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ASSESSING THE MANAGEMENT STATUS OF SOUTH AFRICA

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ABSTRACT (238)

This article assesses the management status of South Africa. This is achieved by firstly, providing a concise summary of the classical management theory. This is followed by a presentation of selected dimensions of South Africa's economic, social and political profile (cultural profile), as reflected in secondary sources. A discussion of South Africa's profile vis-à-vis management theory presented follows. The findings show that South Africa is faced with unique competitive challenges, which fall within the realm of management. Unfortunately the unavailability of competent senior managers forms part of South Africa's problem, aggravating the situation. The practical implications are that South African managers need to face their reality, by acquainting themselves with the sound theory underpinning management, available from reputable sources and applying these principles with insight. In so doing they will not only improve the competitive positions of their enterprises but also that of South Africa, as a whole. Moreover, they will impact the economy positively, be it domestically, regionally or globally and reap the benefits of success just like other firms and countries. This paper is original in the sense that it seeks to give a comprehensive, however, brief overview a complex topic, classical management, while linking it to South Africa's unique challenges. The value of this script lies in the concise presentation of classical management thought and the consequent implication that its

consistent application could play a vital role in overcoming the competitive challenges facing South Africa.

INTRODUCTION

Management, one of the earliest professions, has been practised since time immemorial, as is evident from records of ancient civilizations. The earliest among these include, amongst others, business, legal and historical records kept by Sumerian priests on clay tablets dating back to approximately 3 000 B.C. (Hodgetts, 1975). Elsewhere, a complete account of management practices throughout the ages is given (Hodgetts, 1975; Witzel, 2002; Wren, 2005). It is clear from these sources that the principles of the practice of management were not formally documented until the end of the 19th century, with the advent of “scientific management”, thus making it a relatively young discipline. The early management pioneers realised that technical knowledge alone did not ensure managerial success (Wren, 2005). They argued that, in addition, “management” education was required to facilitate successful managers and enterprises (Wren, 2005). In their quest for sound “management” they documented principles, especially those deemed to have contributed to managerial success.

It would seem that the classical management discipline is still evolving today. Though, the thoughts of contemporary contributors do not deviate markedly from those of the early pioneers. Nevertheless, despite the evolution of management thought since its inception, and the fact that currently management literature is readily accessible to managers, it would seem that success, generally, evades South African managers, as reflected in, amongst others, the World Competitive Report (2005, 2004, 2003). Newspapers, commercial or otherwise, financial and business journals alike, report on the mismanagement of South African organisations (Beeld, 1 September 2005; Beeld, 2 September 2005). Examples of

mismanagement range from corruption to poor customer service, including the lack of recovering service failures, be it retailers, communication providers or airlines that do not respond to customer needs (<http://www.hellopeter.com>) to accusations of exploiting workers as a result of cutting back jobs due to restructuring (Beeld, 12 September 2005; Business Day, 14 September 2005; I-Net Bridge, 14 September 2005), leading to overworking. This may also include the opening of businesses on non-traditional hours such as Sundays (Beeld, 12 September 2005) interfering with the healthy balance between work and life; as well as the paying of unfair wages, resulting in strikes (City Press Business, 15 May 2005; Business Day, 19 September 2005, 28 September 2005, 5 October 2005; I-Net Bridge, 8 September 2005, 22 September 2005, 4 October 2005, 10 October 2005; www.journalism.co.za), to highlight but a few cases. The aforementioned issues do not differ materially from those addressed by the early management theorists. The question that arises is “why does managerial success evade so many South African enterprises, given the findings of, amongst others, the World Competitive Report (2005, 2004, 2003) in view of (i) the abundance of accessible literature existing in this regard and (ii) pertinent management development education on offer to deliver knowledgeable managers?”

PURPOSE

The purpose of this paper is to assess the current status of management in South Africa. This is achieved by firstly, providing a concise summary of classical management practice, based on a literature review of seminal authors. This is followed by a presentation of selected dimensions of South Africa’s economic, social and political profile (cultural profile), as reflected in secondary sources, such as the World Competitiveness Report and statistical information. Thereafter, follows a discussion of South Africa’s profile vis-à-vis management theory presented and the script closes with conclusions.

THE ESSENCE OF CLASSICAL MANAGEMENT

The purpose of this section is to present the essence of classical¹ management briefly, as a complete exegesis exists elsewhere (Hodgetts, 1975; Witzel 2002; Magretta, 2003; Drucker 1955 and 2003; Wren 2005). This is a daunting task considering the complexity of the subject as well as the abundance of literature available. Furthermore, in studying the different management sources it transpires that each author presents the topic slightly nuanced. Nevertheless, it appears as if certain themes are prevalent in all texts studied. Furthermore, these themes coincide with those addressed by the seminal authors. Nienaber (2004) suggests that the following definition, offers a fair reflection of the concept “management”:

“Management is the process of creating and maintaining an environment in which employees, individually and collectively, can perform to achieve the purpose of the enterprise, namely delighting its customers, efficiently”. The crux of this definition can be summarised as:

- The purpose of the enterprise is to delight customers. This notion corresponds to, inter alia, that of Gantt (1916 in Wren, 2005) and Drucker (1955 and 2003) who maintain that enterprises exist to satisfy a need felt by customers. Customers are people who (a) desire the enterprise’s specific offering, (b) have the money to pay for this offering and (c) are willing to pay the price as they deem the offering of value. Value, although sometimes only a perception in the mind of the customers, and thus subjective in nature, generally relates to the customers’ experience of the use (such as quality and features) of the offering and/or the worth (satisfaction) of using it. “Front line staff” interact with the customers in providing delight, and this interaction

¹ Classical management for purposes of this script refers to the discipline of “management” as documented by the early pioneers, such as F.W. Taylor, Henri Fayol etc, that shaped this field. Contemporary leadership authors maintain that leadership is a distinct, though related topic (Kotter, 2001:85). Hence, the contemporary treatment of leadership falls outside the scope of this script. Similarly it excludes “strategic management”.

moderate the customers' experience of value. In essence, customers are a specific group of people in a specific competitive arena (target market) with a particular attitude towards the specific offering of the specific enterprise.

- Employees “perform” in the enterprise to achieve its purpose. This idea conforms to those of management theorists, specifically Taylor (1911 in Wren, 2005), Parker-Follett (1932 in O’Connor, 2000; Wren, 2005) and Drucker (1955; 2003). Performance is viewed and judged differently by different stakeholders. The customers are the ultimate judges of performance, although this may only be a perception in their minds and, as such, is subjective in nature. The enterprise should, however, allow its employees to perform according to the judgements of their customers, provided that this is within the legal and ethical norms of the society. This means that employees should, firstly, know what would delight their customers as this would serve as the norm for judging their performance. Secondly, employees should have the ability (knowledge and skills) to perform according to these judgements. Thirdly, they should have the will or motivation to perform. Finally, management should afford them the opportunity to perform.
- Management, as the governing body of the enterprise, should discharge their responsibilities in such a way as to create and maintain an environment in which employees can perform with a view to fulfil its purpose. This idea is congruent with that of management theorists such as FW Taylor, Gantt, Emerson, Fayol (in Wren, 2005), Barnard (1938), Parker-Follett (1924 in Wren 2005; O’Connor, 2000), and those of Collins (2001), Drucker (1955 and 2003) and Moss-Kanter (1997), who clearly stress that management, as governing body of an enterprise, is responsible for creating an environment in which employees can perform in an effort to achieve desired results.

- Management can only perform this task if they have an understanding of the environment in which they operate. Management theorists such as Barnard (1938), Gantt (in Wren, 2005) and Moss-Kanter (1997) call attention to the importance of an understanding of the environment (internal and external) and its impact on performance as essential ingredient for organisational success. The environment consists of at least three sub-environments (i. e. macro, market and micro) with their constituent variables (such as global, legal, social, economic, industry, market, assets, knowledge, skills, processes) that influence the outcome of their task. Knowledge of the environment includes (a) knowing the customers, and especially, what they value, (b) ensuring that employees delivers according to customers value, (c) mobilising employees to perform (i.e. providing motivation and opportunity), (d) knowing competitors (offerings and possible next moves to lure customers away) as well as substitutes available, and potential new entrants that may erode the value offered to customers (Drucker, 1955 and 2003).
- Employees (or human resources) are highlighted as important role players in achieving the purpose of the enterprise. The importance of human resources, including incentives, recognition and rewards, as significant elements in the success of an enterprise, are stressed by management theorists such as:
 - FW Taylor by focusing on fairness towards workers in honing their abilities to ensure that each employee fulfils his/her full potential and to do the most fulfilling work (Humphreys & Einstein, 2000).
 - Emerson's fifth efficiency principle focuses on the "fair deal" that is mutually advantageous to worker and manager (Wren, 2005).
 - Gantt stresses the scientific selection of workers as well as incentives paid to stimulate performance (Wren, 2005).

- Collins (2001) also refers to the selection of workers as one of the pre-requisites to move an enterprise from being good to great.
- Barnard (1938) highlights “securing essential effort” as one of the three management tasks that is critical to the success of an enterprise.
- Parker-Follett (in O’Connor, 2000) concentrates on the democratic organisation with special attention to empowering employees to discharge their responsibilities.

To sum up, the literature holds that employees can only achieve the purpose of the enterprise if (a) they know what its purpose is, (b) experience unity of direction (c) have the necessary knowledge and skills and timely and adequate access to the required resources, (d) the motivation as well as the (e) opportunity to perform their responsibilities that would lead to fulfilling the purpose of the enterprise and (f) if they are rewarded accordingly. The employees as resource are explicitly mentioned, while other required resources, such as information (including feedback), finances, systems, equipment and the like are only implied. Resources form part of the internal environment of the enterprise that management should understand.

- The purpose of the enterprise refers to the reason for its existence, which reflects the customers’ needs satisfied and the means to reach the customers. This idea strikes with that of Gantt (in Wren, 2005) and Drucker (1955 and 2003). Hence the purpose of the enterprise is viewed as the predetermined goals or business results that are deduced from, and are interwoven with, its overall strategy – essentially satisfying customers in chosen arenas. The importance of customers is the value they acquire in consuming the offering of the enterprise.
- It is management’s responsibility to plan how to achieve these goals (that is setting targets), to organise to execute the plans (right people, systems, structures, rewards,

information) and to monitor the execution (track how well they are doing in view of changes introduced by the environment) and determine whether corrective action is required to ensure goal achievement, all in collaboration with employees. This responsibility of management is present on all hierarchical levels of the enterprise, from team leaders, supervisors, middle managers, senior managers to executive managers. This responsibility manifests differently on the different hierarchical levels of the enterprise. Management theorists, especially Fayol (in Fells, 2000; Rodriques, 2001; Wren, Bedeian, and Breeze, 2002; Wren, 2005) underscore management's responsibility to plan, implement and control progress.

- Knowledge about the customers, business and industry that is crucial in delivering success, especially creating competitive advantage. The crux of competitive advantage is to (a) select a competitive arena where the enterprise wishes to compete, (b) offer value to the customers in the chosen arena, and (c) have access to the required assets, resources, knowledge and skills to provide value to the customers in the chosen arena giving due regard to the influencing variables in the environment (Nienaber, 2002). Research shows that enterprises with a customer focus are more likely to improve their business results than those that merely focus on increasing their market share (Heskett, Jones, Loveman, Sasser & Schlesinger, 1994; Payne, Holt & Frow 2000; Vandermerwe, 2000; Newman, 2001; Cranage, 2004; Duncan & Elliot, 2004).
- “Efficiently” refers to the principle of being productive (minimum input to achieve maximum output) in achieving the goals of the enterprise (“effectiveness”). Efficiency in this sense is underlined by the work of Taylor (1911 in Wren, 2005), Emerson (1916 in Wren, 2005), Barnard (1938) and Drucker (1955 and 2003) in particular.

- Management is a process not an event. This means that management is continuously receiving inputs, transforming the inputs into outputs which result in outcomes, taking into consideration all pertinent environmental influences.

The above exegesis of classical management shows that it is an integral and indispensable part of enterprises from government, the private or public sector, whether for profit or not. The importance of management stems from its critical role in value and wealth creation, which simultaneously fulfils the economic, social and political needs of individuals, groups and societies. It is in particular management's decision-making that affects value and wealth creation, hence its importance. As a consequence, management is the most important of the primary production factors (i.e. land, resource, capital and management) in bringing forth wealth. As such classical management is not only relevant but also significant for our day and age. In all regards, the complexity of management, alluded to in the above section, cannot be disputed. With this brief theoretical background the next section covers South Africa's profile.

SOUTH AFRICA'S PROFILE

South Africa is considered to be a free market system, with a dual economy i.e. a sophisticated financial system and a third world social infrastructure. South Africa is relatively small in world terms with a GDP of \$159.9bn versus that of the USA of \$10 948.6bn (The Economist Pocket World in Figures, 2006). Putting it differently, South Africa's GDP is more or less equivalent to the revenue of General Electric, ranking 9th on the Fortune 500 of 2005 (Guyon, 2005). South Africa's market structure is best described as an oligopoly as a few big enterprises dominate the market, whether in agriculture, mining, manufacturing or service. Selected dimensions of South Africa's cultural (economic, social and political) profile are reflected in Table I below.

Table I: Selected dimensions of South Africa's cultural profile

Variable	2005	2004	2003
GDP (R millions)	R259 982 million (first quarter) (4,1% projected)	R1 046 billion (3,7%)	R1 008 billion (2,8%)
Contribution:			
• Finance, real estate business service	19%	19%	18%
• Manufacturing	16%	16%	17%
• Wholesale and retail trade, hotels and restaurants	14%	14%	14%
• Government	13%	13%	13%
Exchange rate (\$)	R6,06 ¹	R6.45	R7.56
Interest rate (prime rate)	10,4% ¹	11,3%	15%
Consumer price inflation (CPIX)	3,4% ¹	4,3%	6.8%
Total population	46,9 million (March 2005)	48,3 million (March 2004)	46,4 million (March 2003)
Age distribution of population	43% are 0-19 years 49% are 20-59 years 8% are 60+	43% are 0-19 years 51% are 20-59 years 6 % are 60+	43% are 0-19 years 50% are 20-59 years 7% are 60+
Unemployment rate	26,5%	27,9%	31,2%
Employment (in thousands)	11 907	11 932	11 565
Formal sector employment	65%	66%	71%
Occupations:			
• Elementary, clerks, crafts, plant operators	79,3%	78%	78%
• Professional, technical, management	20,7%	22%	22%
Human Development Index & rank	0,695 (medium); 101	0,666 (medium); 119	Not available (medium); 111

Table I (continued)

International competitiveness ranking	46/60	49/60	47/60
Challenges (to business efficiency)	<ul style="list-style-type: none"> • Brain drain • Skilled labour is not readily available • Competent senior managers are not readily available • Overall productivity needs attention • Customer satisfaction is not emphasised 	<ul style="list-style-type: none"> • Brain drain • Skilled labour is not readily available • Worker motivation is low • Labour relations are generally hostile • Competent senior managers are not available 	<ul style="list-style-type: none"> • Skilled labour is not readily available • Values of society do not support competitiveness • Competent senior managers are not readily available • Customer satisfaction is not emphasised
Legislation influencing business	<ul style="list-style-type: none"> • Labour Relations Act 66 of 1995 • Basic Conditions of Employment Act 75 of 1997 • Employment Equity Act 55 of 1998 • South African Qualifications Authority Act 58 of 1995 • Skills Development Act 97 of 1998 		

¹ Estimate for 2005, Economic Perspective – Second Quarter 2005, Absa Group Ltd

- Sources:** Statssa, publication P0441, published 31 May 2005
 Statssa, publication P0277.1, published 28 June 2005
 Statssa, publication P0210, published 28 July 2005
 Statssa, publication P0302, March 2203, 2004, 2005
 IMD World Competitiveness Yearbook, 2005, 2004, 2003
 Human Development Report 2003, 2004, 2005

Table I contains a host of information the salient points suggesting:

- GDP is growing, which is supported by economic indicators such as exchange rate, prime rate and CPIX.
- Despite the expansion of the economy, as reflected in the expanding GDP, formal employment opportunities are slightly declining, while unemployment is not significantly reduced. The latter is a concern and as such newspapers cover on a regular basis the cutting back of jobs, despite a growing economy (Beeld, 12 September 2005; I-Net Bridge, 14 September 2005).
- “Services” is the major contributor to GDP. The intangible nature of services significantly impacts customer experience.
- South Africa’s population is composed of different groups, which is reflected in the 11 official languages, namely IsiZulu, IsiXhosa, Afrikaans, Sepedi, English, Setswana, Sesotho, Xitsonga, SiSwati, Tshivenda and IsiNdebele. According to Statistics in Brief (2005) Black Africans represents the majority (79,3%) of the population, followed by Whites (9,3%), then Coloureds (8,8%) and Asians (2,5%).
- The population is declining slightly, with the change primarily in the age group 20 to 59 years (that is the economically active part of the population) due to deaths. Mortality statistics (Statss publication P0309.3) show that 58% of deaths are recorded in this age category. Pensioners represent a small portion of the population, while children and scholars/students represent almost half of the population. This makes the South African population relatively young.
- Skilled employees are not readily available and this situation is exacerbated by the brain drain; the decline in “professional occupations” and the increase in elementary occupations, retrenchment of skilled workers and executives who retire early. A number of reports illuminating this situation have appeared recently in the media

(Business Day, 23 August 2005, 22 September 2005, 28 September 2005, 30 September 2005, 4 October 2005, 6 October 2005, 7 October 2005; I-Net Bridge, 22 September 2005). The skills shortage is highlighted by facts such as low productivity (Business Day, 19 September 2005; I-Net Bridge, 22 September 2005) and the collapse of, inter alia, municipalities, resulting in poor or no services at all (Business Day, 4 October 2005).

- South Africa's Human Development Index (HDI) stabilised on "medium". The HDI is a composite index of three factors namely, longevity, knowledge and standards of living. A few observations in this regard are warranted:
 - Longevity is measured by life expectancy, while health influences life expectancy. Life expectancy of South Africans at birth is \pm 44 years (The Economist Pocket World in Figure, 2006). The major health risk faced by South Africans is tuberculosis, followed by influenza and pneumonia (Statssa publication P0309.3). It is interesting to note that tuberculosis, as well as influenza and pneumonia as causes of death, increased substantially over the period 1997 to 2001 (Statssa publication P0309.3). HIV/AIDS, per se, was one of the least recorded causes of death in the same period. Nevertheless, actions to curb HIV/AIDS are covered at length in the media (Beeld, 1 September; Business Day, 5 October 2005, 10 October 2005; I-Net Bridge, 9 September 2005) with apparently no attention to more threatening diseases such as tuberculosis.
 - Knowledge is measured by a combination of adult literacy and average schooling. The majority (23%) of the population age 20 years and older completed matric, followed by (11%) with no schooling, then (10%) with standard 8/grade 10 and the minority (4%) with degrees and higher qualification (Statssa publication P0318). This highlights the skills shortage. A number of reasons are advanced for this

situation including quality of schooling and teaching (Business Day, 23 August 2005). Improving the quality of teaching and skills is receiving attention from both government and some universities as is evident in newspapers reports (Business Day, 4 October 2005, 7 October 2005). Knowledge has implications for, inter alia, productivity and competitiveness as was reported on recently (Business Day, 3 October 2005; I-Net Bridge, 22 September 2005; Sunday Times, 9 October 2005).

- Standards of living are measured by purchasing power, which in turn is influenced by inflation. The purchasing power of the Rand has decreased dramatically since 2000, despite the fact that inflation was recently brought under control.
- South Africa ranks low on the “World Competitiveness Rating”. This is disappointing in view of the fact that some South African companies are global leaders, for example SABMiller (<http://www.sabmiller.com>) in brewing and Anglo American (<http://www.angloamerican.co.uk>) in mining. Furthermore, a number of South African firms, such as Tiger Brands (<http://www.tigerbrands.co.za>), trade globally, implying that they are competitive, relatively to other companies participating in global trade. Some of these companies also achieved top rankings in the annual “Best Company to Work for” survey conducted by Ask Afrika (Finweek, 12 Oktober 2005). Apparently the effect of these and other great South African companies are simply not sufficient to impact South Africa’s aggregate competitive position positively. Nevertheless, South Africa’s low competitiveness rank is attributed to a number of factors. Firstly, South Africa became a full democracy in 1994, resulting in its re-entry into the world economy, thus making it a relatively young participant in the global economy. With its re-entry into the world economy, South Africa is exposed competitive pressures such as tariff reductions in terms of the World Trade Organisation agreements. This has led to automation and job losses as a quick way of improving competitiveness. Secondly,

capital is lacking and it seems as if most investors are uncertain of South Africa's future, given its predominance of unskilled labour, low productivity and generally hostile relations between employers and employees (Business Day, 14 September 2005, 28 September 2005, 30 September 2005, 5 October 2005; I-Net Bridge, 8 September 2005, 14 September 2005, 22 September 2005, 4 October 2005, 10 October 2005). This situation is further compounded by legislation aiming at protecting workers and advancing their knowledge and skills, however with seemingly the opposite effect (Business Day, 6 October 2005, 7 October 2005). Finally, South Africa's status as emerging market has a corresponding effect when the emerging markets in general are influenced by volatility (I-Net Bridge, 5 October 2005, 14 October 2005, 17 November 2005).

- Government passed legislation, such as the Labour Relations Act, The Basic Conditions of Employment Act, The Employment Equity Act, The South African Qualifications Authority Act and The Skills Development Act in an effort to aid the grim employment and skills situations. The Labour Relations Act aims to govern labour relations, including regulating organisational rights of trade unions; promoting and facilitating collective bargaining; resolving conflict and employee participation in decision-making. The Basic Conditions of Employment Act gives effect to the right to fair labour practices as defined in section 23 of the South African Constitution. This act regulates working hours, payment, leave and other matters related to fair labour practices. The Employment Equity Act strives to ensure employment equity, including economic development and efficiency in the workplace, which cannot be redressed by merely repealing previous discriminatory laws and practices. The SAQA Act provides for a National Qualifications Framework (NQF) and a qualifications authority and related matters. The Skills Development Act aims, inter alia, to provide an institutional

framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-financing scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith. However noble the intent of these pieces of legislation, one wonders how effective they are in view of newspaper reports covering strikes (Business Day, 14 September 2005, 28 September 2005, 5 October 2005), executives pay are at least 50 times that of the minimum wage (City Press Business, 15 May 2005; Business Day, 14 September 2005), staff relations that are abdicated to the HR Departments (Financial Mail, 30 September 2005), absenteeism (Business Day, 14 September 2005; I-Net Bridge, 22 September 2005), equity appointments mismanaging organisations such as municipalities (Business Day, 4 October 2005) and SAQA, NQF and education not delivering (Business Day 6 October 2005).

- The information in Table I falls, to a greater or lesser degree, within the ambit of management. Depending on one's viewpoint it can be considered either disheartening or providing a world of opportunity.

DISCUSSION

From the outset it needs to be pointed out that the subject of classical management is broad. Consequently, a comprehensive discussion may constitute a book, rather than an article. Hence, for purposes of this paper, pertinent themes are identified and discussed. Given the dual economy of South Africa and its historical development, both government and the (private sector) businesses have a role to play in redressing the social and economic injustices of the past. More importantly both play a critical role in making decisions today

that will impact tomorrow's performance and prosperity. All participants in the economy (government, private sector, households and labour) play a role in this regard. Given the magnitude of government and the (private sector) businesses they are singled out for purposes of this article. Government's role in this regard is dominant in formulating and executing economic policy that will foster economic growth and development that will ultimately improve standards of living of the population. Businesses execute economic policy as well as influencing the cultural dimensions, especially the economic, social and political needs of society, more directly, which in turn influences the behaviour of society. Businesses' role in this regard is evident in their contribution to the GDP vis-à-vis that of government (see Table I). Businesses provide in the economic needs of society by producing products and/or services to satisfy their needs while at the same time providing employment to the citizens. The productive use of scarce resources, including human thought, in creating products and/or services is a vital part of the economic dimension. Businesses also fulfil in the social needs of the employees, to a degree, via their relationships and interactions in creating products and/or services to achieve the goals of the business. Political needs are served not only in complying with legislation but also in providing in employees' needs for status and power, by acknowledging their contribution. Against this background, two primary themes are selected for discussion, namely, "customer delight" and "employee performance". These themes are discussed in the subsequent paragraphs.

Customer delight

The management literature presented, holds that an enterprise exists to delight its customers, in the competitive arenas where the enterprise chooses to compete, by satisfying their needs felt. In this regard customer value is vital. Determining customer value might be challenging, as it is most likely a perception in the minds of customers and thus subjective in

nature. The information in Table I shows that South African enterprises, generally, do not emphasise customer satisfaction, to such an extent that it constitutes a competitive challenge. With the information available, one can only speculate as to the exact reasons for this state of affairs. With the disposable information it is conceivable to argue that South African enterprises, generally, do not truly regard their customers as observed in what they value. One may infer from this information that South African enterprises might view the customers as an end, rather than a means, to profitability. This observation denotes that the pursuit of profit might be more important to South African management than the pursuit of customer delight, the very reason for the enterprises' existence.

A number of factors may contribute to this state of affairs, including South Africa's isolation from world trade by means of sanctions and boycotts. These were only lifted in 1994, when South Africa became a full democracy. Furthermore, the oligopolistic nature of the South African market facilitates the perpetuation of the seeming situation of putting profits before customer delight, as the enterprises are generally far more powerful than the consumers. The absence of a well-developed consumer movement might strengthen behaviour of enterprises, such as putting profits before customer delight.

The management theory referred to holds that customer delight is the surest way an enterprise guarantees profitability, implying survival and growth. This means that customer value should give direction to the enterprise. As such management and employees should, co-operatively, plan, implement and control customer delight, according to the customers' needs. However, given the previous paragraphs, it is doubted whether South African enterprises, on the whole, are successful in integrating customer delight with the goals of the enterprise.

The discussion so far alludes to the fact that competitive advantage, generally, evades South African enterprises, putting competitiveness at risk. As such South African enterprises, generally, do not succeed in properly selecting arenas where to compete, neither do they consider what customers value nor the availability of knowledge, skills, assets and resources to provide customer value in the chosen competitive arenas. This situation may be attributed in part to a lack of knowledge, skills and expertise - from managers and employees alike. The availability of knowledge and skills, to provide customer value are intrinsic to employees and their performance.

Employee performance

Employee performance, according to the management literature reviewed, is at the core of achieving the purpose of the enterprise. The customers are the ultimate judges of performance. This requires, inter alia, a thorough knowledge of what the customer value. The information presented so far shows that customer value does not seem a priority on the agenda of South African enterprises. Without proper knowledge of how customers, who ultimate judge the enterprise's performance, it is questionable whether employees' performance can meet the customers' favourable assessment. Given this scenario, it should not come as a total surprise that South African employees lack the abilities to perform. A number of factors may contribute to this situation. One of the major contributors to this situation is the unavailability of skilled labour as schooling may not necessarily provide the skill sets required by enterprises. However, nothing prevents all enterprises from introducing appropriate in-house skills development programmes, including learnerships, to hone the abilities of their employees and ensure that they are engaged in the most interesting work. In

the same vein, enterprises can allocate bursaries to scholars to train in the required fields of expertise, be it locally or internationally.

Given the shortage of skills, it is conceivable that staff, excelling in technical applications, such as administration, sales or engineering, are promoted to management positions. These promotions are not necessarily accompanied by relevant management training, whether for team leaders, supervisors, middle, senior or executive managers. In some cases, if not most, the newly appointed managers may perceive management as easy – common sense or even “gut feeling”. Others may attend training, though the quality may be questionable in view of the recent criticism aimed at especially some MBA programmes, in particular for failing to deliver results, commensurate with those of the USA and Europe (<http://www.che.ac.za>; Handelsblatt, 15 Juli 2005). In the case of South Africa only six (6) of the 38 MBA programmes received full accreditation from the Council on Higher Education in 2004 (<http://www.che.ac.za>). Hence, in general, the quality of lecturers and curricula may be questioned, leaving prospective management students in no better position from which they have started out.

The theory holds that employees must be willing to expend the effort to perform. Media reports of “excessive” executive salaries may be demotivating to employees. Furthermore, employee retrenchments, especially in view of the expanding economy, may be disheartening and aggravate the demotivated state of the workforce. In view of retrenchment reports, it is questionable whether management consulted with employees to obtain their inputs in solving problems. This alludes to the possible application of an archaic management style, namely the person in the position of manager is the only person who truly knows anything, as well as the only one being capable of concluding efforts successfully. In

other words position and power seem to be more important than contribution, regrettably, stopping knowledge workers from being productive. As far as the matter of the opportunity to apply knowledge and skills goes, it is conceivable that employees are not empowered to perform, which may include a lack of recognition and reward for their contributions. The lasting nature of managements' solution to long-term competitiveness is questionable. Especially in view of the fact that since 1994 jobs have been cut back in an effort to improve competitiveness. If one considers the results of the World Competitiveness Report, more than 10 years later, it seems that this remedy has not worked at all. Given this, it seems that management, generally, might underestimate, and possibly undermine, the alliance of competent, motivated workers in achieving the purpose of the enterprise. Again this practice is contrary to the management theory, as set out in this paper.

In view of the foregoing it is questionable whether management creates and maintains an environment conducive in which employees can perform. One can only wonder why skilled labour take off overseas – are they lured, solely, by attractive salary packages or does autonomy and meaningful work play an important role in their decisions to leave? Furthermore, these points indicate that South African management fails to secure essential effort in pursuit of the enterprises objectives'. Hence, it is maintained that South African management generally does not succeed in making human resources productive, a key requirement for success especially in the knowledge era. In terms of management theory explained in this paper, employees are the most precious resource in creating value and wealth. In South African managements' pursuit of competitiveness it appears as if they immobilise employees rather than unleashing their productivity. This may be indicative of "doing things right" rather than "doing the right things". This is at odds with their main responsibility, namely, making the contribution of each employee productive, as set out in

the literature review. As a consequence ensuring the improved performance of the enterprise and hence its survival is jeopardised.

Given the context of the discussion it is questioned whether management succeeds in fulfilling the economic, social and political needs of society. As far as the economic dimension goes, it would seem that scarce resources, and specifically, human capital, are not employed with care. The same applies to the social dimension. It would seem that workers are not involved to benefit optimally from their potential. This is supported by hostile relationships and extremely unequal remuneration between executives and employees. Needless to say that employees' needs in terms of contribution and hence status and power (i.e. political needs) are not fulfilled. Given this scenario it is understandable that government promulgates legislation aimed at accelerating economic growth by redressing economic and social injustices of the past. However, with the disposable information it would seem not to be the answer. Instead government should rather intensify its focus on economic policy that aims at addressing structural problems that impede economic growth and wealth creation. This may focus stronger on implementation of policy that addresses critical issues such as competitive labour policies; an improvement in socio-economic conditions and adequate fixed capital formation in productive capacity. As such initiatives like NEPAD and the Presidential Imperatives (attending to improvement in job creation, health and education) are useful. Business, on the other hand, should also take up its role in creating wealth. This requires, firstly, being brave and face its reality. Secondly, business should be brutal in facing its reality. This includes acknowledging shortcomings and commitment to real action to rectify the situation, i.e. acquainting them with the sound theory underpinning management, from reputable sources, rather than engaging from a perceived paternalistic stance.

CONCLUSIONS

The discussion seems to confirm the information in Table I, especially that South Africa needs competent senior managers. Senior managers are primarily responsible for creating and maintaining competitive advantage, which seems to be lacking in the case of South Africa. As such they neglect the customers, who are key in the success of enterprises. In this sense it can be concluded that South Africa management does not heed “the customer”. On the contrary, it appears as if management, rather, focuses on employees, and unfortunately, in a seeming unproductive way, contributing to South Africa’s competitive challenges. Both customers and employees form part of competitive advantage. South African management is perceived as being focused on profit making, rather than creating value and wealth. The former will, unfortunately, not last if the latter is not addressed.

The good news, however, is that there is science underpinning management. Proper and relevant education and training is critical in mastering “management”, both in theory and practice. The exposition thereof, may seem rather traditional than revolutionary. It may even appear stale in view of the fact that these theoretical principles were documented almost a century ago. Hence, it may be hard to believe or imagine management is a “miracle in waiting” for bold entrepreneurs to master, in theory and practice, contributing to value and wealth creation. In taking up the management challenge, South African managers can rest assured that it has proved to be successful in the cases of other firms and countries. In doing so, managers will truly discharge of their responsibility to create value and wealth, which should be evident in future competitiveness surveys. Having said this, no one can doubt the difficulty of this challenge.

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