of which were not regarded as part of the original sample:

- three (3) were returned because the respondents regarded their organisations as unsuitable for the study;
- one (1) was returned because the respondent was away on leave;
- one (1) indicated that the company had already responded through the managing director, leaving a sample of 302.

Of the 302 respondents, 53 or 17.54% responded. Of the 53 responses, 51 were completed questionnaires of which 39 (or 12.91% of the original sample of 302) were usable. Despite the low response rate the results were used for the purposes of the study, since the original study was an MBA thesis which dictated time and cost restrictions. Generalisations beyond this study should, however, not be allowed, since it is regarded as a tentative study.

3.4 RESULTS AND DISCUSSION OF RESULTS
A profile of the respondents is given as an introduction to the results, thereafter the statistical test and its results are presented.

3.4.1 A PROFILE OF THE RESPONDENTS
A profile of the respondents is reflected in Table 1.
TABLE 1
PROFILE OF RESPONDENTS

<table>
<thead>
<tr>
<th>Position held</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer (CEO/CE)</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Managing Director</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Manager: Strategic Planning</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Manager: Strategic Marketing</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Academic</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
<td>100</td>
</tr>
</tbody>
</table>

"Other" included executive directors, marketing directors, directors, strategic sector, divisional purchasing managers and group public affairs managers.

The majority of respondents were CEO's, followed by an equal representation of managers, strategic planning and marketing managers. This study assumed that CEO's or managing directors as well as managers, strategic planning and marketing management are responsible for strategic management. This means that 57% of the respondents represented the discipline of strategic management, while only 23% represented the discipline of marketing management. Although questionnaires were sent to an equal number of persons representing the two disciplines, more than half of the respondents could be representative of strategic management and it may be that the results could be biased towards their "discipline".

The Friedman test was applied (at a level of significance of 5%) to establish whether there are any significant differences between the concepts. The paired comparisons of the Friedman test together with the frequencies for each question, were used to classify the elements into the three categories. A summary of these results is illustrated in Diagram 1 below. (The numbers in the diagram represent the various question numbers representing the various elements.)

From the frequencies of Questions 2, 7 and 11, it appears that these elements may be part of some of the concepts under discussion, although they cannot be classified into one or more of the categories, since the statistical test did not reveal specifically to which category(ies) they belong.

From Diagram 1 it would appear that all the elements can be part of the concepts under discussion, as set out in Table 2.
### Table 2

**The Elements of the Concepts in Question**

<table>
<thead>
<tr>
<th>Question number</th>
<th>Description of element</th>
<th>Status</th>
<th>Concept(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Studying the external environment to reveal opportunities and threats</td>
<td>Shared by</td>
<td>Strategic Management, Marketing Management and Strategic Marketing Management</td>
</tr>
<tr>
<td>2</td>
<td>Assessing the internal capabilities of the firm to reveal strengths and weaknesses</td>
<td>——</td>
<td>Statistically impossible to classify</td>
</tr>
<tr>
<td>3</td>
<td>Setting long-term objectives</td>
<td>Shared by</td>
<td>Strategic Management and Strategic Marketing Management</td>
</tr>
<tr>
<td>4</td>
<td>Who is charged with the responsibility to make plans through which the firm intends to reach its long-term objectives (&quot;grand strategy&quot;)</td>
<td>Unique to</td>
<td>Strategic Management</td>
</tr>
<tr>
<td>5</td>
<td>Who has the responsibility to evaluate and choose among &quot;grand strategies&quot;</td>
<td>Unique to</td>
<td>Strategic Management</td>
</tr>
<tr>
<td>6</td>
<td>Setting annual objectives</td>
<td>Shared by</td>
<td>Strategic Management, Marketing Management and Strategic Marketing Management</td>
</tr>
<tr>
<td>7</td>
<td>Formulating approaches which provide specific and immediate direction to key functional areas in the firm in terms of what must be done to implement the grand strategy</td>
<td>——</td>
<td>Statistically impossible to classify</td>
</tr>
<tr>
<td>8</td>
<td>Formulating standard operating procedures in order to standardise routine decisions</td>
<td>Unique to</td>
<td>Marketing Management</td>
</tr>
</tbody>
</table>

### Table 2 continued

<table>
<thead>
<tr>
<th>Question number</th>
<th>Description of element</th>
<th>Status</th>
<th>Concept(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Ensuring that the grand strategy &quot;infiltrates&quot; the daily decisions and actions of the company members</td>
<td>Shared by</td>
<td>Strategic Management, Marketing Management and Strategic Marketing Management</td>
</tr>
<tr>
<td>10</td>
<td>Who has the authority to establish an appropriate organisation structure i.e. formal reporting relationship</td>
<td>Unique to</td>
<td>Strategic Management</td>
</tr>
<tr>
<td>11</td>
<td>Providing leadership that would support the grand strategy</td>
<td>——</td>
<td>Statistically impossible to classify</td>
</tr>
<tr>
<td>12</td>
<td>Providing an appropriate culture that would support the grand strategy</td>
<td>Shared by</td>
<td>Strategic Management and Strategic Marketing Management</td>
</tr>
<tr>
<td>13</td>
<td>Who has the authority to decide on what the primary business of the firm is</td>
<td>Unique to</td>
<td>Strategic Management</td>
</tr>
<tr>
<td>14</td>
<td>Who has the authority to decide on what the primary business of the firm should be</td>
<td>Unique to</td>
<td>Strategic Management</td>
</tr>
<tr>
<td>15</td>
<td>Deciding on the marketing mission, goals and objectives</td>
<td>Shared by</td>
<td>Strategic Marketing Management</td>
</tr>
<tr>
<td>16</td>
<td>Dividing the market into segments according to customer demand</td>
<td>Shared by</td>
<td>Marketing Management and Strategic Marketing Management</td>
</tr>
<tr>
<td>17</td>
<td>Identifying a market segment(s) towards which the firm will direct its product(s)/service(s)</td>
<td>Shared by</td>
<td>Marketing Management and Strategic Marketing Management</td>
</tr>
</tbody>
</table>
Diagram 1 and Table 2 can be interpreted as follows:

(1) Each concept consists of some unique elements. The majority of the elements are found at strategic management. The distinctive elements of each of the three concepts are perhaps not enough to justify the separate existence of each concept, especially that of strategic marketing management. If this were to be the case, the

notion that the three concepts represent one phenomenon should be accepted. This incident may indicate that practitioners view the various concepts as integrated rather than separate, as found in the literature. This occurrence may further highlight the need for academics to adopt an integrated, boundary-less approach in their teaching.

(2) The bulk of the elements are found in the interrelated areas, especially in the intersection of marketing management and strategic marketing management. Since the bulk of the elements are in the interrelated areas it seems if these concepts are interwoven, which could be an indication either that boundaries are blurred or that the respondents were unable to identify the difference between these concepts. This leads to a further question, namely whether this phenomenon also occurs in other classical functional areas as identified by Fayol (Koontz, Godet).

(3) The elements present in the interface of the three concepts, namely, ensuring that the strategy is known, accepted and implemented throughout the organisation, should be present in each concept, particularly if the firm as a whole is unified in its efforts to achieving the objectives of the organisation. It need not necessarily be the same, but should be related. Therefore, this section could be disregarded for this discussion.

If this notion is accepted, and taking into account that there are no elements common to only strategic management and marketing management, one may conclude that only two concepts exist. This is further born out by strategic marketing management having only one unique element. As the "nature" of strategic marketing management is unclear it could be the reason for the "blurring between the concepts.

(4) It would appear that there are two distinct concepts rather than three. In this study they are named strategic management and marketing management. However, elsewhere the precise name may differ. Note should also be taken of the elements found in the sections of
the diagram. Those unique to strategic management as well as those in the intersection of strategic management and strategic marketing management correspond notably with the classical elements of strategic management, whilst those unique to marketing management and those in the intersection of marketing management and strategic marketing management coincide with those traditionally embodied by marketing management. This is further support for the notion that only two concepts exist.

(3) The South African managers participating in the project view most of the elements as found in the literature, as reviewed, however some exceptions exist, for example, according to Kotler (1988) positioning the offer is part of strategic management, while the respondents regard it as part of both marketing management and strategic marketing management. Authors such as Pearce and Robinson (1989) are of the opinion that providing a culture is part of strategic management, while the respondents consider it to be part of both strategic management and strategic marketing management. This phenomenon may signify that the boundaries of disciplines as originally set in the literature are beginning to blur.

It would further seem that the observation found in the literature regarding the inability of strategic management and marketing management to join forces in an optimal or constructive manner is not valid in the case of the South African organisations participating in this study. This observation may indicate that concept of strategic marketing management is explicable.

4. CONCLUSIONS AND IMPLICATIONS

In examining the literature on the three concepts in question a certain degree of commonality was detected. It would appear that the commonality is, in the first instance, greatest between marketing management and strategic marketing management, and secondly, between strategic management and strategic marketing management.
REFERENCES


THE RESTRUCTURING OF ROCK FACE OPERATIONS IN THE SOUTH AFRICAN GOLD MINING INDUSTRY

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The greatest and most important of all is the South African economy, which is called the gold mining industry. The need for the restructuring of the rock face operations in the South African gold mining industry is highlighted. This paper discusses the strategies that can be implemented to improve productivity in the industry.

Die grootste en belangrikste bedryf in die Suid-Afrikaanse ekonomie is die goudmynbedryf. Sedert die vroeë diegete van die bedryf 'n afwaartse neiging. Dit is omring onder andere die dalende goudprys, maar ook as gevolg van 'n onvermoë om produktiviteit te verbeter en soodra ingewikkelde ekonomiese ondinge.

Die onvermoë om produktiviteit te verbeter, is om die vroeë langtermyn-strategie van sentrale arbeidsbeheer. Hierdie strategie het tot gevolg gehad dat die goudmine ondervind het in magtigheidskrasies waarin Taylor se beginse van wetenskaplike beheer noeg gespesifiseer is. Hierdie ontwikkeling het tot gevolg gehad dat die bedryfsintensie en eienaarskap van werknemers op mynwerkkleder en benodigde verlaging verlaag het.

Om die probleme te oortuig, kan die afbou- en ontsluitingsbedrywighede op die werkfront uitgekontrakteer word aan klein, onafhanklike ondernemers wat met behulp van hul eie arbeid die produksiebedrywighede uitvoer. Hierdie stelsel het wel voor 1996 in die goudmynbedryf 'n korttermynige bestaan gehad.

Om so 'n stelsel te implementeer, sal baie voordele inhou.

Die belangrikste aanbevelings wat gemaak word, is dat die strategie van sentrale arbeidsbeheer last ваа moet word, ten gunste van autonome werkspanne op die werkfront wat as klein sakeondernemings funksioneer. Ondergrondse rotsbrekebedrywighede moet uitgekontrakteer word aan rotsbrekekentrepreneurs wat hul eie arbeid verlê. Die hele proses van sentrale loon-onderhoudinge moet laat waar word in ruil vir direkte onderhoudinge tussen rotsbrekekentrepreneurs en die betrokke goudmyoor aspekte soos werksomstandighede en vergoeding. Die goudmine moet self rotsbrekekentrepreneurs ontwikkel. Hiervoor bestaan groot geleenthede onder swart Suid-Afrikaners.