Fourth Edition

JUTA

FOCUS on MANAGEMENT PRINCIPLES

A generic approach

Andreas de Beer and Dirk Rossouw (Eds)



Focus on Management Principles

A generic approach

Fourth edition

Editors:

Andreas de Beer

Dirk Rossouw

JUTA

The receiver (audience) 84
The message 84
The medium or channel 85
Feedback 85
Noise 85
Context 85
Result 86
The principles of effective communication 86
Guidelines for effective communication 86
The seven Cs of effective communication 87
Barriers to the transfer, sending and receipt of the message 87
Methods of communication 88
Verbal communication 88
Non-verbal communication 89
Formal and informal communication 90
Motivation 92
What is motivation? 92
Theories of motivation 93
Principles of motivation in the workplace 97
Handling conflict 98
The definition of conflict 98
Various schools of thought on handling conflict 99
Constructive (functional) and destructive (dysfunctional) conflict ... 100
Types of conflict 101
Conflict management strategies 103
Principles of managing conflict in the workplace 103
Summary 104
References 105

Chapter 5: Contemporary issues: Organisational culture, diversity management, business ethics and corporate social responsibility 107

Introduction 108
Organisational culture 108

Focus on Management Principles: A generic approach

First edition 2005
Second impression 2009
Second edition 2012
Third edition 2015
Reprint 2017
Fourth edition 2018

Juta and Company (Pty) Ltd
PO Box 14373, Lansdowne, 7779, Cape Town, South Africa

© 2018 Juta and Company (Pty) Ltd

ISBN 978 1 48512 920 2 (Print)

ISBN 978 1 48512 921 9 (WebPDF)

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or any information storage or retrieval system, without prior permission in writing from the publisher. Subject to any applicable licensing terms and conditions in the case of electronically supplied publications, a person may engage in fair dealing with a copy of this publication for his or her personal or private use, or his or her research or private study. See section 12(1)(a) of the Copyright Act 98 of 1978.

Project manager: Mmakasa Ramoshaba
Editor: Language Mechanics
Proofreader: Renee Moodie
Cover designer: Adam Rumball
Typesetter: Lebone Publishing Services
Indexer: Tessa Botha

Credits:

'South African Breweries corporate responsibility activities' used by permission of SABMiller PLC; Adapted figure 'The elements of organisational culture' © and permission of Slocum, JW, Jackson, ES and Hellriegel, 2008, from: *Competency-based management*, Thompson S-W. Toronto; Chris Rawlinson, ADSPIRATION; 'Basic types of organisational culture' © and permission of Slocum, JW, Jackson, ES and Hellriegel, 2008, from *Competency-based management*, Thompson S-W. Toronto; 'Eight step change model' © and permission of John P Kotter, Model 'Eight steps to successful change', Kotter 2002.

Typeset in Rotis Serif 11 on 14

The author and the publisher believe on the strength of due diligence exercised that this work does not contain any material that is the subject of copyright held by another person. In the alternative, they believe that any protected pre-existing material that may be comprised in it has been used with appropriate authority or has been used in circumstances that make such use permissible under the law.

Contents

Foreword vii

Chapter 1: An outline of management 1

Introduction 1
Historical background of management 2
Ancient times: Management in antiquity 2
Medieval period 4
Industrial period 5
The evolution of management theory 6
Classical approaches 7
Contemporary approaches 9
The management environment 15
Defining the management environment 15
Characteristics of the management environment 16
The composition of the management environment 17
The micro-environment 17
The market environment 21
The macro-environment 25
Summary 32
References 34

Chapter 2: Management tasks 35

Introduction 35
What is management? 36
The management tasks 36
The main management tasks 36
Additional management tasks 37
Planning 38
The planning process 38
Time management 41
Organising 42

The principles of organising 42
Leading 45
Leadership 45
Communication 46
Motivation 47
Controlling 49
Steps in the process of controlling 50
Controlling versus planning 51
Integration 52
Summary 52
References 53

Chapter 3: Leadership and teamwork 54

Introduction 54
The nature of leading 55
What is leading? 55
Leadership 56
What is leadership? 56
Effective managers must be good leaders 57
The qualities of good leaders 58
Different leadership styles and their implications 61
The contingency approach 63
Suggestions for effective leadership 68
Leading: The other supporting management tasks 69
Teams 71
Team leadership 73
The empowerment of people 78
Summary 79
References 80

Chapter 4: Interpersonal skills 81

Introduction 81
What is communication? 82
The communication process 83
The sender (communication source) 84

The building blocks of organisational culture 109
The four basic types of organisational culture 113
Organisational culture and change 116
How to overcome resistance to change 119
Diversity management 120
Diversity described 121
The attitudes of workers toward diversity 122
Ways in which to manage diversity 123
Ethics 125
How ethics are forgotten by multinational companies 127
Social responsibility 131
Measuring corporate social responsibility performance 134
Summary 135
References 136
Endnotes 137

Chapter 6: Contemporary issues: Organisational politics, change management, and HIV/Aids in the workplace 138

Introduction 138
Organisational politics 139
Change management 141
The change process 141
Resistance to change 144
HIV/Aids 147
Understanding HIV/Aids 147
What is HIV/Aids? 148
Transmission of HIV/Aids 150
The laws governing HIV/Aids in the workplace 151
Developing and planning an HIV/Aids policy and programme 153
Summary 155
References 156

Index 158

CHAPTER 1

An outline of management

LEARNING OUTCOMES

The contents of this chapter will enable readers to:

- Provide examples of early management activities.
- Sketch the evolution of management since ancient times.
- Distinguish between the various classical and contemporary approaches to management.
- Explain the need to use an eclectic approach to managing the contemporary flexible organisation.
- Depict and discuss the management environment diagrammatically.
- Discuss the forces within the management environment that can impact on the operations of the organisation.

Introduction

This chapter provides an overview of how management theory evolved over time and an overview of the environment in which management operates. Management is the process where activities, which include planning, organising, leading and controlling, are directed toward an organisation's resources (human, financial, physical and information) to achieve the organisational goals as effectively and efficiently as possible (Griffin, 2016: 4). It is clear that management is not only concerned with the activities performed to achieve the organisational goals, but also to achieve them as effectively and efficiently as possible.

The evolution of management reflects the constantly changing needs of society at a specific time. Although management, as a science, is the product of the twentieth century, the basic principles and approaches to management are

Foreword

Focus on Management Principles: A generic approach aims to provide the reader with an introduction to some of the general management principles that need to be applied in today's workplace. The authors have discussed these principles in a concise and easy manner, which makes this book suitable for readers with little or no prior knowledge of the topic. This book starts with a brief background on how management theory evolved over time and the environment in which management operates (Chapter 1). Then management tasks and additional management tasks (Chapter 2) are discussed. This is followed by a discussion on the importance of leadership and teamwork (Chapter 3) as well as interpersonal skills (Chapter 4). The importance of every manager operating effectively within the working environment is also discussed. Some contemporary issues such as organisational culture, diversity management, business ethics and corporate social responsibility are discussed (Chapter 5). Organisational politics, change management, and HIV/Aids are covered in Chapter 6.

Focus on Management Principles: A generic approach, 4th edition, follows a hands-on approach in which practical examples are used to support the content throughout the book. Each chapter starts with learning outcomes and concludes with self-assessment exercises. Activities in the text are also used to enhance the reader's understanding of the topics covered.

Focus on Operational Management: A generic approach is a complementary publication to *Focus on Management Principles: A generic approach*. The latter focuses on the broader management principles, while the former elaborates on the management tasks of the operational manager (also known as the first-line or supervisory manager) within the workplace.

The authors of the chapters are as follows:

A de Beer

R Reeler

D Rossouw

S Rudansky-Kloppers

J Strydom

N van Huyssteen

Medieval period

During the Medieval period, slavery was abolished because it became too costly to maintain the slaves. Furthermore, slaves showed little enthusiasm for their work. Slavery was abolished to help develop the now freemen as tenant farmers. The emergence of the feudal system in AD 600 prevailed until AD 1500. The feudal system emerged from economic, social and political chaos following the fall of Rome. At the base of the feudal system were the serfs, who tilled the land of landlords and were given military protection in exchange for a portion of the crops generated from their labour. The feudal system established a fixed, rigid class distinction between the privileged aristocracy and the masses that were doomed to poverty and ignorance. The feudal system also forced education to a standstill and stifled human progress (Wren, 2005: 21). Feudalism gave birth to the Crusades, which stimulated commerce by opening new trade routes to the East, and exposed Europe to the wealth of the Middle East.

From AD 1200–1300, the Tartar tribes of Mongolia and Manchuria organised their armies for battle according to the 'rule of ten'. The head of the army of 100 000 soldiers had ten commanders, each in charge of 10 000 men. Each of these commanders had ten officers, each in charge of 1 000 men. These groups of 1 000 men per group were divided into groups of 100 and, at the lowest level, groups of ten. This implies that each officer had only ten men or ten bodies of men to manage. From AD 200–1532, the Incas in South America had a decimal system of control, with overseers of ten, 100, 1 000 and up to 10 000 men (Wren, 2005: 22).

Before the Industrial Revolution, many products were made by hand or grown in the fields at home for the family's use. However, two basic methods of the industrial organisation existed between AD 1100 and 1500 – methods that came from the merchant guilds (which were the buyers and sellers of products) and the craft guilds (which were the makers of products). A hierarchy of authority of masters, journeymen and apprentices, as well as a division of labour and devices to control types of work existed within the craft guilds. Growing trade required more sophisticated methods of bookkeeping. The Franciscan monk, Luca Pacioli, invented the first management-information system on cash flow and inventory position (Wren, 2005: 24).

Cultural values with regard to people, work and profits were mainly influenced by three ethics or value systems that would eventually lead to the Industrial Revolution.

5000 BC

SUMERIANS

Priests collected and managed large amounts of goods and estates and kept records and inventories of their transactions. Invented the first money and tax systems.

4000–1600 BC

EGYPTIANS

Engineered pyramids and experimented with decentralised government and participatory management.

1800 BC

BABYLONIANS

Hammurabi's Code provided guidelines for property ownership, real estate, trade and business, family and labour, loans, contracts, and made supervisors responsible for workers (vicarious responsibility). Nebuchadnezzar experimented with wage incentives and with colour as a coding system.

1500 BC

HEBREWS

Moses and Jethro invented the Scalar Principle (hierarchy of all organisations should be pyramidal) and the Exception Principle (only bring big matters to your leader).

1100 BC

CHINESE

Grading workers into classes with duties listed. Use of standards and specialisation. Invented merit exams.

400 BC

GREEKS

Experimented in participatory management. Invented job rotation, division of labour and work to tempo of music.

200 BC

ROMANS

Engineered vast road projects, created job descriptions and a system of central control.

AD 20

JESUS CHRIST

Followed a human-relations approach with the golden rule: Treat others the way you would like them to treat you.

FIGURE 1.2 EXAMPLES OF MANAGEMENT ACTIVITIES IN ANCIENT TIMES

the products of ancient civilisations. Management does not operate within a vacuum, but within an ever-changing environment that is influenced by environmental factors such as political, economic, social and technological forces. These forces and conditions can affect a manager's ability to acquire and utilise resources positively (in terms of opportunities that arise) or negatively (threats can hamper the performance of the staff in the organisation and of the organisation as a whole).

The purpose of this chapter is to provide an integrated picture of various management theories and how some parts of each theory have survived and been incorporated into contemporary approaches to management. The aim is to identify and use appropriate classical or contemporary management concepts, and the tools and techniques that are applicable in their work environments. Furthermore, the chapter aims to develop an understanding of forces in the management environment, and how these forces affect organisational performance.

Historical background of management

Pre-classical contributions to management can be clustered into three periods, as illustrated in Figure 1.1 below. Each of these periods is discussed briefly.

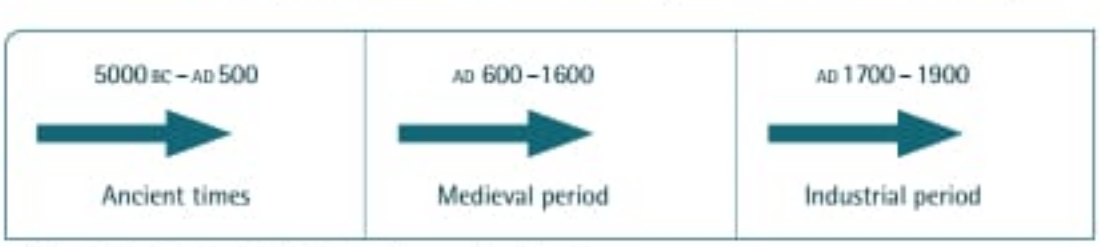


FIGURE 1.1 PRE-CLASSICAL CONTRIBUTIONS TO MANAGEMENT

Ancient times: Management in antiquity

Management tasks such as planning, organising, leading and controlling have existed for thousands of years, with some dating back as far as 5000 BC. Examples of management activities of ancient times are illustrated in Figure 1.2 (Wren, 2005: 13–21).

ACTIVITY 1.1

Which of the management activities of ancient times are still relevant or applied by managers in an organisation today?

The Protestant ethic that challenged the central authority of the church and responded to the needs of people for achievement in this world; and the liberty ethic, which reflected the struggle between monolithic and representative forms of government, highlighted the need for the protection of individual rights. The Industrial Revolution was also helped along by the development of the market ethic, which brought forth the notion of a market-directed economy that required managers to become more creative and to be better informed on how to best utilise resources within a competitive and changing environment (Wren, 2005: 29–36).

ACTIVITY 1.2

What would you regard as the most significant development in management during the Medieval period? Motivate your answer.

Industrial period

The Industrial Revolution developed from advancements in science and technology, and was characterised by the factory system, which replaced the domestic system of production. Examples of advancements in science and technology that gave birth to the Industrial period include the following (Wren, 2005: 39–43):

- The first metallic, movable type for a printing press was developed by Johannes Gutenberg (1400–1468). It led to an information revolution.
- The mechanisation of weaving started in 1733 with John Kay's flying shuttle. In 1765, James Hargreaves changed the position of the spinning wheel from a vertical position to a horizontal position. He stacked the spinning wheels on top of one another until he could weave 80 threads at once and called his gadget the Spinning Jenny (after his wife).
- In 1769, Richard Arkwright developed a water frame that stretched the cotton fibres into a tighter, harder yarn. In 1776, his factories provided jobs for 5 000 workers.
- The first prototype of a workable steam engine was developed by James Watt in 1765. Initially, Watt's engines were used only to pump water and to blow air used by blast furnaces to melt metals. However, in 1781 he made a technological breakthrough when he transformed the up-and-down motion of the drive beam into the rotary motion of an engine. This led to various new uses for steam power, such as lifting coal and ore from mines, supplying power for breweries and oil mills, and powering railway locomotives and steamships.

The steam engine was really at the heart of the Industrial Revolution and provided more efficient and cheaper power with lowered production costs and prices that eventually expanded markets. The expanded markets called for more workers and a greater need for the direction and co-ordination of their efforts. As organisations grew, one person alone could not direct and control all its activities, and it became necessary to delegate some activities to lower-level managers.

ACTIVITY 1.3

What would you regard as the most significant development in management during the Industrial period? Motivate your answer.

The evolution of management theory

The theories of management can be classified according to the classical approach and the contemporary approach. The classical approach of scientific management, bureaucracy and administrative management extended from the late nineteenth century to the 1920s. Since 1930, various contemporary approaches to management came to the fore, such as the human-relations theory, quantitative management, the systems theory, the contingency theory, total quality management, the learning organisation, and re-engineering. The evolution of the management theories throughout the years is depicted in Figure 1.3.

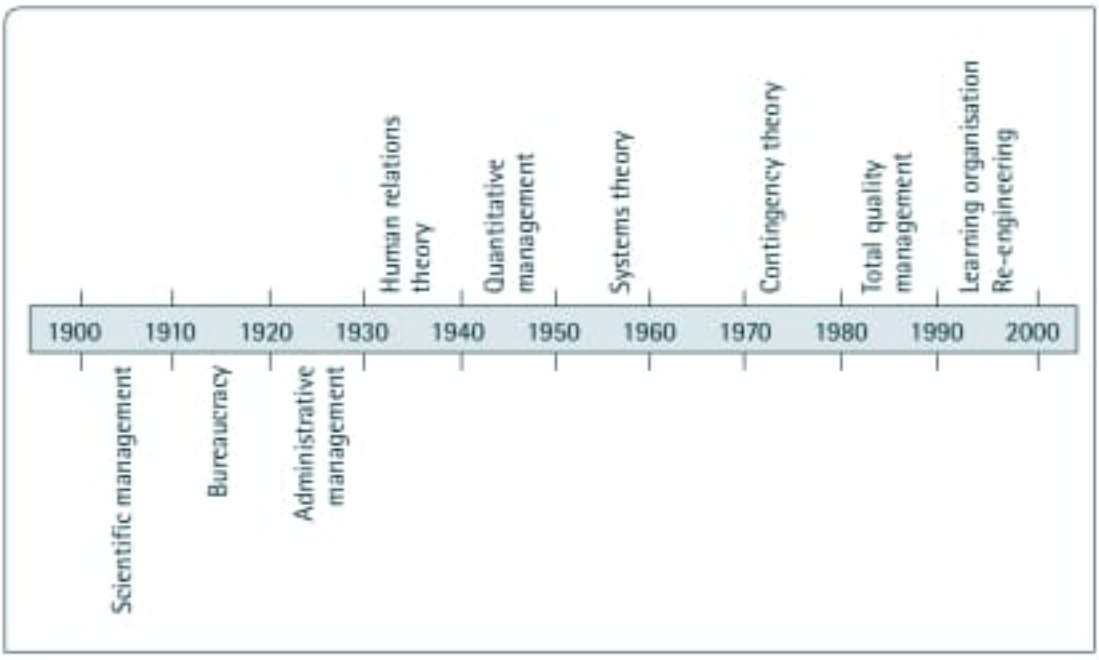


FIGURE 1.3 THE EVOLUTION OF MANAGEMENT THEORIES
Source: Adapted from Smit, Cronjé, Brevis & Vrba, 2011: 32

Classical approaches

Three classical approaches to management can be distinguished:

1. Scientific management
2. Bureaucracy
3. Administrative management.

Scientific management

Scientific management focused on ways to improve the performance of individual workers to increase productivity. In the late 1800s, Frederick Taylor (1856–1915) studied the work of individual workers to discover exactly how they performed their tasks. Taylor believed that there was only one best way to perform any task and determined the exact sequence of activities by eliminating unnecessary actions that slowed down production. Taylor's scientific approach to analysing a task meant that a standard time for the accomplishment of each task could be determined. Taylor also believed that money motivated workers. He therefore supported the individual piece-work system as the basis for pay. That is, workers who met a specified production standard were paid a standard wage rate, while workers producing more than the set standard were paid a higher rate for all the units produced, not only those units exceeding the set standard (Smit et al, 2011: 32).

Other contributors to scientific management included Frank (1868–1924) and Lillian Gilbreth (1878–1972), who focused on work simplification. They determined that many of the body movements used by bricklayers during the building process could be combined or eliminated. Another contributor to scientific management, Henry Gantt (1861–1919), developed a chart showing the relationship between work planned and completed on one axis, and time elapsed on the other. Gantt further focused on the importance of the qualities of leadership and management skills in building an effective industrial organisation (Wren, 2005: 154–155).

Scientific management focused on principles of efficiency by managing work, not by managing people.

Bureaucracy

Max Weber (1864–1920), known as the father of bureaucracy, reasoned that every goal-oriented organisation requires a strictly defined hierarchy that is governed by clearly defined regulations and authority. Bureaucracy is based on legal authority, which is given to managers to enforce rules by virtue of their position.

- Learning organisation
- Re-engineering.

Human-relations approach

The Depression of the 1930s, together with major changes in the political, economic, social and technological environments, caused managers to challenge classical approaches to management that emphasised the technical aspects of work at the expense of employees. The human-relations paradigm began with the Hawthorne Studies, which were conducted from 1924 to 1933 at the Hawthorne Plant of the West Electric Company in Cicero, Illinois (Wren, 2005: 280–284).

Elton Mayo, known as the father of the Hawthorne Studies, named the bias that occurs when people know that they are being observed – the so-called Hawthorne Effect. The Hawthorne Studies demonstrated the important influence of human factors on worker productivity. It was found that there was no cause-and-effect relationship between working conditions and productivity, and that productivity was rather influenced by aspects such as concern for the well-being of workers and worker attitude (Wren, 2005: 298–300). The studies concluded that employees were more motivated by group loyalty and social needs than by management demands or economic needs (Smit et al, 2011: 37).

Abraham Maslow (1908–1970) based his theory of motivation on the concept that the needs fall into a specific hierarchy. He also believed that as soon as the need on one level has been satisfied, the need on a higher level comes to the fore. Maslow suggested that humans, and therefore workers, have different levels of needs. The most advanced need is self-actualisation (personal fulfilment), while the most basic need is the physical need for shelter, food and water. Furthermore, people try to satisfy their lower-order needs before attempting to satisfy their higher-order needs. As such, managers can facilitate this needs fulfilment process by satisfying the needs of the worker and the organisation. Organisational goals can be attained by removing obstacles and encouraging positive behaviour of the workers (Smit et al, 2011: 37).

Douglas McGregor's theory on participation is more tuned to approaching workers and applying motivation by management. The manager's style of management will depend largely on his view of human nature. McGregor distinguished between two opposite views on people's commitment to work, which he called Theory X and Theory Y. The assumption of Theory X is, on the one hand, that work is distasteful to employees and they must therefore

6. **Subordination of individual interests to general interests:** The interests of an individual or group should not take precedence over the interests of the organisation.
7. **Remuneration of personnel:** Rewards for work should be fair to the worker and employer.
8. **Centralisation:**The proper balance between centralisation and decentralisation should be found.
9. **Scalar chain:** The line of authority should run in order of rank from top management to the lowest level of the organisation.
10. **Order:** Resources should be in the right place at the right time.
11. **Equity:** Managers should be fair to their employees.
12. **Stability of tenure of personnel:** A low personnel turnover rate enhances the attainment of goals.
13. **Initiative:** Subordinates should be given the freedom to conceive and carry out their plans, despite mistakes they may make.
14. **Esprit de corps:** A team spirit will give the organisation a sense of unity – union is strength.

According to Wren (2005: 306–308), Mary Parker Follett's concepts of management included the following:

- **The universal goal of organisations:** individual effort should be integrated into a synergistic whole.
- **The universal principle:** a circular response (two-way communication) emphasising feedback to the sender.
- **The law of the situation:** emphasising that there is no one best way to do anything; the situation will dictate action.

ACTIVITY 1.4

Which elements of management from the classical approaches still apply in organisations today?

Contemporary approaches

The following contemporary approaches to management are now discussed:

- Human-relations approach
- Quantitative management
- Systems theory
- Contingency theory
- Total quality management

Bureaucracy stood the test of time. Many organisations still use the principles of Weber's approach, especially where relatively few managers have to manage large numbers of unskilled workers and where work is conducted in rule-bound work environments, such as in mining companies where safety is a priority. However, bureaucracy leads to rigidity. Managers are rewarded for doing what they are told to do and for complying with old and sometimes outdated rules. Other limitations of bureaucracy include organisational inflexibility and slow decision-making (Smit et al, 2011: 35–36).

Administrative management

Smit et al (2011: 36) state that 'while scientific management focused on increasing the productivity of the worker ... [administrative management] ... grew out of the need to find guidelines for managing complex organisations such as factories'. Administrative management focused on managing the total organisation through planning and the organisation of people in the workplace.

Henri Fayol (1841–1925), known as the father of modern management, was the first to distinguish between the five functions of management, which are as follows (Fayol, 1930):

1. **Planning:** which called for the formulation of goals.
2. **Organising:** which focused on the effective co-ordination of resources for attaining the set goals.
3. **Commanding:** the art of leading people.
4. **Co-ordinating:** the activities of groups to provide unity of action to ensure a smoothly functioning organisation.
5. **Controlling:** to ensure that everything was done according to set plans and that stated goals were met.

Fayol (1930) also formulated fourteen principles for effective management:

1. **Division of work:** Specialisation makes employees more efficient and increases productivity.
2. **Authority and responsibility:** Managers have the right to give orders, but along with authority goes responsibility.
3. **Discipline:** Employees must respect the rules of the organisation.
4. **Unity of command:** An employee must receive commands from one supervisor only.
5. **Unity of direction:** All operations with the same goal should have one manager and one plan only.

constantly be motivated by force, money or praise to put effort into their jobs. On the other hand, the assumption of Theory Y is that employees relish their work and that they are inherently motivated to approach their work as an opportunity to develop their talents (Smit et al, 2011: 37).

Chester Barnard (1886–1961) developed the Acceptance Theory of Authority, which states that managers only have as much authority as employees allow them to have. According to Wren (2005: 317–318), the Acceptance Theory of Authority depends on four conditions, which are:

1. Employees must understand what the manager wants them to do.
2. Employees must be able to comply with the directive.
3. Employees must believe that the directive is in keeping with organisational objectives.
4. Employees must believe that the directive is not contrary to their personal goals.

Quantitative management

The quantitative management theory deals with mathematical and statistical models and the use of these models in decision-making. The theory is primarily about crunching the numbers and the belief that if you cannot measure it, you cannot manage it. Therefore, decisions by managers should be based on quantifiable information.

According to Smit et al (2011:38), the quantitative perspective comprises the following:

- **Management science**, which deals with the development of mathematical models to assist managers in decision-making.
- **Operations research**, which is an applied form of management science that helps managers develop techniques to improve efficiency.

The tools and techniques of the quantitative management theory include computerised spreadsheets, the Programme Evaluation and Review Technique (PERT), linear programming and regression analysis. They are used in many organisations to develop scenarios and projections, production scheduling, budgeting and cash flow, management, and inventory control. As many aspects of management decisions cannot be quantified, the quantitative management approach is seldom used as the only approach to management.

management implies that the customers' requirements are met at the lowest cost, first time, every time. According to Robbins et al (2015:51), quality management is aimed at:

- an intense focus on the customer
- a concern for continual improvement
- the improvement of the quality of everything the organisation does
- accurate measurement
- the empowerment of employees.

The principles of TQM can be summarised as follows (Smit et al, 2011:43):

- **Everyone has a customer:** The organisation must try to exceed customer expectations.
- **Everyone has a supplier:** A mutually beneficial relationship enhances the ability to create value.
- **Involvement of people:** Every employee is responsible for quality.
- **Quality must be managed:** This includes aspects such as the final product, the accounting system and how the organisation deals with complaints.
- **Quality must be measured:** Every critical variable in the operations of the organisation must be measured and compared against standards or benchmarks to identify problems, trace them to their roots and eliminate their causes.
- **Concern for continuous improvement:** Practise a commitment to never being complacent, and believe that quality can always be improved.

The learning organisation

Organisations are essentially only a collection of their employees. Therefore, a learning organisation requires employees who will learn. However, certain learning disabilities can cripple an organisation, such as the following:

- **The delusion of learning from experience:** The problem is that we never directly experience the consequences of many of our most important decisions, which usually have system-wide consequences that stretch over years or decades.
- **'I hit him because he took my ball':** We are conditioned to see life as a series of events and for every event there is one obvious cause. The primary threats to survival today come not from events (such as a shortage in fuel supply), but from gradual processes to which we are blind, such as environmental decay, a decline in design or product quality relative to the product quality of our competitors, and so forth.
- **The myth of teamwork:** People within teams often tend to spend their time fighting for turf, trying to avoid anything that will put them in a bad light.

Systems theory

The systems approach to management characterises an organisation as a group of interrelated parts with a single purpose – to remain in equilibrium. Therefore, management should maintain a balance between the various parts of the organisation and the environment in which the organisation operates. Furthermore, systems theory depicts the organisation as a system that comprises the four elements of *inputs* (or resources), *transformation* (which includes employees' work activities; and managerial processes, technology and operations methods); *outputs* (which include results, information, products and/or services) and *feedback* (Robbins, Bergman, Stagg & Coulter, 2015: 55). The systems approach is illustrated in Figure 1.4.



FIGURE 1.4 THE SYSTEMS APPROACH

Contingency theory

The contingency theory is based on the systems approach. Its basic premise is that in the application of management, situational variables are recognised and addressed as they arise. There is no single, best way to manage. The situation will determine which principles of the classical or contemporary management approaches, or combination thereof, to use. The contingency theory recognises that every organisation and even every department or unit within the organisation is unique. The major contingency factors which differentiate organisations are the environmental complexity, technology, organisational strategy and organisational size (Brevis & Vrba, 2014: 19). Therefore, a different management approach is needed in each section of the organisation.

Total quality management

Total quality management (TQM) implies that quality must be managed. It involves everyone and all activities in the organisation. Furthermore, quality

2. Top management should vigorously back the re-engineering initiative.
3. Re-engineering projects should focus on the process improvements about which customers really care and for which they are willing to pay.
4. Thorough knowledge of the needs of customers is therefore essential.
5. All major departments affected by the process(es) should be represented in the team.
6. Changes in human-resource programmers and information technology should be closely co-ordinated with the re-engineering effort.

Successful re-engineering is an ongoing programme that continually examines the organisation to learn and to generate new processes that can meet the challenges of an ever-changing environment.

ACTIVITY 1.5

Which elements of management from the contemporary approaches would you apply in a new organisation?

The management environment

No organisation functions within a vacuum. Operating in an open system, all organisations are part of a bigger system (external environment) and also comprise subsystems (internal environments). The individual organisation has to realign itself with any changes in the bigger system or in any of its subsystems. Realignment to change requires continuous scanning of the external and internal environments for possible change, and the implementation of strategies to accommodate the change. Managers' understanding of forces in the management environment and their ability to respond appropriately to those forces are critical to the performance of their organisation.

Defining the management environment

Smit et al (2011: 63) define the management environment as 'all those factors or variables, both inside and outside the organisation, that may influence the continued and successful existence of the organisation'. The management environment can be divided into three sub-divisions namely, micro-environment, market environment and macro-environment.

These three sub-divisions of the management environment can be depicted as shown in Figure 1.5. Therefore, we can describe the management or business environment as the sum total of all the factors and variables that either positively

or negatively influence the creation, growth and continued existence of the business, thereby promoting or hindering the achievement of its objectives.

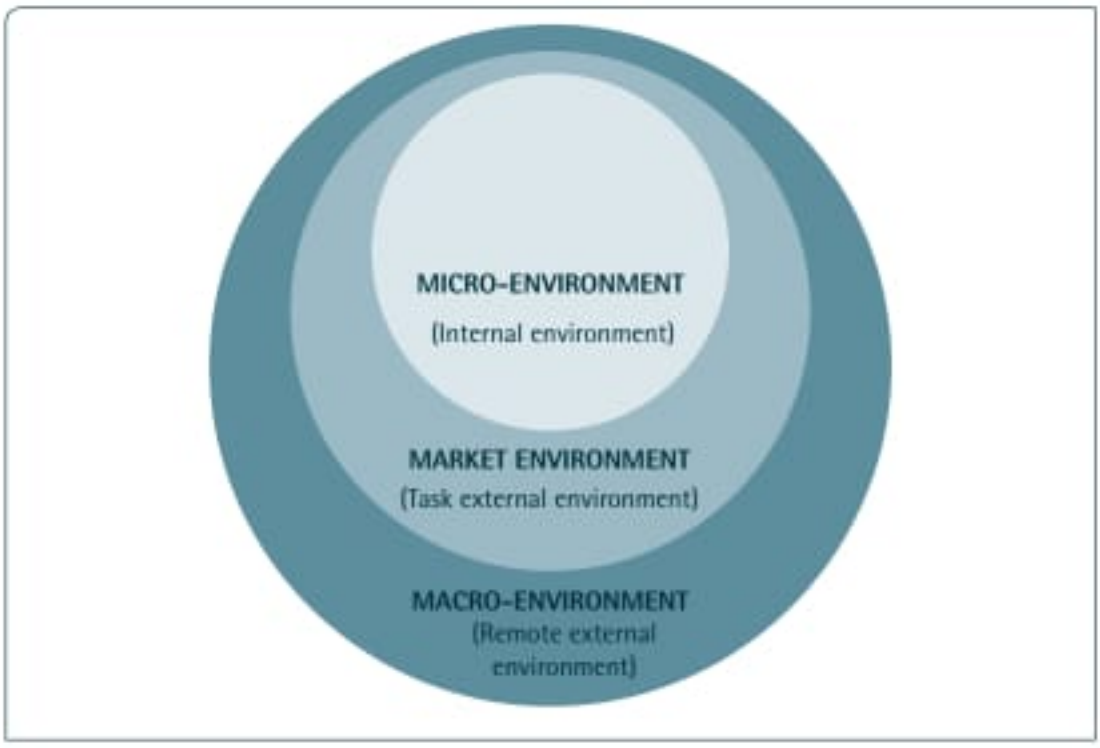


FIGURE 1.5 THE MANAGEMENT ENVIRONMENT

Characteristics of the management environment

The following characteristics can describe the management environment in which a manager has to operate:

- **The management environment changes constantly:** Factors that influence the enterprise today will not necessarily have the same influence tomorrow. In 1985, disinvestment in South Africa had a tremendous impact on the economy. However, as a result of drastic political change in 1994 and after the first democratic elections, disinvestment no longer plays a role in the economy and the products of various overseas countries are now freely available in South Africa.
- **The enterprise must be aligned with the change in the management environment:** During the past few years, emphasis on environmental conservation and concern about global climate change has increased and this has resulted in organisations having to adapt their products accordingly. Today, organic and carbon-neutral products are available on all shop shelves.
- **There are opportunities and there are threats in the management environment:** Opportunities and threats arise as a result of certain

To keep up their image, they seek to suppress disagreement; decisions become compromises and are seldom challenged. This leads to skilled incompetence – teams full of people who are incredibly proficient at keeping themselves from learning.

- **'I am my position':** Workers are trained to be loyal to their jobs, yet they have little understanding of them, and a poor sense of responsibility towards the results produced when all jobs interact.
- **'The enemy is out there':** External sources are often blamed for misfortune, personal failure or incompetence.
- **The illusion of taking charge:** Often proactiveness is reactiveness in disguise. Fighting the enemy out there is merely a reaction. Being proactive is a result of seeing how we contribute to our own problems.
- **Responsiveness to sudden change only:** This often happens when modern organisations react only to dramatic changes in the environment, while ignoring gradual processes that may be bigger threats (Smit et al, 2011: 47–48).

According to Senge (in Smit et al, 2011: 48), five personal disciplines enable us to overcome these disabilities and create new futures for the organisation:

1. Commitment to life-long learning.
2. A challenge of one's own assumptions and generalisations about the organisation and the world around it.
3. A shared vision for the organisation.
4. An encouragement to active dialogue in the organisation.
5. The promotion of systems thinking.

Re-engineering

Re-engineering refers to a radical design of all or part of the work processes of a company to improve productivity and financial performance. Traditional assumptions and approaches are challenged, and work activities are radically changed. The essence of re-engineering is, if we started from scratch, how would we design the structure, processes and technology systems in the organisation (Laguna & Marklund, 2013: 72)?

According to Smit et al (2011: 48), re-engineering comprises the entire organisation (people, processes, technology and infrastructure) in its focus to create and sustain value for customers while managing costs. The following six conditions are vital to successful re-engineering (Smit et al, 2011: 49):

1. Powerful external forces for change should make change inevitable.

organisation that can be helpful to achieve the organisational goals and objectives. Weaknesses are the limitations that will stand in the way of achieving the organisational goals and objectives. The managers in organisations should identify the weaknesses and turn them into strengths to ensure that the goals and objectives are achieved accordingly.

The variables in the micro-environment include the vision and mission statements, goals and objectives, organisational functions as well as the production factors of the organisation (resources). Each one of these variables is discussed below to explain how management has an influence on these variables.

The vision and mission statements, goals and objectives

The vision and mission statements, goals and objectives of the organisation describe what the organisation hopes to achieve and the way in which it can be achieved. The vision and mission statements as well as the goals and objectives of the organisation must correspond with the demands of the external environment. Managers in organisations are the individuals who set these vision and mission statements as well as the goals and objectives; therefore, they have an influence on this variable.

The organisational functions in the micro-environment

The organisational functions include: general management, purchasing management, marketing management, financial management, information management, human-resource management, operations management, and public-relations management.

- **General management:** General management differs from the other functions within an organisation in that it cannot be restricted to a department of its own. General management concerns all the activities that are necessary to the vital task of management, which takes place on all levels throughout the entire organisation.
- **Purchasing management:** The purchasing function deals with the procurement of all the resources that enable an organisation to achieve its objectives. Purchasing management involves, but is not limited to, determining purchasing needs, establishing alternative suppliers who can satisfy the determined purchasing needs, and the negotiation of agreements with the suppliers, to the long-term advantage of the organisation.
- **Marketing management:** Marketing is the process of transferring products and services to customers so that their needs are satisfied, and includes the activities that make the transfer possible. Marketing, therefore, entails more

occurrences in the management environment and they influence the functioning of the organisation. An opportunity is a favourable situation for the organisation, while a threat may put the organisation out of business. An organisation must decide how to react to these opportunities and threats. As an example, a new restaurant opening nearby might be a threat to other restaurants in the area.

- **The establishment, growth and continued existence of the enterprise are directly influenced by the management environment:** If an organisation does not take into account the variables in the management environment that may affect it, it may no longer be able to compete in the marketplace. This could result in a drastic reduction in the sales of the enterprise and could lead to its eventual demise.
- **The management environment influences the future of the organisation:** The continued existence of the organisation is directly related to its future potential. Apart from being aware of how the organisation is currently affected by the management environment, the managers of the organisation should also consider how conditions may change in the future and make adjustments accordingly.

ACTIVITY 1.6

Explain the characteristics of the management environment.

The composition of the management environment

The management environment consists of the external environment (macro-[remote] and market [task] environments) and the internal environment (micro-environment). The organisation itself encompasses the micro-environment.

The micro-environment

The micro-environment (also known as the internal environment) is defined as the sum total of all the factors and variables that are found internally in the organisation. It is directly or indirectly influenced by the decisions of the management of the organisation. In other words, the managers in an organisation have the ability to influence the micro-environment variables of the organisation. These factors and variables have a fundamental influence on the establishment, growth and continued existence of the organisation. Strengths and weaknesses can exist with regard to these factors/variables in the micro-environment. Strengths can be explained as the attributes in the

than only advertising products and services. It includes a variety of activities that cut across all the functions of the enterprise.

- **Financial management:** Financial management refers to the management of the financial activities of the organisation. The financial functions, therefore, include all the activities that are performed to obtain capital and the efficient use of the capital. The financial manager is responsible for effectively planning, organising and controlling all the financial activities in the organisation.
- **Information management:** Information management is concerned with the service of obtaining, recording and analysing information, and communicating the results to managers who can then safeguard the assets and achieve the objectives of the organisation.
- **Human-resource management:** Human-resource management involves all the activities that are concerned with the procurement, development, compensation, integration and maintenance of the staff members who are part of the organisation.
- **Operations management:** This refers to the management processes that are used in manufacturing and service enterprises. Operations management can be summarised as those management activities that are conducted so that products and services can be provided to satisfy the needs of the consumers.
- **Public-relations management:** Public-relations management is the management function that evaluates public attitudes. It identifies the policies and procedures of an individual or organisation and executes a programme of action that will earn public acceptance and understanding.

In each one of these management functions there are different level managers who perform activities such as planning, organising, leading, controlling and decision-making. Thus, this organisational functions variable can be influenced and controlled by managers.

The production factors of the organisation

The production factors are the resources that are available to the organisation. They include human resources (labour), physical resources (raw materials, which can refer to natural resources, such as minerals, timber and water), financial resources (capital) and informational resources (for example, information technologies). Managers have to manage these resources in such a way that the organisation can utilise opportunities or ward off threats that abound in the external environment. For example, if an organisation has sufficient capital available, new markets and new products can be explored by

entrepreneurial actions. Alternatively, a lack of capital may constitute a threat to the organisation because, unlike its competitors (perhaps with access to more capital), the organisation is placed in a weaker position within the market. Therefore, this variable can also be influenced by management.

The influence of management on the micro-environment

The management of an organisation directly influences the mission statement as well as the goals and objectives of the organisation. Management itself performs this planning to decide where the organisation is going and which actions it will take to get there.

The management team devises the guidelines according to which functions of the organisation will be handled. For example, the management team decides how marketing functions will be conducted and how the organisation will execute its information function. Depending on the type of organisation, some of the functions can be combined in one department, but all these functions will have to be performed to be successful. Management can also decide how the available production factors (resources) should be combined and used to successfully reach the planned goals and objectives in the different functions of the organisation. For example, is the organisation capital intensive, as in the construction industry, or is it labour intensive, as in the case of nurseries and vegetable farms?

The micro-environment is the hub of the organisation. It determines to what extent the organisation is able to utilise opportunities or oppose threats in the external environment. Although the managers in an organisation can influence the internal environment by decision-making, they do not possess all the internal resources that are necessary to cope with opportunities and threats that come from the external environment. This confirms the point of departure that the organisation cannot function, grow or survive in a vacuum.

ACTIVITY 1.7

List five factors/variables within the micro-environment that have a dramatic impact on the operations of an organisation. Indicate when these factors can be regarded as strengths and when as weaknesses.

The market environment

The market environment can be defined as the link between the organisation and the external environment in which the organisation functions. The market environment and the macro-environment surround the micro-environment. The market environment is the sum total of all variables that exist externally and that can positively or negatively affect the growth and the existence of the organisation.

Although the market environment is surrounded by the macro-environment, the management team of the organisation has little or no direct influence on the market environment. It is possible for the organisation to influence the market on occasion. As an example, the organisation may promote and sell a product or service that becomes very popular. The organisation can also create a need in the market that had not existed before. As an example, a need for cordless telephones arose in the marketplace after these were introduced for the first time. The market environment therefore does not exist in isolation; it is in fact influenced by both the micro-environment and the macro-environment.

In the market environment, opportunities and threats can occur relating to the factors/variables in this sub-environment. Opportunities relate to the favourable conditions and the threats are the unfavourable conditions that occur with variables in the market environment. The variables in the market environment and the emphasis that is placed on certain variables at specific times differ from organisation to organisation. Five variables are specific to the market environment, namely the market, the competition, the suppliers, the labour market and labour unions as well as the intermediaries.

The market

Here we refer in an abstract sense to the market that concerns the consumer's behaviour and his or her needs, rather than the physical marketplace.

The organisation manufactures or buys products and/or provides services with the intention of selling these products and services to consumers. Consumers are not only individual persons, but also other organisations and institutions. However, before a consumer can become active in the market, he or she must have the need for the certain product or service and the financial means (money) to participate in the market. These financial means are used to acquire (buy) the necessary products and/or services, which are available in the market. Consumers have to select different products and services that do not exceed their

limited financial means. However, it can also happen that although consumers have the necessary financial means, they are not prepared to spend them on the products and services that are available in the market.

Therefore, from the organisation's point of view, the market includes all individuals, groups or institutions that have specific needs for products and services, and are prepared to use the available financial means to acquire them. There is more than one type of market, namely:

- **The consumer market:** This market consists of the end-consumers who carry out transactions to buy and consume items, such as clothing, food or cars.
- **The industrial market:** In this market, products and services are purchased and used for manufacturing products or providing services to end-consumers.
- **The resale market:** In this market, manufactured products are purchased by organisations or individuals who have the sole intention to resell the products at a profit to individuals or other organisations.
- **The international market:** The international market exists outside the borders of a country and includes all foreign consumers, manufacturers, retailers and authorities.
- **The government market:** This refers to the products and services that are purchased by various governmental authorities that intend to provide certain services and carry out certain activities.

The organisation must be geared towards satisfying the consumer's needs while, simultaneously, trying to achieve the objective of profitability. It is essential to maintain a fine balance between these two objectives – consumer satisfaction and profit-making. This is especially so in the light of the current emphasis on marketing-orientated business management. It is important for the managers in an organisation to know its market, which consists of consumers, and approach the market (develop and implement strategies to reach the market) in the right way. Therefore, the market variable can be influenced and controlled by the managers in an organisation, but the external/macro-environment can also have an impact on the market variable.

Managers in an organisation will have to assess the external-environment influences to ensure that potential threats are converted into opportunities. For example, if the petrol price increases the consumers will have a smaller disposable income and therefore they will not have the financial means to purchase a luxury product or service. It is then the managers' responsibility to think of solutions on how to convert this threat into an opportunity. Consumers

have certain rights in the interaction between them and organisations within the marketplace. The organisation must take note of influences that originate from the external environment and keep abreast of the needs of consumers. For example, organisations should adhere to the Consumer Protection Act, as the main purpose of this act is to protect the interests of all consumers. Institutions such as the Consumer Council focus on informing consumers of their rights and prepare them to approach the marketplace as informed consumers.

Competition

The fact that any organisation does not function within a vacuum has already been established. Competition is an important variable in this regard. Any organisation is probably not the only organisation that offers the same specific product or service to consumers. There are various organisations that compete with one another to sell the same product or service to the same consumers.

In essence, competition implies that every organisation is tasked with promoting its products and/or services to consumers, and persuading consumers that the products and/or services offered by that organisation are of a better quality and a higher value than the same products and services that are offered by other organisations. Every organisation therefore has to compete with other organisations for the attention and money of consumers that they target and share. As an example, one has only to consider the large number of organisations that manufacture and sell cars. The consumer may choose which product to buy and from whom to buy it. The choice between different products is indicative of the presence of competition in the market. The managers in an organisation will have to assess the competition variable regularly to ensure that they know who the competitors are and what products and services they offer to the shared market. If this variable is not monitored, an organisation will not be able to detect changes in the competition and then this can become a threat.

Suppliers of resources and services

The organisation decides for itself which quantities of which products it is going to manufacture and market (advertise and sell), and how much capital will be invested in the specific projects. However, the organisation remains dependent on the variables, such as certain institutions, in the external environment to continue its activities. The organisation does not necessarily have the raw materials with which to manufacture its products and therefore relies on the products or services of other institutions and individuals that exist in the external business environment to carry out its activities. This is

where the suppliers come into play and offer the required raw materials to manufacture a product or deliver a service. As with competitors, there are also a number of suppliers that can supply the needed raw materials. Managers in an organisation will have the responsibility to search for a suitable supplier, which provides sufficient quality materials in the correct quantities, and for a good price. If managers do not monitor this variable regularly, the organisation might spend too much on materials and this can be a threat.

Labour market and labour unions

This variable is also an important factor that should be considered by managers in an organisation. The labour market relates to the availability of skilled workers who would be able to perform the labour that is required in operating a successful organisation. In South Africa the labour unions' role in organisations is also an important factor that should be considered and monitored. The impact of strikes is a familiar variable in South Africa that should be considered. Although managers in an organisation will not necessarily be able to influence these factors, they can determine the impact and make the needed changes to change threats into opportunities.

Intermediaries

Intermediaries fill the gap between the manufacturers and the consumers. Wholesalers, retailers, agents and brokers are examples of intermediaries. Depending on the type of organisation, intermediaries might be used to transport or get the products/services to the consumers. It is important to point out that not all organisations make use of intermediaries. The same as suppliers, these types of organisations also offer services that are required to deliver the end product or service to the consumers. Therefore, managers will have to monitor this variable to ensure that the most cost-effective and most efficient organisation is used as an intermediary; otherwise it can turn into a threat. If the organisation has an intermediary that provides a cost-effective and most efficient service, the organisation can view it as an opportunity.

ACTIVITY 1.8

List five forces within the market environment that have a dramatic impact on the operations of an organisation. Indicate when these forces can be regarded as opportunities and when as threats.

The macro-environment

The macro-environment surrounds the organisation and its market environment. It is made up of a wide range of variables that can affect the organisation either positively or negatively. Positive impacts can be viewed as opportunities and negative impacts are threats.

The macro-environment consists of all the variables, such as the economic, social, technological, physical, political and international environments outside the organisation that have a positive or a negative effect on the growth and continued existence of the organisation. These variables encourage or hinder the achievement of the objectives held by the organisation.

No organisation or management within an organisation on its own has control over the macro-environment or the variables that operate within it. For example, an organisation has no control over changes in interest rates or changes in exchange rates. In other words, the macro-environment influences all organisations, even the competitors of every organisation, but the variables or forces can be monitored to ensure that changes/development are incorporated in the organisation.

The structure of the macro-environment is characterised by the existence of a number of sub-environments that cannot be controlled by the organisation, but can exert a significant influence on it. These sub-environments may also be described as variables, or forces in the macro-environment. These forces and variables refer to economic, socio-cultural, political, technological, statutory, physical and international influences and forces. These sub-environments influence one another to the extent that they cannot be regarded as being distinctly separate from one another. The effect that these sub-environments have on an organisation differs from time to time and from organisation to organisation. At a specific time, for example, an economic environment in which interest rates are very high (which is a variable that influences the availability of external capital) may constitute a much greater threat or influence than variables operating in the technological area.

We will now briefly discuss each of the sub-environments identified and illustrate the variables of each with the aid of examples.

Economic environment (economic conditions)

The economic environment is the part of the macro-environment that consists of factors that influence the personal, disposable income of the consumer, as

- *Life expectancy*: Life expectancy has increased owing to better medical services and healthier lifestyles. This has a direct influence on the market. Many people in our society are over the age of 60 and represent definite marketing opportunities. For example, in the tourist industry there are many opportunities for travel agents to develop tour packages for this target group.

- **Geographic location:** In South Africa, markets are spread across the country. However, the markets in the metropolitan areas are more concentrated than those in the rural areas. This means that larger markets with a wider variety of products and services are found in and around the cities. Urbanisation and the concomitant depopulation of the rural areas have a direct influence on the demographic distribution of the market.
- **Development level of the market:** The level of development of the consumer in terms of education has a direct influence on the organisation. In South Africa today, there is a great emphasis on training. Consumers are more informed as a result of training, which means that they know precisely what they want and therefore make great demands on organisations. The consumer is aware of, and stands up for, his or her rights. The organisation has to focus on the needs of consumers if it wants to continue to grow and expand.
- **Other:** The following social and cultural forces from the macro-environment must be taken into account by the organisation:
  - *Changing lifestyles*: Consumers today are highly conscious of quality. In other words, there is a change in their lifestyles and therefore in their needs as well. The quality of a product is important to the consumer. How safe it is to use a specific product and whether that product is environment-friendly or not, are further important considerations (here, aspects such as pollution, carbon footprint, products affecting the ozone layer, and optimal utilisation of scarce resources are in question).
  - *Time*: Convenience and the optimal utilisation of time are important to the consumer. This means that the consumer does not wish to spend much time shopping. Available products should help the consumer to save time. The portable laptop computer that is used by business people to do their work while they travel from one destination to another is an example of a product that allows optimal utilisation of time. We have already referred to pre-prepared foods as another example.
  - *A healthier lifestyle*: The current trend toward fitness and a healthier lifestyle is a further force with which the organisation must contend. As a result, there is greater need for foods without colouring agents and

- In contrast, consumers' disposable incomes are lower during a recession than during a phase of prosperity; consumers thus buy less during a recession. This has a direct influence on the demand for products and/or services, and also on the growth of an organisation.
- During the recovery phase, the organisation must prepare itself for the economic growth that will take place after a recession. It should pay attention to personnel training programmes, and the development of new products and methods by means of which the organisation can increase its sales and its income.

Managers in organisations have to ensure that all these economic variables are assessed and considered on a regular basis to ensure that developments are incorporated in the organisations.

Social environment

This environment is linked to the demographics of the market and the social and cultural aspects that may influence the market. We distinguish between the following demographic variables:

- **The size and composition of the population**
  - *Population growth*: The size and composition of the market are directly influenced by the population growth of the country. With regard to population growth and composition, it is important to bear in mind that families have grown smaller over the past few decades.
  - *The market composition*: The market is composed of different ethnic groups – another variable that the organisation should take into consideration. The needs and preferences of the various population groups differ, and each population group has a distinctive culture and lifestyle. The organisation should take these differences into account as well.
  - *The changing role of women*: The market is influenced by the larger percentage of women now entering the labour market. The role of women in the labour market has also changed drastically over the last few decades. Increasing numbers of women hold senior management positions and therefore new needs have been created in the market, such as the establishment of crèches and nursery schools to look after their children when they are at work. This has further resulted in a larger disposable income for some families. The type of product that working women purchase may also differ from the type of product that home-makers buy. As examples, the clothing needs of a woman in the labour market will differ from those of a housewife; and the working woman may also prefer to buy ready-made foods as she may not have the time to cook.

well as the purchasing behaviour of the consumer. The term consumer is used here in its widest sense; it also includes other organisations. Consumers have limited financial means with which to satisfy their needs and are therefore forced to make choices about which products and services to purchase.

The consumer's disposable income is influenced by many economic factors, including interest rates, exchange rates, inflation, trade cycles and the economic growth rate.

- **Interest rates:** The interest rate is an indication of the price at which money can be bought. In other words, the interest rate is the price (rate) at which money is available on the money and capital market. If the interest rate is 20 % per annum for a long-term loan of R100 000, this means that the borrower (consumer) must pay 20 % of the loan amount per annum, that is R20 000 per year (20/100 × R100 000) to secure the loan of R100 000. This interest rate of 20 % per annum (R20 000 per year) is therefore the price that the borrower must pay for the money to be borrowed. A rise in interest rates usually results in a decrease in spending. If a consumer does not have the money to buy a new car, for example, he or she will have to pay more to borrow the money and, ultimately, more to buy the car. Suppose that the buyer buys a car through hire-purchase financing and interest rates subsequently rise. This will mean that the buyer's monthly instalment may also increase and that he or she may pay even more for the vehicle. The bond on a home loan works in the same way – if the interest rate rises, monthly loan instalments may rise too. The opposite is also true.
- **Inflation:** Inflation results in a continual rise in the prices of products and services. This has a depressing effect on the economy because the purchasing power of the rand, and therefore also the purchasing power of the consumer, decreases as inflation rises. The consumer buys fewer products for the same amount because the value of money has decreased owing to inflation.
- **Trade cycles:** All economies are subject to certain cyclical changes. We can distinguish between different phases in the trade (economic) cycle, namely a period of prosperity, followed by a period of recession and depression, followed by a period of recovery. An organisation should always take note of the phase through which the economy is moving, as this influences the management, growth and continued existence of the organisation. Each phase makes its own demands on the organisation:
  - During a phase of prosperity in the economy, the organisation (the marketing and production divisions) has the opportunity to manufacture and market new products. The organisation, therefore, has the opportunity to explore new markets and to expand its current share of the market.

preservatives. The demand for products linked to fitness, such as bicycles, running shoes and gym apparatus, is also greater. This change in the consumer's lifestyle offers great opportunities to some organisations, but it may constitute a threat to others. For example, greater emphasis is placed on the dangers of smoking, which is a threat to cigarette manufacturers.

All these social-environment variables will have to be considered by management in organisations to ensure that the needed changes are incorporated in their organisations.

Technological environment

The technological environment comprises all aspects that give rise to new products and services made available in the market. The microwave oven, today a common convenience appliance in the average household, was a rare sight 40 years ago. This product's popularity is the result of technological development, which gave many organisations the opportunity to add a new product to an existing product range.

New technological developments or improvements create definite opportunities for the organisation, but they may also constitute certain threats. Consider the continual changes in computer technology as well as smartphone technology and the influence these have on, for instance, the banking industry. New technologically improved products are constantly being introduced into the market.

If an organisation does not keep abreast of changes taking place on the technological front, it will soon find that its products have become obsolete. The consumer is not interested in obsolete products: organisations that do not keep abreast of technological change will have to relinquish their share of the market in the long term. A further influence of the technological environment on the organisation is that provision should be made for research and development by allocating funds for this purpose. Technological changes do not always result in new products; they can also result in improvements to existing products. Therefore, this environment has to be monitored regularly by managers in organisations to ensure that all the relevant technological developments are integrated into their organisations.

Physical environment

The physical environment is related to the natural resources in the country. Therefore, it incorporates the total management of these resources. Natural resources include gold, coal, diamonds, water, natural forests and the like. In this context, we can also refer to the natural beauty of the country as this has a positive influence on the tourist market. Managers in organisations will have to monitor these natural resources to ensure that developments in the physical environment are considered and the needed organisational changes are made.

Political and statutory environment

The political and statutory variables in the macro-environment are linked to the influence that authorities (for example, the government, regional services councils and municipalities) are able to exert on the organisation by means of legislation and regulations. They also refer to the impact that specific institutions and pressure groups in the macro-environment have on the organisation. These variables influence the way in which the organisation and management within the organisation carry out its activities and, in some cases, they can even limit its activities.

The government of the day influences organisations through the fiscal and monetary policies of the country. For example, the mandatory acts that should be applied in organisations and management should ensure that these acts are implemented and adhered to. The interest rates applicable to the organisation also have a direct effect on its net income after interest and taxes. In the same way, current municipal rates affect property tax that is paid monthly by the organisation.

The annual budget that is drawn up by the government influences the individual organisation and the total economy of the country. Apart from the fact that the government indicates, by means of the budget, how income will be generated, likely future spending is also indicated. Some of the income of the government is obtained from taxes paid to it by individuals and organisations. It is for this reason that the political and statutory variables should be considered by management in organisations and the developments should be integrated accordingly.

International environment

We have seen that the variables influencing individual organisations originate from the local sphere (the organisation itself) and the national sphere (the

References

Brevis, T & Vrba, M. 2014. *Contemporary management principles*. Cape Town: Juta and Company.

Fayol, H. 1930. *Industrial and general administration*. Geneva: International Management Institute.

Griffin, RW. 2016. *Fundamentals of management*. 8th ed. Boston: Cengage Learning.

Laguna, M & Marklund, J. 2013. *Business process modelling, simulation and design*. 2nd ed. Boca Raton: CRC Press.

Robbins, SP, Bergman, R, Stagg, I & Coulter, M. 2015. *Management*. 12th ed. Melbourne: Pearson.

Smit, PJ, Cronjé, GJ, Brevis, T & Vrba, MJ. 2011. *Management principles: A contemporary edition for Africa*. 5th ed. Cape Town: Juta and Company.

Wren, DA. 2005. *The history of management thought*. 5th ed. Hoboken, New Jersey: Wiley.

market and macro-environment). Apart from all these forces, the organisation must also keep abreast of variables operating in the international sphere. These influences originate in the environment outside the borders of the country.

Factors from the international environment that play a role in the growth and continued existence of the organisation are the following:

- **International technology:** Although South Africa is technologically developed in certain areas (which can make a specific contribution to the development of the country), there is also a need to import technology and knowledge. For example, in the fields of synthetic fuels, mining and veterinary science, South Africa greatly contributes to technological development. However, South Africa also imports technology from other countries, such as computer technology from America and engineering technology from Germany and Japan. This is a phenomenon common to all developing countries.
- **International politics:** South Africa felt the effect of international politics with the trade sanctions imposed in the mid-eighties. The country did not have access to foreign loan capital, for example, so the trade sanctions had a negative effect on the economic growth rate and job creation in the country. Another example is political instability in another country, which can influence the economic conditions of that country and might have a direct influence on the South African economy, as South Africa will pay a higher fee to import products and materials.
- **The international economy:** Economic factors and variables such as interest rates, exchange rates, the gold price, the economic growth rate, inflation, the availability of capital and a scarcity of resources occur worldwide and influence the economic climates of all countries. For example, consider the effect that inflation had on the economies of Zimbabwe, Russia and Argentina. The high inflation rate had the result that the people of those countries lost trust in their currency and started to use the currency of neighbouring countries. Let us take Zimbabwe as an example of high inflation: The high inflation resulted in very high food prices. The effect of the high food prices was that the consumer could not afford to buy luxury food but only basic food such as bread, because the value of money had decreased as a result of inflation. The rand-dollar, and dollar-euro exchange rates have a significant influence on the import and export activities of South African organisations. If the rand-dollar exchange rates are weak, the cost of importing products is much higher for a South African organisation. Incidentally, this is one of the reasons why textbooks from abroad are

currently so expensive: the rand-dollar exchange rates are unfavourable for South African booksellers.

These factors in the international environment should be considered by management within an organisation in order to make the necessary changes so that the organisation can operate successfully.

ACTIVITY 1.9

List five forces within the macro-environment that have a dramatic impact on the operations of an organisation. Indicate when these forces can be regarded as opportunities and when as threats.

Summary

The evolution of management was and still is the result of changes in the environment. Examples of early management activities can be traced back to ancient times, as early as 5000 BC. However, significant changes took place only during the last century, as is evident from the various classical and contemporary approaches to management that have been discussed.

The management environment is characterised by constant and turbulent change that has a direct impact on the operations of organisations. Smit et al (2011: 53) conclude the following: 'Today's managers need an eclectic approach to managing the contemporary, flexible organisation. Therefore managers need to take from different theories what is still relevant today and use it to find unique ways to manage their organisations today.'

The components and variables of the management environment can be summarised as follows:

The micro-environment

This is the business itself. We can distinguish between the following variables:

- The mission and objectives of the business
- The functions of the business
- Production factors.

The market environment

This surrounds the business and is part of the external environment. The main variables include:

- The customer and his or her needs
- Competitors
- Suppliers
- The labour market and labour unions
- Intermediaries.

The macro-environment

The macro-environment surrounds the market environment and the business. We can distinguish between the following forces:

- Economic conditions
- Social and cultural forces
- Physical variables such as limited and expensive resources and the influence of environmentalism
- Political and statutory variables
- International forces.

QUESTIONS FOR SELF-ASSESSMENT

1. Summarise the historical background of management.
2. Provide eight examples of management activities in ancient times.
3. Discuss management in the Medieval period.
4. Discuss management in the Industrial era.
5. Distinguish between classical and contemporary approaches to management.
6. Discuss the evolution of management theory.
7. Depict diagrammatically the systems approach to management.
8. Illustrate and explain the composition of the management environment.
9. Discuss the forces within the external environment that can influence the operations of an organisation.
10. Discuss the impact of the internal environment on management.

modern organisations, where change is a constant, managers have to take responsibility. The question may arise: How will managers do this? It basically boils down to the four management tasks of planning, organising, leading and controlling (Robbins, Coulter & DeCenzo, 2017: 31).

What is management?

In the early 1900s, Mary Parker Follett defined management as 'the art of getting things done through people', which means that managers mobilise people within the organisation to achieve its goals (Stoner, Freeman & Gilbert, 1995: 38). Robbins et al (2017: 29) explain management as 'the process of getting things done, effectively and efficiently, with and through other people'. Bateman, Snell and Konopaske (2017: 13) describe management as the 'process of working with people and resources to accomplish organisational goals'. However, there is no single, generally accepted definition of management.

Management can also be described as the process of planning, organising, leading and controlling human and other resources to achieve the goals of the organisation. This definition of management covers a wide field of responsibilities in management, which includes the main as well as additional management tasks, and will serve as rationale for the discussion in this chapter.

The management tasks

Process points to the systematic way of doing things, referring mainly to the interdependence of activities to achieve specific goals. This interdependency is also applicable when referring to the management tasks and could be illustrated as shown in Figure 2.1.

A brief discussion on the interdependency of the management tasks follows, whereafter the tasks will be discussed in more detail.

The main management tasks

1. **Planning** implies that managers put their goals and strategies for the organisation on 'paper'. These goals in combination with the vision and mission statement will guide the organisation into the future and are also known as the strategic direction of the organisation.
2. **Organising** is the allocation and co-ordination of human and other resources by managers to achieve the organisational goals (which were developed during the planning task).

CHAPTER 2

Management tasks

LEARNING OUTCOMES

The contents of this chapter will enable readers to:

- Define management.
- Apply the steps of the planning process to achieve the goals of the organisation.
- Apply the basic principles of time management.
- Explain the organising principles of management.
- Briefly explain what leadership, communication and motivation are about.
- Apply the steps in the controlling process.
- Explain the interaction of the management tasks.

Introduction

Far back in the history of humankind, people came to the understanding that hunting for food would be better accomplished when doing it together. Therefore, people organised themselves into groups to be in a better position to catch something to eat to satisfy their need for food. From this primitive origin, and as people developed, groups started to evolve into communities, and organisations arose from these communities to assist them in satisfying their needs. Robbins, Coulter & DeCenzo (2017: 27) describe an organisation as a deliberate attempt to bring people together to serve a specific purpose.

These needs could also be viewed as aims or goals that had to be achieved. As a result, goals which may be unique to each organisation have been developed. An example of how goals might differ would be to compare the goals of a higher education institution with that of a soccer club or with a company which is listed on the stock exchange. To ensure these goals are achieved in today's

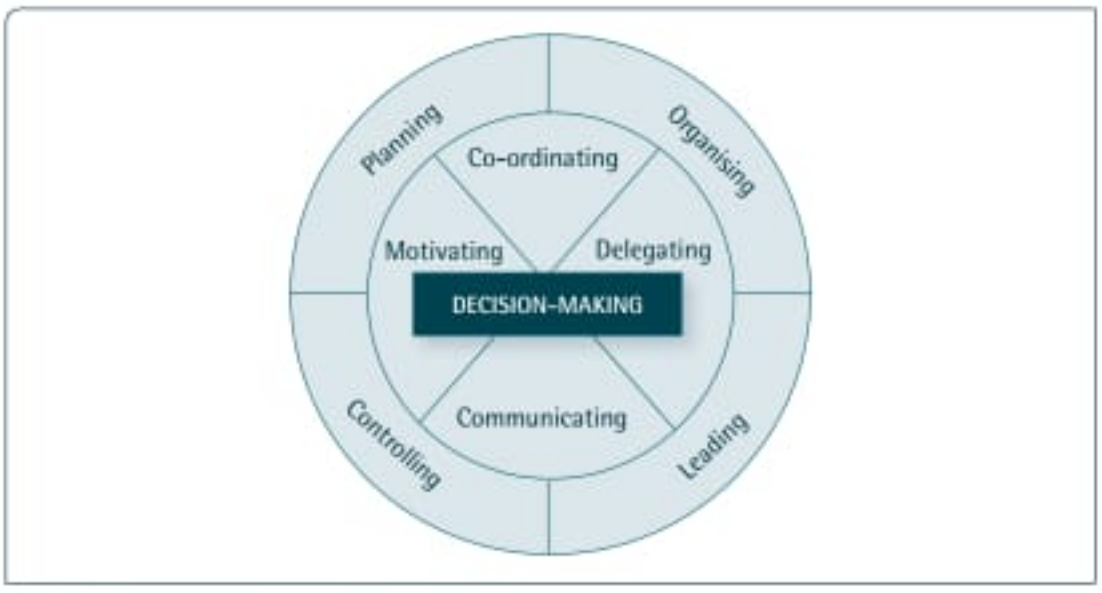


FIGURE 2.1 THE INTERDEPENDENCE OF MANAGEMENT TASKS

The effectiveness of the organisation task therefore depends on the ability of managers to allocate resources and to co-ordinate the operations within an organisation.

3. **Leading** means that managers direct and influence the actions of their staff members in such a way that they will willingly perform their duties. By creating a favourable working climate, staff members could be encouraged to do their best in achieving the goals of the organisation.
4. **Controlling** ensures that the stated goals of the organisation are achieved. If the performance within the organisation is not geared towards achieving the goals, management has to find ways to align performance.

Additional management tasks

The additional management tasks are less broad management tasks that lie at the core of the organisation:

- **Decision-making** is the process in which possible alternatives are weighed against one another and the best one is chosen. According to Jones and George (2016: 187), decision-making is the response to threats and opportunities. Decision-making is the core around which all management tasks revolve. If no decision is taken, management tasks also do not take place.
- **Communicating** entails the transfer of a message from one person to another and relates to the organisational activities or the relationships between staff within the organisation. Therefore, without communication, information cannot be transferred and none of the management tasks would be possible.

strategic direction (which includes the vision and mission statement) of the organisation. For the senior or middle manager, the information needed would include, for example, the vision and mission statement, the strategic goals and the strategies of the entire organisation. The first-line manager and the supervisory-level manager will need to know what the mission statement, the tactical objectives and strategies of the department or unit are.

Developing goals and objectives

Top management has to develop strategic goals that are aligned with the vision and mission statement of the organisation. The senior or middle manager needs to develop tactical objectives that are in line with the strategic goals of the organisation, while the first-line or operational manager has to formulate operational objectives, which will be aligned with the tactical objectives of the department or tactical unit.

It is important to remember that the goals or objectives are the 'what' that the organisation, department or section wants to achieve. Furthermore, goals refer to long-term objectives and objectives refer to medium- and short-term objectives. Therefore, when referring to the organisation as a whole at a strategic level, the word goal(s) is used. Alternatively, when referring to the tactical and operational level, the word objective is used.

When setting goals or objectives, it is important to remember that goals or objectives must be:

- clear, concise and unambiguous
- attainable
- interesting, motivating and challenging
- accurate
- linked to time
- divisible into standards.

Developing strategies

Strategies are how the organisation, department or section wants to achieve its goals and objectives. This can be illustrated by using the following example: Carl wants to cross a river. He has the option to cross the river using a bridge that is one kilometre away from him, he can cross the river in a canoe or he can try to swim across the river. Depending on the situation and his objective, Carl will choose the most suitable way to cross the river, whether it is by bridge, by canoeing or by swimming.

Carl's objective of reaching the other side of the river is the 'what' in this instance. Wanting to cross the river refers to the objective, and the three options to cross the river available to him refer to the possible strategies that he can use (the 'how') to achieve his objective. Carl will choose the strategy that best suits him.

Managers at the various levels of the organisation will have to develop strategies to achieve the goals and objectives of the organisation. Corporate and business strategies need to be developed for strategic goals (by top management), tactical strategies for tactical objectives (by senior and middle management) and operational strategies for operational objectives (by first-line and supervisory management).

Implementing and monitoring progress

Implementing and monitoring are important aspects of the planning process. Without actually putting the goals, objectives and strategies to work (implementing them), the goals and objectives will not be achieved. Therefore, the organisation will not serve the purpose for which it was established. Managers must ensure that all the resources needed to reach these goals are in place and that their leadership supports the goals, objectives and strategies of the organisation.

To ensure that the goals and objectives will be achieved, the process must be monitored. If any deviations occur, corrective steps need to be taken, and it may be necessary to change the goals, objectives or strategies that had been put in place the first time.

ACTIVITY 2.1

Complete the missing parts below.

1. The main purpose of planning is to reduce the _____ for an organisation.
2. The goals and objectives refer to the _____ an organisation, a department or a section wants to achieve.
3. Goals in an organisation are referred to as _____ objectives which are present at _____ level.
4. When deviations from the set goals and objectives occur, _____ need to be taken.

The manner in which communication takes place is also important, as it can create a certain attitude or climate in the working environment (Hellriegel, Slocum, Jackson, Louw, Staude, Amos, Klopper, Louw, Oosthuizen, Perks & Zindiye, 2012: 440).

- **Motivating** refers to all attempts by management to energise people to do their best voluntarily. In other words, the people within the organisation must be motivated to ensure the successful achievement of the goals of the organisation.
- **Co-ordinating** is the conscious attempt to link all the related activities and tasks to one another. Co-ordination is thus particularly important during planning, organising, leading and controlling, so that the organisation can operate as a co-ordinated unit.
- **Delegating** is the transfer of authority, tasks and the responsibilities to staff with the purpose of developing staff and allowing management to have more time available for managing the organisation towards the organisational goals.

Planning

Planning entails the formulation of goals and objectives, and the development of strategies to achieve these goals and objectives within a changing business environment. The main purpose of planning is to reduce the risks inherent to a changing business environment that an organisation could be facing. These changes can be caused, for example, by new technology, a change in customer demand and new competitors in the market.

The planning process

The following steps are listed in the planning process:

- Gathering information regarding the organisation
- Developing goals and objectives
- Developing strategies
- Implementing and monitoring progress.

Gathering information regarding the organisation

Planning at the various levels of the organisational hierarchy needs to be in line with the 'what' and the 'how' the organisation aims to achieve as a whole. To align the planning process, it is important that the manager gathers all the important information regarding the organisation and its business environment.

Top management, for example, needs to gather information from the organisation's internal and external environment to determine or assess the

Time management

To manage one's time within the time-demanding environment one is living in today is very important. This holds true for every manager and staff member. A person has to prioritise which actions to execute now, and which can wait for a while. One way in which to assist managers and staff members in planning their time is by determining the importance and the urgency of each task. It is important to note that the importance and urgency of each task is determined by the goals and objectives of the organisation. The following criteria can be used to manage time:

- When a task is both important and urgent, it needs to be done immediately. An example of an important and urgent task is a special meeting that needs to be held with staff to introduce the new CEO or a meeting to announce the new sales figures.
- When a task is important, but not very urgent, it can wait for a while. An example of an important, but not urgent task is an action plan or an operational plan that needs to be submitted within two weeks.
- When a task is not important, but urgent, do it soon, but do not spend too much time on it. An example of an urgent, but unimportant task would be to pay the water and electricity bill that is due today.
- When a task is not important and not urgent, plan to do the task at a later stage. An example of a task that is neither important, nor urgent is a hiking trip for one's family that will take place in six months' time.

	URGENT	NOT URGENT
IMPORTANT	A special meeting with staff to introduce the new CEO	An operational plan that needs to be submitted within two weeks
NOT IMPORTANT	To pay the water and electricity bill that is due today	A hiking trip for one's family that will take place in six months' time

FIGURE 2.2 THE TIME-MANAGEMENT TABLE

ACTIVITY 2.2

It is Monday morning and Thabo, the budget manager, needs to prioritise his tasks. On his 'to do' list are the following:

- Phone sister and brother-in-law to congratulate them on their wedding anniversary.
- Submit the budget guidelines for the next year within two weeks.
- Do a quarterly performance appraisal of staff before Friday.
- Buy Portia (personal assistant) flowers for Secretary's Day on Tuesday.
- Meet the finance director to get more details regarding the budget guidelines.
- Meet with staff to discuss the budget guidelines.
- Nominate two staff members today for a training programme that starts tomorrow.
- Phone Rakgadi (wife) to remind her about dinner tomorrow night at the finance director's house.

Help Thabo to prioritise his tasks by applying the principles of time management.

Organising

Organising involves the allocation of resources within the organisation itself, a department, or sections within a department. Organising creates the framework within which strategies can be applied to achieve the goals and objectives of the organisation.

After formulating strategies, the organisational structures must be developed to ensure that strategies can be carried out. For example, an organisation may decide on a matrix organisational structure because projects are part of its strategy to achieve its goals. Organising also includes *comprehensive co-ordination* to ensure that all tasks are geared towards achieving the goals and objectives of the organisation.

The principles of organising

To have a better understanding of organising, the following principles are important:

- **Authority** is defined as the right to take decisions and to act. We distinguish mainly between line, staff, functional and project authority.

- **Responsibility** refers to the duty of a person to carry out a task as well as possible; and it can be delegated.
- **Accountability** refers to the account, explanation or defence that a person must give for a task that has been carried out.
- **Delegation** is the process whereby a task, responsibility and authority are transferred from one management level to a next level of management, or from a manager to a regular staff member.
- **Specialisation** (division of tasks) refers to the division of work or tasks into smaller meaningful units within the organisation to achieve the goals and objectives of the organisation.
- **Departmentalisation** (forming divisions) results from task-specialisation, which is the grouping of tasks into meaningful units or groups that are closely related. These units or groups are usually known as departments, divisions, business units or sections. Different organisations may be departmentalised differently. Departmentalisation is done according to the following:
  - *Functions*: In any organisation there are certain basic functions that must be performed. The functions may include operations, marketing, finances and human resources. Rather than trying to deal with all these functions, staff members are assigned to certain functions according to their aptitudes, abilities and interests.
  - *Products or services*: Departmentalisation according to products or services takes place when groups or units are formed around the products that the organisation manufactures or sells, or according to the services rendered. Therefore, staff members concentrate on a specific product or service, thereby enhancing specialisation within the organisation.
  - *Geographic distribution*: Departmentalisation according to geographical distribution occurs when variables are unique to a particular area (location) and a specialised approach in each area is justified. A head office with various regional offices or branches is a good example of departmentalisation according to geographic distribution or place.
  - *Projects*: Departmentalisation according to projects is the result of the modern, highly technical organisation of today. Grouping is done according to the various projects within the organisation. This results in a system of multiple reporting and communication lines (both vertical and horizontal).
  - *Customers or clients*: Departmentalisation takes place according to the needs of the client or customer. This form of departmentalisation usually occurs in service organisations that address the specific needs of customers or clients. A library which divides its departments according to the specific needs of readers (clients) is a good example.

One should take into consideration that these characteristics alone are not enough to ensure effective leadership. It has been found that some effective leaders do not possess all the character traits mentioned above, while other, less effective leaders possess all these traits. This inconsistency between the character traits and the effectiveness of a leader has caused researchers to steer away from this approach and rather focus on what leaders actually do to make them good leaders – in other words, the type of behaviour leaders display which will influence staff to achieve the goals and the objectives of the organisation (Jones & George, 2016: 421–422).

Communication

Effective communication is vital for the successful management of an organisation. All contact between people, be it verbal or non-verbal, takes place through communication. Communication is also part of decision-making. After a decision has been made, it must be conveyed to other designated parties. Communication takes place at all levels within an organisation. If the communication within an organisation is poor, it may cause frustration among staff and the organisation may lose its effectiveness. Communication is the link between management and the performance of management tasks (organising, planning, leading and controlling), which should ensure that the organisation successfully meets its goals and objectives.

Communication can be defined as the transmission of a message from the sender to the receiver regarding any task(s) or matter(s) within the organisation.

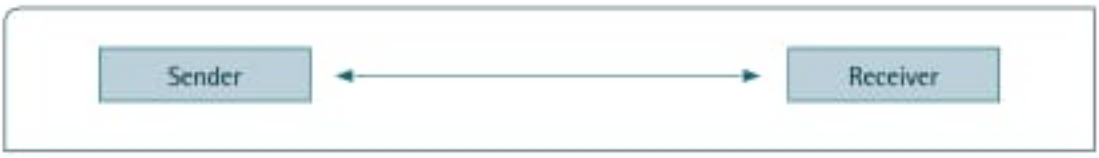


FIGURE 2.4 COMMUNICATION

Effective communication is important for the following reasons:

- To ensure staff know exactly what is required from them
- To keep staff informed about the strategic direction of the organisation
- To ensure management and staff are all working towards the same strategic direction of the organisation
- To allow staff to liaise effectively with all stakeholders, both internally and externally
- To carry out the managerial tasks (planning, organising, leading and controlling) and duties successfully (Hellriegel et al, 2012: 440–441).

- **Co-ordination:** Once the tasks in the organisation have been divided into departments, divisions or sections, co-operation between these groups is important. Co-ordination integrates these different departments, divisions and sections to achieve the goals and objectives of the organisation.
- **Unity of command:** A staff member is accountable to only one manager. This principle prevents the staff member from becoming confused and uncertain with regard to whom he or she must report to.
- The **chain or scalar principle** identifies the formal lines of authority within the organisation and indicates the lines of authority that should be followed.
- **Span of controlling** is the number of people who directly report to the one manager.
- **Centralisation and decentralisation:** Centralisation refers to a situation in which decision-making centres around a person, an office or the head office. Decentralisation refers to the delegation of decision-making powers and tasks to managers and staff, regional offices, and branches.
- The **organisational structure** refers to the physical reporting structures within the organisation. All the principles of organising mentioned above influence the compilation of such a structure. This structure is also known as the organisational diagram (see Figure 2.3).

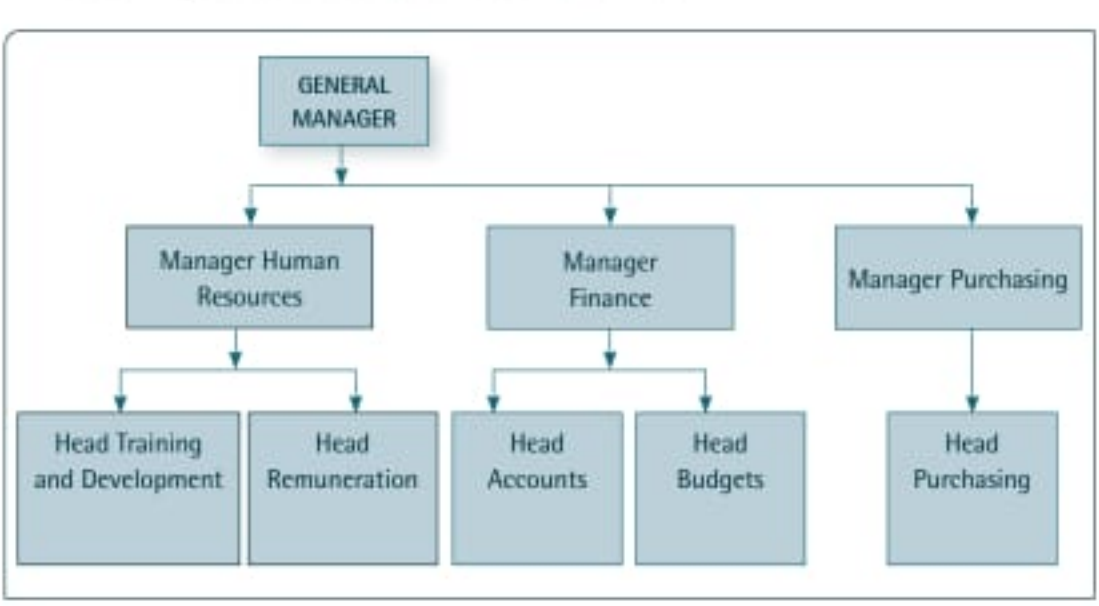


FIGURE 2.3 ORGANISATIONAL STRUCTURE

The following organisational structures can be identified:

- Line organisational structure
- Line and staff organisational structure

- Functional organisational structure
- Divisional organisational structure
- Team organisational structure
- Matrix (project) organisational structure
- Team structure
- Boundaryless organisational 'structures' such as virtual and network organisations (Robbins et al, 2017: 198–203).

ACTIVITY 2.3

Which form of departmentalisation would be used when working in a bank? Motivate your answer.

Leading

Leading refers to all attempts by management to mobilise staff to willingly achieve the goals and objectives of the organisation. As a management task, leading includes the following additional tasks:

- Leadership
- Communication
- Motivation.

Leadership

Leadership is the process according to which a person exerts influence over others by inspiring them, motivating them and guiding their activities to help achieve the goals and objectives of the organisation (Jones & George, 2016: 415).

Owing to the complex environment managers have to deal with today, a greater emphasis is being placed on a manager being a good leader. To be an effective leader, a manager must have some of the following characteristics:

- Intelligence
- Knowledge and expertise
- The ability to influence people
- Self-confidence
- High energy levels
- A tolerance for stress
- Integrity and honesty
- Maturity.

the achievement of their own goals, as well as those of the organisation. If the staff members are successful and if they are offered the promotion, their needs are satisfied – their drives decrease and new needs arise (Rossouw, 2007: 209).

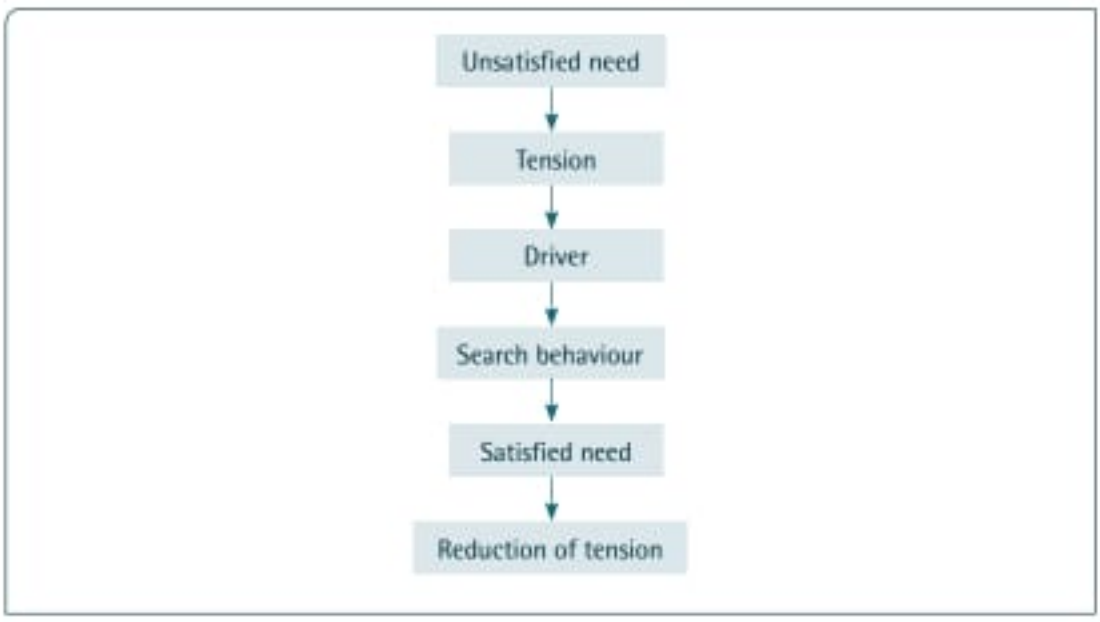


FIGURE 2.5 THE BASIC MOTIVATION PROCESS

Source: Adapted from Robbins & DeCenzo, 2008: 266–267

According to the Operant Conditioning Theory, managers can use four tools to motivate staff and to prevent them from displaying behaviour that is not conducive to attaining the organisational goals. These tools are positive and negative reinforcement, punishment and extinction.

Positive reinforcement is to provide staff with a desired outcome when performing in line with the organisational goals. This can include congratulating employees in front of others for good work or other more formal avenues such as promotions and bonuses.

Negative reinforcement is to eliminate or to remove outcomes that are undesirable to the organisation – in other words, to strengthen the frequency of a desirable behaviour by avoiding an unpleasant consequence. An example would be to be on time for work to avoid being reprimanded.

Punishment is the application of a negative or undesired consequence when a staff member displays dysfunctional behaviour. An example would be the use of discipline or warnings when an employee is late for work.

Communication can be formal as well as informal. Formal communication follows the hierarchical lines of authority as defined by the organisational structure. In the case of informal communication, employees do not adhere strictly to the prescribed lines of authority.

Communication can be verbal or non-verbal. In verbal communication, oral and written communication is used. In non-verbal communication, also known as body language, a message is conveyed without using words. Examples of non-verbal communication would be body posture, gestures, hand movements and facial expressions (Hellriegel et al, 2012: 440–441).

Motivation

To be a successful leader, the manager must be able to motivate staff. It is important to note that the expression 'to motivate staff' is not entirely correct. Managers can only put incentives in place for which staff members can strive, or give the necessary recognition for a job well done, but each staff member must decide whether an incentive or recognition is motivating.

The nature of motivation

Motivation drives people to achieve certain goals and objectives. This drive must arise from within the individual or the staff member, while the stimulus for the drive has to come from the manager. In other words, motivation by nature is intrinsic, but an external stimulus is required. An example is when an opportunity is created for top achievers to be promoted. However, the choice of whether these opportunities will motivate or not rests with the staff member (Rossouw, 2007: 208). The basic motivation process is shown in Figure 2.5 below.

Let us look at the example where management creates positions for promotion.

After the staff members become aware of the vacancy, they will identify their unsatisfied need, which is the need for promotion. This unsatisfied need gives rise to tension (conflict) within dissatisfied staff members, which in turn stimulates certain drives. These drives (needs for more responsibility and status, a higher salary and everything else that is associated with higher positions) prompt the staff members to make further enquiries about the requirements of the promotional positions. After gathering all the relevant information, they will try to work harder to satisfy the need for promotion. Their behaviour patterns change (performance or productivity increases) in attempts to promote

Integration

To reiterate, management is the process of planning, organising, leading and controlling human and other resources to achieve the goals and objectives of the organisation. This implies that there is a direct correlation or interrelationship between all the management tasks. In other words, planning, organising, leading and controlling influence one another – one cannot really exist in the absence of the other.

In the workplace, this interconnectedness means the following: During the planning task, the manager will develop goals and objectives for the organisation. To achieve these goals and objectives, the manager needs to make resources (such as human resources or capital, finance, equipment and so forth) available. The manager, therefore, organises. Staff (human resources) need to be led by means of communication, motivation, discipline and a suitable leadership style to ensure that they will willingly do their best to help achieve the goals and meet the objectives of the organisation. Furthermore, the manager must also exercise effective control, whereby standards are derived from the goals and objectives of the organisation to ensure that these goals and objectives are achieved.



FIGURE 2.6 INTEGRATION OF MANAGEMENT TASKS OR FUNCTIONS

Summary

Management today revolves around resources, and the most important resource in any organisation is people, or human resources (human capital). This emphasis on human resources has already been recognised by Mary Parker Follett at the turn of the previous century (Lussier, 2015: 17). The more classical description of management emphasises the four management tasks (organising, planning, leading and controlling) and their interdependency. However, the leading task of the manager today could be viewed as most important, which is mainly due

Extinction is to not reinforce or to ignore dysfunctional behaviours by eliminating what is causing these behaviours. An example would be when an employee tells an unpleasant joke – the manager simply does not laugh or ignores the situation (Jones & George, 2016: 397–399; Ferreira, Erasmus & Groenewald, 2016: 408).

ACTIVITY 2.4

Khulile is the supervisor in a workshop for people with disabilities. This workshop provides a protective environment in which people with disabilities can safely and with the necessary assistance earn an additional income to supplement their pensions. The workshop does contract work for well-known suppliers in the area, for example, the assembling of taps and electrical plugs, and the packaging of nuts and bolts. Khulile can be described as a people's person and she likes to chat, with the effect that targets set for the day are not always achieved. This is causing her manager and their suppliers a lot of frustration. Being the person she is, she gives her people the necessary recognition for a job well done, but she tends to neglect problems such as bad behaviour when it arises in the workplace.

How would you rate Khulile regarding the following skills?

LEADERSHIP	Good	Average	Poor
COMMUNICATION	Good	Average	Poor
MOTIVATION	Good	Average	Poor

Controlling

Controlling is one of the crucial management tasks as it is important to ensure that the goals and objectives of the organisation are achieved.

People often do not like to use the term 'controlling' because it seems to have a negative connotation. For most people, the word implies limitations, constant supervision and sanction or punishment. The actual task of controlling should be seen in a positive light as it gives the manager guidelines according to which performance can be managed and improved (Rossouw, 2007: 239).

'setting performance standards', a person serving 20 customers per hour at a till with one complaint, would perform below the standard.

Taking corrective steps

After the actual performance has been measured against the set standards, corrective steps must be taken if any deviations from the set standards have occurred. This means that either the performance must be changed, or the set standards must be changed.

A large part of a manager's controlling task is to correct what is wrong. These corrective steps may include the following:

- Resetting of hardware to increase output
- Giving advice to a staff member on how to rectify a problem
- Training staff to increase productivity
- Turning a non-effective organisation into a more effective organisation.

A point to consider is that without corrective steps, the controlling process is incomplete (Rossouw, 2007: 251–252).

Controlling versus planning

During the planning function, goals and objectives for the organisation are developed. These goals and objectives are then used to develop performance standards for the controlling task of management. In other words, the planning task precedes the controlling task and, therefore, without planning, no controlling can take place.

ACTIVITY 2.5

John is a supervisor in the workshop of a car dealership. He is responsible for the five other mechanics in the workshop. Currently, it takes a mechanic (including John) approximately one hour and 45 minutes to service a car. They work for eight hours a day, which include an hour for lunch an tea breaks.

It is Wednesday morning and 25 cars are booked for a service. Will John and his mechanics be able to finish within the working hours? Apply the controlling process to assist John in this matter. (Hint: John will also be servicing cars.)

Steps in the process of controlling

The following three steps in controlling can be identified. These steps can be applied at all levels of management, namely the strategic, tactical and operational levels:

1. Setting performance standards
2. Measuring actual performance against standards
3. Taking corrective steps (if necessary).

Setting performance standards

Managers often neglect to set suitable performance standards. In many cases they do not explicitly state what an honest day's work or good service entails. In the absence of clearly defined standards, controlling is not possible. Performance standards must be set for all activities that are carried out in the organisation.

Standards can be defined as measurable units that are linked to, or derived from, the goals and the objectives of the organisation. Standards must be measurable in terms of quantity, quality and time.

The following guidelines need to be considered when developing performance standards:

- Set realistic standards.
- Limit the time that is spent setting standards.
- Involve staff members when standards are being set.
- Clearly communicate standards to all staff members involved.
- Explain why standards are necessary.
- Convince staff members to set higher but achievable standards.
- Adapt standards to changing situations (Rossouw, 2007: 240, 246–247).

Examples of performance standards include the following:

- Type 60 words per minute without making a mistake.
- Serve 30 customers per hour at a till without any complaints.
- Write a 300-word report within ten minutes without spelling and grammar errors.

Measuring actual performance against standards

After standards have been set, it is important to measure the actual performance against these standards. In other words, one has to determine whether the actual performance is on par with the set standards, or whether it is above or below the set standards. For example, when referring to the second example under

CHAPTER 3

Leadership and teamwork

LEARNING OUTCOMES

The contents of this chapter will enable readers to:

- Define leadership.
- Explain why all managers must be leaders.
- Analyse the connection between leading and leadership.
- List and discuss both the traditional and the charismatic qualities of leadership.
- Distinguish between task-orientated and people-orientated leadership styles.
- Discuss the managerial grid of Blake and Mouton, and apply it in practice.
- Describe the life-cycle theory of leadership, and discuss how it affects leading.
- Give practical suggestions for effective leadership.
- Define teamwork.
- Apply the steps of establishing a team in the workplace.
- Assess team-leading principles in the workplace.
- Provide an overview of good leadership in an organisation.

Introduction

We live in challenging and stimulating times. Technologically, we are on the threshold of a new world. Rapid developments in technology will affect every aspect of our existence in future. Owing to these rapid changes in our environment, the need for leadership in every field is daily becoming more important.

As defined in Chapter 2, the management process consists of planning, organising, leading and controlling. Leadership is the practical implementation of leading. Therefore, we will concentrate on and briefly discuss the concept of leadership and its practical value, especially for managers. We will also discuss other supporting management tasks of leading, such as motivation, communication and dealing with conflict. Without these there can be no leading in the organisation. However, before we examine leadership further, let us look more closely at leading.

The nature of leading

What is leading?

Leading is an extremely important function that managers have to execute. It consists of complex managerial activities, the most important components of which are motivation, communication, leadership and handling conflict.

Leading plays a role in the process through which work is begun and completed. In this process, interaction occurs between managers and their staff. This interaction further includes issuing instructions, providing guidance and information, and implementing and executing plans.

Leadership, by contrast, refers to the relationship between one person – the manager – and the other members of the team. The nature of this relationship is such that the members of the team co-operate voluntarily to achieve the objectives that the manager has set for them as well as for the team. The relationship between the manager and the employees, as well as the quality of the employees' performance, are greatly affected by the leadership style that the manager adopts. The leadership style has a considerable influence on the willingness and enthusiasm of the employees to do their work. Research on the effectiveness of leaders has shown that leadership style can have an important impact on variables such as employee job satisfaction, motivation, and team performance.

Therefore, we can see that leading goes hand in hand with leadership. This is why it is important to study the concept of leadership carefully in order to know more about the fundamental managerial function of task-leading.

One success story is that of Lee Iacocca who took over the management of the Chrysler Motor Corporation in 1979 when it was on the brink of bankruptcy. He converted a billion dollar loss into a profit.

Another success story is that of Ted Turner, the owner of the CNN television network. This was a family business that was virtually bankrupt when Turner took it over and transformed it into a large, profitable corporation.

We can, therefore, identify leadership as the pivotal point that causes an organisation to swing in the direction of success or failure. It is good leadership that ensures that the objectives of the organisation are achieved successfully.

Effective managers must be good leaders

An organisation gives a manager authority. With this given authority, the manager can compel other staff members to perform certain activities to ensure that the organisation achieves its objectives. This authority gives the manager power over the staff members. There are many different kinds of power that a manager can have.

- **Legitimate power:** This refers to the authority granted to the manager's position.
- **Reward power:** This refers to the power to give or withhold rewards in terms of salary, bonuses, recognition or interesting assignments.
- **Coercive power:** This is the power to enforce compliance through fear.
- **Referent power:** This refers to personal power and is based on identification or charisma. The staff member obeys a leader simply because they like, respect or identify with them.
- **Expert power:** This is derived from expertise, knowledge or professional ability. The more important the information and the fewer the people who possess it, the greater the power of the person who commands it.

A good manager will succeed in motivating staff without forcing them to perform the activities; in other words, this refers to referent power. The ideal manager in an organisation should also be the leader of a particular group of employees. The group of employees must acknowledge and accept the manager as a leader. When this happens, the manager will be able to organise, co-ordinate and direct the group's activities so as to achieve the objectives of the organisation.

The following example of an actual incident illustrates this principle well. A team of workers at a sawmill could never achieve their set objectives. Therefore, management appointed a new manager. The new manager had such a positive

effect on the workers that, within six months, they were easily achieving the set objectives of the sawmill.

ACTIVITY 3.1

What would make a manager a good leader? Motivate your response.

The qualities of good leaders

What are the qualities of a good leader? Are good leaders born or nurtured? These are age-old questions and the debate is by no means over. Although we cannot answer these questions categorically, we can identify certain personal characteristics that distinguish a manager-leader from a non-leader. We can also distinguish between the traditional and charismatic qualities of leaders.

Traditional qualities

What are the qualities of a good leader? Are good leaders born or nurtured? These are age-old questions and the debate is by no means over. Since the beginning of the previous century, researchers have been trying to establish which qualities are most characteristic of leaders. Although we cannot answer these questions categorically, we can identify certain personal characteristics that distinguish a manager-leader from a non-leader. Most sources on leadership identify the qualities shown in Figure 3.1:

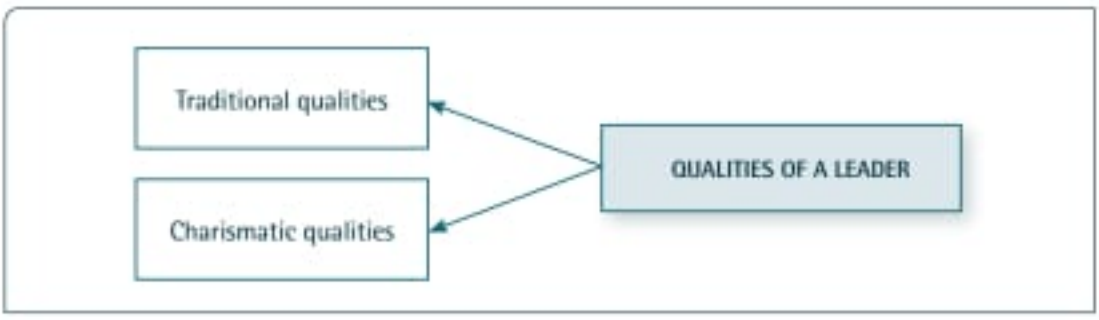


FIGURE 3.1 TRADITIONAL QUALITIES

- **Self-confidence:** The ability to instil confidence in other people is a prerequisite for leadership. Every leader must have the necessary self-assuredness, self-confidence and faith in him- or herself to be able to instil this confidence in others. A good example to illustrate this is the French general and former president of France, Charles de Gaulle, who wrote that a leader who was not trusted would never be able to rally a group together in adversity or keep them together. Trust is reciprocal: We can only expect trust if we offer trust.

Leadership

What is leadership?

Former American president, Dwight D. Eisenhower, expressed the following view on leadership: 'There is a great difference between the ability to lead and the results of leadership. Hitler had an almost hypnotic magnetism – the power to lead – but he used it to lead a nation to destruction. The value of Winston Churchill's leadership is measured by his achievement' (Rupert, 1967: 37).

Eisenhower, therefore, distinguished between leadership ability, on the one hand and, on the other, the consequences of leadership. According to him, Hitler and Churchill both possessed leadership abilities. Hitler used his abilities to start a war, whilst Churchill created a stable order. Therefore, managers should be measured by the consequences of their leadership.

Defining leadership is not an easy task. In different countries different views of leadership have emerged: The Americans place emphasis on co-ordination and co-operation, while Europeans regard traditional authority, discipline and inspiration as important requirements for a leader. In South Africa today, we talk about the *ubuntu* style of leadership. This approach, which originated in African communities, is based on the view that a person is only a person through other people. In other words, every person is entitled to respect and acceptance by the community. The *ubuntu* approach will naturally also influence a manager's leadership style.

Stoner and Freeman (1989: 459) define leadership as 'the process through which individual and group activities are guided and influenced to achieve the objectives of the organisation'.

For the purpose of this book, leadership is defined as follows: Leadership refers to the activities that create a bridge between planning in the organisation and achieving the objectives of the organisation.

Leadership has a direct influence on the success of an organisation and places a high value on the ability of a leader to maximise the leverage of human capital resources. The type of leadership that is applied largely determines whether the organisation will prosper or fail. In practice, there are numerous examples of struggling organisations that have been transformed by excellent leadership. However, there are also many examples of successful organisations that have been ruined by poor leadership.

- **Intelligence:** A leader must have good reasoning abilities and powers of judgement. However, the leader does not necessarily have to be the cleverest person in the group.
- **Enthusiasm:** The term enthusiasm is derived from a Greek word that means to be inspired or possessed by a deity. Enthusiasm creates the driving force to take action, and the willingness to work and accept responsibility. A former chief of staff of the American army, General Charles P. Summerall, once said: 'A leader must be everything he wants his subordinates to become'.
- **Honesty and integrity:** Leaders who are known for their honesty and integrity usually have a large following. The followers know that they can trust their leader to make decisions that are in their best interests.
- **Work-relevant knowledge:** When problems arise in the workplace, the group usually relies on the leader to take the lead in solving the problem. It is therefore essential for the leader to possess work-relevant knowledge.
- An exceptional ability to **observe and evaluate:** Leaders should monitor their environment constantly, that is, they should remain abreast of all developments relating to their situation and to the people with whom they work. They should be able to sum up a situation correctly, understand the group's feelings and then act in a way that will satisfy the group's expectations. Leaders should therefore have the ability to adapt to changing circumstances.

When companies first began using computers for word-processing, many employees resisted the new technology and preferred to continue using typewriters. However, this change was so far-reaching that these workers soon had great difficulty in keeping pace with the rest of the business world. Therefore, adaptability and the ability to monitor the environment are essential qualities for the success of a business.

Charismatic qualities

A charismatic person is someone who has great magnetism and the ability to inspire and influence people. Charismatic qualities are those qualities that the general public and media usually see as the sign of a good leader. Examples of people with charismatic leadership qualities are John F. Kennedy, a former president of the USA, Nelson Mandela and Lady Margaret Thatcher, a former prime minister of Britain. These leaders made difficult and unpopular decisions, but with their exceptional leadership abilities they were nevertheless able to inspire their followers and to achieve success.

The following six charismatic qualities have been identified in leaders:

1. **Self-confidence:** Leaders have complete confidence in their ability and judgement to make the right decisions.

2. **Vision:** All leaders have a vision of a future that is better than the present. This vision of a better world attracts many followers to the leader.
3. **The ability to explain the vision:** Leaders usually have the ability to explain their vision to their supporters in a practical and comprehensible way so that everyone understands the vision and knows the road ahead.
4. **Strong convictions about their vision:** Usually, leaders are totally committed to their vision, although this may entail considerable personal risk, cost and self-sacrifice.
5. **Unusual conduct:** Leaders sometimes take unusual, though characteristic, decisions and these can catch those who will be affected by their decisions unawares.
6. **Agents of change:** Leaders are regarded by their supporters as people who bring about change, rather than as people who merely maintain the status quo. Leaders therefore exercise transformational leadership.

ACTIVITY 3.2

Complete the following table by evaluating the charismatic qualities of the following leaders on a scale of one to ten. One out of ten is very poor and ten out of ten is very good.

	NELSON MANDELA	THABO MBEKI	BARACK OBAMA
Self-confidence			
Vision			
Ability to explain vision			
Strong convictions			
Unusual conduct			
Agent of change			

Different leadership styles and their implications

We can distinguish between two basic styles of leadership, namely a task-orientated style and a people-orientated style. We can describe the difference between these two styles of leadership in the following way:

1. **Task-orientated leadership style:** Task-orientated managers place emphasis mainly on the execution of tasks with a view to achieving the objectives of the organisation.
2. **People-orientated leadership style:** People-orientated managers place a great deal of emphasis on their relationship with their staff, as well as on mutual trust and respect.

The following leadership theories are built around these two leadership styles.

The managerial grid of Blake and Mouton

One of the best-known practical applications of research findings on leadership is the managerial grid of Robert Blake and Jane Mouton (in Kroon, 1995).

This grid is used to assess a manager's behaviour in terms of task-orientation and people-orientation. It is an axis system, with the vertical axis indicating the manager's degree of concern for people, and the horizontal axis indicating the manager's degree of concern for the task at hand. On each of the two axes, there is a scale of one to nine (one indicates little interest in the task or in people, whilst nine indicates a high degree of interest in the task and people). Therefore, a position on the grid can be allocated to a manager, depending on how task-orientated or people-orientated he or she is.

The grid below indicates five basic managerial styles. Of course, there are numerous other styles between these five styles that reflect other combinations of task-orientation and people-orientation.

The five managerial styles shown in the grid can be described as follows.

1. **1:1 managers (laissez-faire managers):** These managers have a laissez-faire style as they simply allow everything and everyone around them to go their own way. These leaders are abdicators who give up their responsibility. As managers they do only enough not to lose their jobs.
2. **9:1 managers (autocratic managers):** These managers have an autocratic management style. They believe that the work must be done at all costs, even if this means placing great pressure on employees.

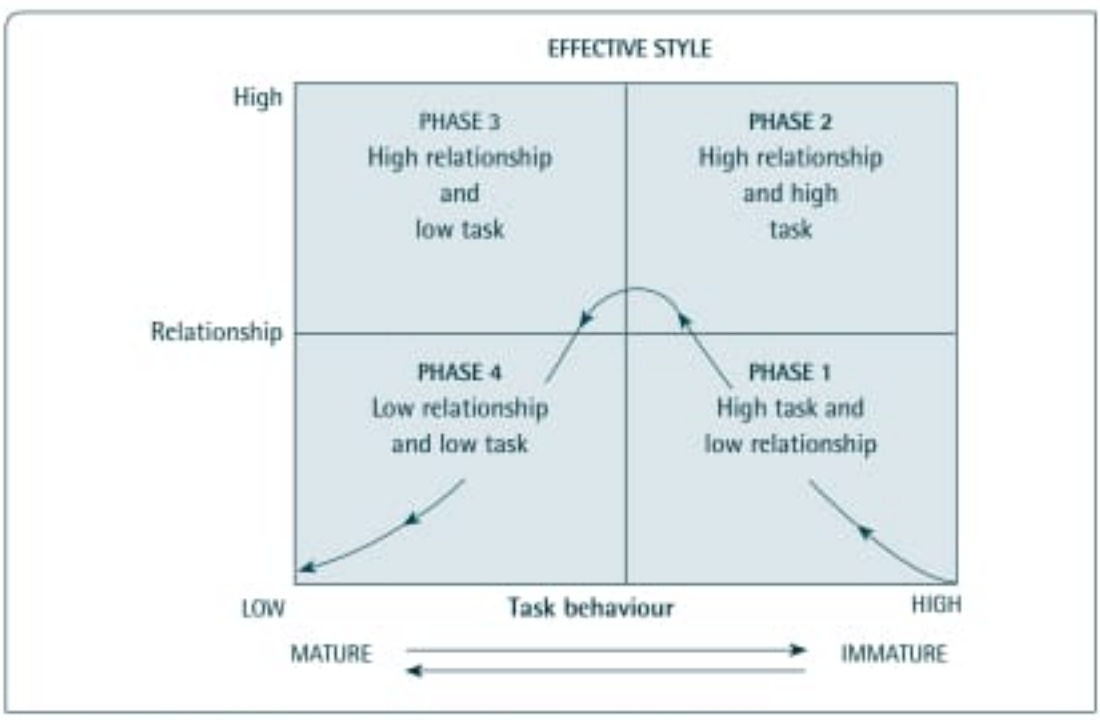


FIGURE 3.3 THE LIFE-CYCLE THEORY OF HERSEY AND BLANCHARD

Source: Adapted from Kroon, 1995: 365

The four phases of Hersey and Blanchard's life-cycle theory are as follows:

1. **Phase One** is the period when the employee first joins the organisation. During this period, a task-orientated approach is more desirable. The employee must receive instructions about his or her tasks so that he or she can become acquainted with the general rules and procedures of the organisation. A manager who does not give direction will cause difficulty during this phase. A participative leadership style (a style where employees are involved in decision-making) will not have the right effect in this instance, because the newcomer's co-workers would not yet regard him or her as a colleague. In this phase, particular emphasis is therefore placed on task-orientation and little emphasis is placed on the relationship between the leader and the employee.
2. In **Phase Two**, the employee begins to master the work. However, task-oriented leadership is still important because the employee will still be unable to accept full responsibility at this stage. During this phase, the manager may begin to have greater confidence in the employee and give him or her less direct support. He or she begins to adopt an employee-orientated (people-orientated) approach. Here the emphasis is on the task as well as on the relationship between the employee and leader.

3. Based on the management styles, decide where you would place yourself, your direct manager or the other manager on the grid. Indicate this with an X and the number, for example, X2.

The contingency approach

Up to now we have concentrated on theories that assign effective leadership to a leader's qualities or behavioural patterns. However, these approaches have shown that no single quality or style is effective in every situation and that good leadership is the result of other variables, too. This has led to a shift in emphasis in research on leadership. Researchers have begun to identify those factors that influence the effectiveness of leadership in every situation. They have come to the conclusion that the success of managers can be attributed only in part to their qualities or conduct. Success is determined by how well the manager's qualities and conduct make provision for the needs of staff and the requirements of each situation.

The view that the success of managers depends on their ability to sum up a situation and to adapt their leadership style accordingly is called the contingency or situational approach. According to proponents of this approach, rather than searching for the best leadership style, managers should concentrate on establishing more effective interaction between them, the situation and their employees.

One example of the contingency approach is the life-cycle theory, a theory of leadership that was developed by Hersey and Blanchard (1993). According to this theory, effective leadership demands a dynamic, flexible leadership style that can be adapted to changing circumstances.

Hersey and Blanchard believe that leadership must be able to adapt to the maturity of staff. Maturity here does not mean emotional stability or age. It refers to work maturity, that is, a desire to achieve, a willingness to accept responsibility, as well as work knowledge and work experience.

Hersey and Blanchard believe that the relationship between leaders and their employees moves through four phases. These phases are set out in Figure 3.3. (Note that what Hersey and Blanchard call a high task (orientation) is the same as the task-oriented approach that we described earlier, and that high relationship (orientation) refers to people or employee orientation.)

Applying the contingency approach in practice

How can the manager apply the contingency approach in practice? Let us look at how the contingency approach and, more specifically, the life-cycle theory are implemented in practice.

Suppose that a messenger is very task-ripe in the delivery of internal mail – in other words, he or she is mature and responsible in respect of the task, and performs it well. However, he or she is task-green when it comes to delivering post externally. Perhaps he or she is not skilled enough to perform this task and needs training, or else does not like the task. In other words, he or she has little desire to perform the task.

In this example, the life-cycle theory cannot simply be applied, because although the messenger falls into Phase Four of the life-cycle (is task-ripe) in certain respects, in other respects he or she is in Phase One (completely task-green). In this case, the life-cycle theory must be adapted.

Another exception in the application of this theory is when the manager urgently needs to achieve something by a set target date. In such a situation the manager might consider it necessary to increase production, to display high task-orientation and place little emphasis on his or her relationship with staff, even if they are mature. The following example illustrates the practical application of the life-cycle theory.

Suppose that a man is appointed as a salesperson in a clothing store. In the beginning he will be very immature in the sense that he will still be unable to solve task-related problems on his own. According to the model, Phase One will apply here, namely high task-orientation and low relationship-orientation. The manager must tell the person precisely what to do and what is expected of him. The manager must show him what to do when goods are returned, and how he should handle cash and credit sales. The foundation of a personal relationship between employee and leader is laid during this stage.

As the person gains working experience in the clothing store, he moves on to Phase Two, namely a high task-orientation and a high relationship-orientation. Although the person has become more mature, the manager must still keep a watchful eye on him because he will still require guidelines and help from time to time. This phase builds on the foundation that has been laid in Phase One and an atmosphere of mutual trust, respect and friendship is created.

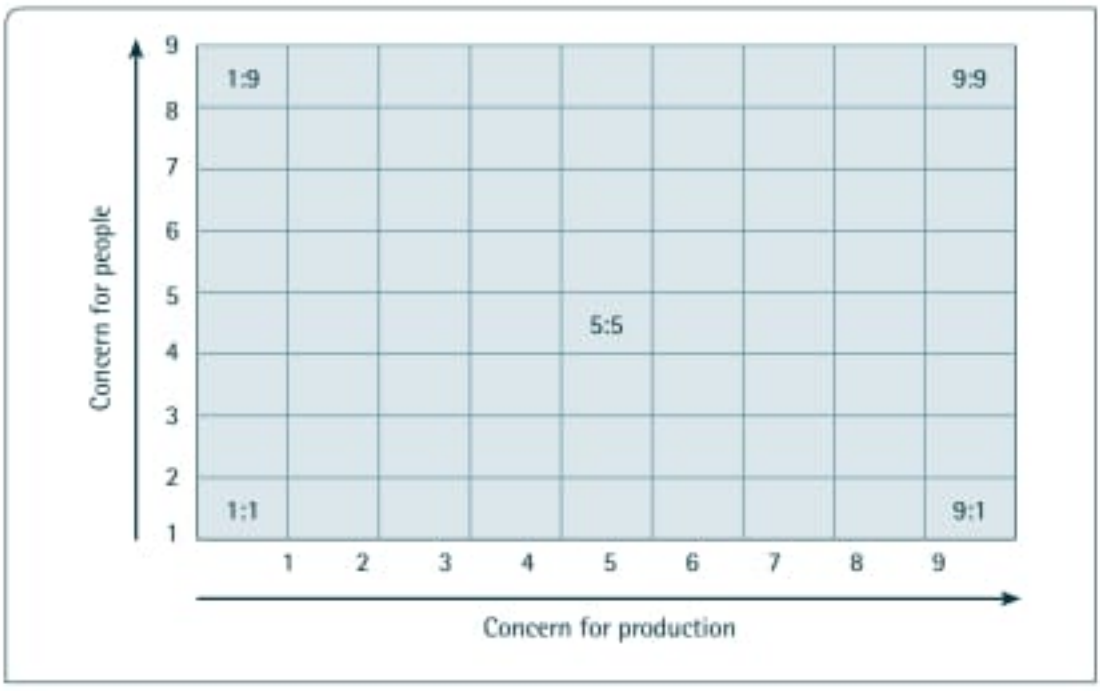


FIGURE 3.2 THE MANAGERIAL GRID OF BLAKE AND MOUTON

Source: Adapted from Kroon, 1995: 360

3. **5:5 managers (middle-of-the-road managers):** These managers follow the golden mean – for them, both the people and the task are reasonably important.
4. **1:9 managers ('country-club' managers):** The name of this management style refers to the (often luxurious) sports or social clubs at which members can talk and dine in a relaxed atmosphere, where concern is always shown for the comfort of the club members. Managers who adopt this style of management place great emphasis on the happiness and satisfaction of their staff. They usually try to place as little pressure as possible on their employees.
5. **9:9 managers (team managers):** This is the ideal management style. These managers adopt a democratic style of management and show a high degree of concern for production as well as for their staff.

ACTIVITY 3.3

1. Draw the managerial grid.
2. Think about the managerial styles of the following people:
   - you
   - your direct manager or another manager

3. In **Phase Three**, the employee begins to strive for greater responsibility. It is no longer necessary for the manager to be task-orientated. However, the manager still has to support and accommodate the employee in his or her pursuit of greater responsibility. Emphasis is still placed on the relationship between the leader and the employee, but it is less task-orientated.
4. In **Phase Four**, the employee has more self-confidence and is more familiar with the work situation. He or she becomes more independent, gains more experience and begins to take the lead more often. The employee is now more self-reliant and no longer requires his or her manager to be task-orientated. Hence, there is little emphasis on the relationship between these two and little emphasis on task-orientated management.

The strong and weak points of the life-cycle theory are summarised in Table 3.1 below.

To be successful, managers should therefore be able to analyse a situation, determine which level of training and support is required and adapt their own styles as their staff develops.

TABLE 3.1 THE STRONG AND WEAK POINTS OF THE LIFE-CYCLE THEORY

PHASE	STRONG POINTS	WEAK POINTS
One	It is assumed that managers know what they want, and achieve the set objectives by using personal methods without causing dissatisfaction among employees.	The employee feels that he or she is not trusted and that the leader is interested in achieving short-term output only.
Two	The needs and satisfaction of the group are of prime importance when setting objectives and organising work. At the same time, a high level of social and emotional support is provided.	In many cases, more structures than are actually required are created in the organisation to help the employees. More time may be spent on social and emotional support than is necessary.
Three	The manager has total confidence in the employees and concentrates mainly on developing their talents.	The manager may be seen as someone who is interested only in the harmony of the group; as a 'decent person' who is not prepared to jeopardise his or her relationship with the employees for the sake of the task.
Four	The manager gives employees the appropriate consent to decide for themselves how the work should be done and plays only a minor role in their social interaction.	The manager is often seen as passive and uninvolved; as a 'paper-pusher' who cares little for the task or people who are involved.

The situation described below is an example of how a manager, together with the functional manager and top management of an organisation, made different plans to motivate employees.

EXAMPLE 3.1

MOTIVATING EMPLOYEES

The employees of an organisation failed to achieve the objectives that had been set for them.

The manager's first plan was to pay the employees more if they were to work harder. However, because they worked in teams, the incentive of more money for more work failed because not all the employees were motivated to work harder. As a result they still failed to achieve the set objectives.

The manager's second plan was to allow the team of employees to go home as soon as the set objectives had been achieved. This plan succeeded in motivating the employees to work harder to attain the set objectives. The manager therefore motivated the employees by offering them the possibility of having more free time. To the employees, free time was very important and consequently they were more motivated to work.

Motivation originates when an individual experiences tension because of an unsatisfied need. This tension serves as the incentive for the conduct that is required to satisfy the need. Motivation is a driving force that develops spontaneously in a person, but the manager must strive to stimulate this driving force.

Communication

Although we usually see and study people as individuals, we should not lose sight of the fact that people are social beings. People can only exist within the framework of social institutions and through contact and interaction with other people. This interaction takes place by means of social communication.

Because interaction between people depends on communication, accurate communication is of paramount importance to the organisation and is an integral part of all management functions.

The leader and employee now move on to the next phase, which has a high relationship-orientation and a low task-orientation. The employee now displays an above-average maturity toward his work and is usually able to solve task-related problems. In this phase, as in the previous phase, emphasis is placed on improving relationships with the other employees.

Once the salesperson has achieved the greatest possible degree of maturity, a style of low task-orientation and low relationship-orientation is adopted. The manager can now pay less attention to the task because the salesperson is familiar with his work duties. Here the manager also has a positive working relationship with the salesperson. Task behaviour is virtually no longer necessary and relationship behaviour is only necessary to ensure a continued positive relationship between the manager and the salesperson. The salesperson is now left to do his work, knowing that he can approach the manager at any time for additional help should any problems arise that he cannot solve.

ACTIVITY 3.4

1. Discuss how a manager should use the life-cycle theory in the workplace.
2. Which additional measures should be taken to counter the weak aspects of the theory?

It is important to take note of the following five leadership theories (Anderson, Baur, Griffith & Buckley, 2017: 245–260):

- **Transformation leadership theory** indicates the leadership style of inspirational leaders who motivate their employees through the accomplishment or achievement of business goals by the group.
- **Information processing theory** has developed from the recognition and acknowledgement of the leaders by their employees, and forms an integral part of the phenomenological experience of leaders.
- **Leader-members exchange theory** refers to the one-on-one relationship between leaders and employees through the leader-employee interchange perception.
- **Authentic leadership theory** originates from humanistic philosophy theory and can be described as a pattern of leadership behaviour grounded in and endorsing positive psychological capacities and positive ethical climates.
- **Ethical leadership theory** describes how leaders behave ethically and encourage moral behaviour among their employees.

Suggestions for effective leadership

Here are a few suggestions that managers can use to be more effective:

- **Project self-confidence.** If we act with confidence, our staff and managers will have more faith in our decision-making and conduct.
- **Be enthusiastic.** If we are excited, enthusiastic, eager and energetic about achieving our objectives, the staff members under our supervision will also be motivated to try harder to achieve the objectives.
- **Maintain honesty and integrity.** Staff will be more inclined to follow a manager who they can trust and respect. As their managers, we must be open and honest with our employees and acknowledge any mistakes that we may have made.
- **Develop work-related knowledge.** Technical knowledge of our work and an ability to solve work problems are of paramount importance. As managers, we must be skilled in the field in which we have been appointed.
- **Be consistent.** Employees feel more secure if they know how their manager will behave and act. Remember that if our conduct is consistent, our credibility will increase.
- **Understand our staff.** It is important that we treat our staff members as individuals. Each employee is an individual with his or her own personality. Therefore, each of them is unique, and as managers we should deal with each employee in accordance with his or her own personality.
- **Understand the nature of our employees' work.** As managers, we must adapt our management style to match the employee's task. If the task is largely unstructured, it is our job to give it more structure; on the other hand, we could build more variety into a routine task.
- **Support our employees.** Give employees support and protection wherever possible. If one of them makes a mistake, we should support that person and not attack him or her. One of the easiest ways of destroying our credibility among our employees is when they discover that we are unwilling to protect them.
- **Set a good example.** One should take into consideration that, as managers, we are role models to our employees. We set an example that they will follow.
- **Reward the contributions of others.** When the group's contributions meet with success, make sure that they know that their contributions are appreciated. Bear in mind that the group must be given credit for the successes, while we have to accept responsibility for the failures.

ACTIVITY 3.5

Complete the following table. Use the principles above to assess yourself as well as your immediate head in terms of your effectiveness as managers on a scale of one to five (one = very poor, and five = very good).

	SELF	IMMEDIATE HEAD
Self-confidence		
Enthusiasm		
Integrity		
Relevant knowledge		
Consistency		
Understanding		
Support		
Setting an example		
Rewarding others		

Leading: The other supporting management tasks

What are we supposed to do with all this knowledge about leadership? Now that we have studied all the theories of leadership, the next step is to briefly look at the other supporting management tasks, namely:

- motivation
- communication
- the handling of conflict.

Motivation

Motivation can be defined as the effort that a manager makes to inspire his or her staff members so that they will voluntarily do their best to achieve the objectives of the organisation. Employees of the more recent generation, the Millennials, which refers to people born between 1982 and 1999, presently represent the largest age group in the workforce and have different motivational drivers to their predecessors.

Conflict

Conflict refers to a situation in which different people hold different views or make opposing statements. Conflict usually arises in an organisation when people hold diametrically opposed opinions.

Teams

What is a team?

A team is two or more people who interact and co-ordinate their work to achieve a specific goal. From this description we can identify three components:

1. Teams are made up of two or more people.
2. The people in the team work together.
3. The people in the team share a goal.

Why teams?

Different research studies suggest the following reasons as to why people work in teams:

- The team offers the possibility of more talent in the organisation.
- Each team member can count on backup in case of need.
- Individual eccentricities are tempered by the team for the good of the organisation.
- Motivation increases as team members take pride in one another and try not to let each other down.
- The task of beating competitors requires the combined talents of all the members of the team.

What are the differences between groups and teams?

The following table, based on the research of Katzenbach and Smith (1993) indicates the basic differences between groups and teams.

TABLE 3.2 DIFFERENCES BETWEEN GROUPS AND TEAMS

GROUP	TEAM
Has an elected strong leader	Members share leadership roles
Individual accountability	Mutual and individual accountability
Identical purpose for all group members	Team vision

The stages of team development

After a team has been formed, it goes through different stages of development.

The following four stages of team development can be identified:

1. **Forming:** This is a period of orientation and becoming familiar with one another. Team members find out which performance is acceptable to others and discover friendship potential and decide on task-orientation.
2. **Storming:** Individual personalities come out more clearly. Team members become more self-confident in clarifying their roles. This phase is distinguished by conflict and disagreement.
3. **Norming:** Conflict has been resolved and team unity and agreement emerge. Agreement develops as to who the natural team leaders are and members' roles become clear.
4. **Performing:** Members are committed to the mission of the team and dedicated to accomplishing the goals of the team.

Team leadership

Prepare to lead a team

Every team that management establishes will have a leader or a group of leaders. According to Bell and Smith (2003), it is important that the leader or leaders have the following qualities:

- Withhold personal ideas and rulings long enough for others on the team to have their say.
- Listen with interest and respect even to ideas and opinions that differ considerably from their own.
- Direct traffic in discussion without playing favourites.
- Draw out quieter members of the team and hold back more vocal members as necessary.
- Keep discussions moving in a productive direction, with an eye toward reaching stages of agreement that will eventually underpin decisions.
- Build consensus rather than force close votes.
- Focus the team, as often as required, on its short- and long-term goals.
- Defuse conflict among team members by distinguishing between ideas and personalities, redirecting comments and using humour if appropriate.
- Be an advocate for the team in its negotiation for resources, personnel, facilities and support.
- Be the liaison person between the team and upper management.
- Be a cheerleader for the team, with a firm belief in the ability of the team to achieve its goals.

GROUP	TEAM
Performance goals set by others	Team sets performance goals
Works within organisational boundaries	Not inhibited by organisational boundaries
Individual work products	Collective work products
Organised meetings and delegation	Mutual feedback, open-ended discussions, active problem-solving

ACTIVITY 3.6

1. List five reasons why people work in teams.
2. Name the three components of a team.
3. Complete the following table, indicating the differences between groups and teams:

GROUP	TEAM
Has an elected strong leader	
	Team sets performance goals
Individual work products	
	Mutual feedback, open-ended discussion, active problem-solving

- **The Implementer:** The Implementer is a solid, reliable individual who thrives in a steady, little-changing environment. The Implementer likes to be told what to do and in return he or she will do the job and work cautiously for good results. The Implementer is considered necessary to the effective functioning of the team, regardless of the lack of vision and the fact that he or she reacts poorly to situations that may involve vague information and change.
- **The Team Worker:** The Team Worker is everyone's friend, but may be less worried about getting the task finished. The Team Worker has effective interpersonal skills and is skilful at developing team unity. He or she is good at reading people, being able to understand their moods and feelings. The Team Worker works quietly to achieve agreement and will address disagreement if it threatens to surface. He or she is emotionally steady and without a strong competitive streak.
- **The Resource Investigator:** This role provides the connection with the outside world, since the Resource Investigator is the one most likely to seek ideas and expand associations with other units and business. The purpose of these activities is to make sure that the team acquires the best ideas and that it does not undergo the effects of narrow-mindedness. The Resource Investigator, like the Co-ordinator, likes to develop people's talent, but is not quite as steady as the Co-ordinator. The Resource Investigator is impulsive and can lose interest quickly; therefore this person needs much diversity in his or her work environment.
- **The Completer:** The Completer is one of life's naggers. The Completer can be annoying to team members and often turns up and harasses members for work to be completed. In fact, his or her unlimited anxious energy is primarily used to finish a project. He or she constantly meets deadlines and ensures that others do so too.
- **The Specialist:** The Specialist provides the team with expertise and knowledge that is often vital for effectively completing the projects. The Specialist's role differs from the members of the team in the sense that personal attributes do not have an effect on his or her inclusion or exclusion. The job of the Specialist is to provide professional or technical information that the team needs to complete the project.

Belbin's experiments support the view that in the ideal team most of the abovementioned personalities or roles must be present.

Putting a balanced team together

The following team roles were identified by the well-known research of Dr Meredith Belbin (in Stott & Walker, 1995) at Henley Business School in the early 1980s. However, it should be noted that each ideal role includes a number of weaknesses associated with the role. Belbin called these allowable weaknesses and noted that these are acceptable in a team setting. According to Belbin, the weaknesses can be described as the payments that are made for the strengths inherent in the particular role.

- **The Co-ordinator:** This role is one of the two team-leadership roles. It is significantly different from that of the more directive leader, called the Shaper. The Co-ordinator likes to identify people's skills and abilities, and use them. The Co-ordinator will involve colleagues in decision-making and will genuinely share ideas and information whenever possible. The Co-ordinator never loses control and reaches targets because she or he retains a focus on the task.
- **The Shaper:** The Shaper acts in direct contrast to the Co-ordinator. The Shaper is hasty, makes rapid, incisive decisions and gives direct orders. He or she would probably argue that this is more productive and less time-consuming than participative management. The Shaper is an action person, wants to see quick results, likes yes-people and has no time for those who question his or her decisions. The Shaper is extremely task-centred, and people's needs tend to take second place.
- **The Plant:** The Plant is the ideas person, someone who can take a team out of a state of dull unevenness into new realms of performance, but only if other team members are prepared to listen and react. The main activity of the Plant is to energise new ideas, provide new approaches and formulate new ways of doing things. The Plant has a highly creative mind and likes to search for new ways of doing things.
- **The Monitor Evaluator:** In contrast to the Plant, the Monitor Evaluator is the one who breaks the new ideas down and often rejects them. He or she provides a quality-control service, carefully finds the faults in proposals and suggestions, and rejects any idea that has not accommodated the necessary constraints and limitations. As a result, he or she can easily incur the anger of the Plant and can further provoke the ire of the rest of the team by an over-critical and negative approach. The Monitor Evaluator has a great ability for interpreting complex data and, more often than not, is able to choose the best decision from a range of alternatives.

- **The Implementer:** The Implementer is a solid, reliable individual who thrives in a steady, little-changing environment. The Implementer likes to be told what to do and in return he or she will do the job and work cautiously for good results. The Implementer is considered necessary to the effective functioning of the team, regardless of the lack of vision and the fact that he or she reacts poorly to situations that may involve vague information and change.
- **The Team Worker:** The Team Worker is everyone's friend, but may be less worried about getting the task finished. The Team Worker has effective interpersonal skills and is skilful at developing team unity. He or she is good at reading people, being able to understand their moods and feelings. The Team Worker works quietly to achieve agreement and will address disagreement if it threatens to surface. He or she is emotionally steady and without a strong competitive streak.
- **The Resource Investigator:** This role provides the connection with the outside world, since the Resource Investigator is the one most likely to seek ideas and expand associations with other units and business. The purpose of these activities is to make sure that the team acquires the best ideas and that it does not undergo the effects of narrow-mindedness. The Resource Investigator, like the Co-ordinator, likes to develop people's talent, but is not quite as steady as the Co-ordinator. The Resource Investigator is impulsive and can lose interest quickly; therefore this person needs much diversity in his or her work environment.
- **The Completer:** The Completer is one of life's naggers. The Completer can be annoying to team members and often turns up and harasses members for work to be completed. In fact, his or her unlimited anxious energy is primarily used to finish a project. He or she constantly meets deadlines and ensures that others do so too.
- **The Specialist:** The Specialist provides the team with expertise and knowledge that is often vital for effectively completing the projects. The Specialist's role differs from the members of the team in the sense that personal attributes do not have an effect on his or her inclusion or exclusion. The job of the Specialist is to provide professional or technical information that the team needs to complete the project.

Belbin's experiments support the view that in the ideal team most of the abovementioned personalities or roles must be present.

human dignity, equal opportunities, quality in everything we do, mutual trust and respect should be combined with teamwork, recognition for performance, participation and empowerment.

- **Management of the self:** The fourth leadership competence is management of the self, knowing our skills and using these skills effectively. Management of the self is critical: without it managers can do more harm than good. Managers know themselves; they know their strengths and build upon them. They also have a talent known as the Wallenda Factor, which is the ability to accept risk. The Wallenda Factor is an approach to life that goes beyond leadership and power in organisations.

The empowerment of people

To be a leader in a management position in the Knowledge Era, we must have the four leadership competencies discussed above, but to be an effective leader, we must also empower our people. Empowerment is the collective effect of leadership. In organisations with effective managers, empowerment is classified by four characteristics:

1. **People feel important and worthwhile:** Everyone feels that he or she makes a difference to the success of the organisation. According to Jack Welch (2002: 93): *A manager's job is to make his people feel ten feet tall – strong, powerful, self-confident, willing to take risks. Running down your own team is one of the worst things a leader can do. When we empower our people, people feel that what they do has meaning and significance.*
2. **Learning and competence matter:** Today we are living in an economy of ideas; the New Economy. In the New Economy, the changing ways of how organisations work and do business place emphasis on the value of learning. Learning is at the centre of the New Economy. In a culture of performing to the maximum, going faster and breaking recognised rules, the focus on learning requires leaders to change their relationships to knowledge in order to change, and to move and grow in an increasingly competitive period so as to gain a competitive advantage over their competitors. As knowledge increasingly becomes the key strategic resource of the future, the need for the manager to develop a wide understanding of the new knowledge management economy is becoming ever more critical. Knowledge management is the set of practices aimed at discovering and harnessing an organisation's intellectual resources. Knowledge management is about finding, unlocking, sharing and altogether capitalising on the most precious resources of an organisation – its people's expertise, skills, wisdom and relations; in other words, its human capital.

ACTIVITY 3.7

1. Name the different stages of team development.
2. Match the terms in Column A with the correct definition in Column B below.

COLUMN A		COLUMN B	
a.	The Completer	1.	This role provides the connection with the outside world.
b.	The Shaper	2.	Likes to be told what to do and in return he or she will do the job and work cautiously for good results.
c.	The Team Worker	3.	Provides the team with expertise and knowledge that is often vital for effectively completing the projects.
d.	The Co-ordinator	4.	The main activity is to generate new ideas, develop new approaches and formulate new ways of doing things.
e.	The Resource Investigator	5.	He or she constantly meets deadlines and makes sure that others do so too.
f.	The Specialist	6.	He or she is good at reading people and able to understand their moods and feelings.
g.	The Monitor Evaluator	7.	Is an action person who wants to see quick results. Likes yes-people, and has no time for those who question his or her decisions.
h.	The Implementer	8.	He or she provides a quality-control service, carefully finding the faults in proposals and suggestions and rejecting any idea that has not accommodated the necessary constraints and limitations.
i.	The Plant	9.	Never loses control and things get done, because he or she retains a focus on the task.

Leadership succeeds through people. In other words, leadership implies a concerted effort on a leader's part to build strong relationships with team members.

Establishing a culture of truthfulness must therefore be a high priority for any leader.

The leadership of a team

Warren Bennis (2004), in his research for his book on leadership, interviewed 90 of the most effective, successful leaders in the USA: 60 from corporations and 30 from the public sector. Bennis discovered a gap in leadership and productivity, but also, and very importantly, a gap in commitment. These gaps led him to the central question on leadership: How can leaders empower the workforce and reap the harvest of human effort?

A key difficulty in organisations is that they do not pay enough attention to doing the right things, while they pay too much attention to doing things right. Bennis identified the following competencies that a leader who manages a team of people in the Knowledge Era and the New Economy should have:

- **Management of attention:** Leaders must have the power to draw people to them because they have a vision, a dream, a set of intentions, an agenda and a frame of reference from which they lead. Leaders communicate an extraordinary focus of commitment, which attracts people to them. In an interview, Jack Welch (2002:93) noted: *What I wanted to do inside General Electric was to touch every person. I wanted to get into their skin. I tried hard to make that connection, so that they cared the way I cared. Everyone, from the factories to headquarters ...*
- **Management of meaning:** To make dreams clear to others, and to align people with those dreams, leaders must communicate their dreams and vision. Communication and alignment work together. In the words of Jack Welch (2002: 93): *I am not afraid to put ideas out there. But, you have to understand that these ideas are starting points, not endings. Get into the skin of every person so that they know that their ideas count. Celebrate small success. Evaluate the people down to the lowest units, so they know their achievements are constantly being measured and that they count. It's critical that people know their contributions matter. It's critical that they know what they do will be seen and rewarded.*
- **Management of trust:** Trust is one essential element of leadership in all organisations. The main determinant of trust is reliability. Recent studies showed people would much rather follow individuals on whom they can count even when their viewpoints are opposing, than people with whom they agree but who frequently shift positions. According to Brand Pretorius (2001:4–5), Chief Executive Officer of McCarthy Retail: ... *leaders should build on sound and shared values. Honesty and integrity, openness, respect for*

3. **People are part of a community:** The manager's work is to engage the community in the process of co-creating its own future. This process must be done jointly or else the people involved will not feel that they own the results, and therefore will not feel responsible for the successes or failures. Therefore, managers today must create a work environment that attracts good people, and manage them so that they want to stay in the organisation and inspire creative ideas for everyone. The ultimate goal is to turn the brainpower of people into profitable products. Michael Porter, the man who has done more to make us think about competition than anyone else, says that one of the prime keys of leadership effectiveness is for the leader to motivate his work community to come up with new ideas and innovations (Porter in Bell & Smith, 2002).
4. **Work is exciting:** Organisations are about people. People breathe life into organisations through their commitment and positive energy. Given the right environment, people will self-organise to create a dynamic, thriving, successful organisation. An essential ingredient in organisational leadership in the current era is pulling rather than pushing people towards a goal. A pull style of influence attracts and energises people to enrol in an exciting vision of the future. It motivates through identification, rather than through rewards and punishment.

Summary

The 21st century has witnessed paradigm shifts in the definition, studies and applications of leadership. Therefore, leadership should be both dynamic and flexible. Learning and practising leadership will require accumulative competencies for mental and interactive behaviour complexity across the life span of the organisation. As managers, we need to assess the abilities and experience of our staff regularly to decide which leadership style to adopt. If we adopt a suitable style, not only will our employees be more motivated, but they will also become more mature. As they become more mature, the degree of direct supervision needed will decrease. Leadership is therefore seen as a function of the situation. In other words, in most cases the situation determines the leadership style that a manager should adopt. The leader must therefore be able to sum up a situation quickly and apply the most suitable style.

QUESTIONS FOR SELF-ASSESSMENT

1. What was President Eisenhower's view of a leader?
2. Is there a difference between a leader and a manager? Motivate your answer.
3. Discuss the traditional leadership qualities.
   a. What do you understand by charismatic leadership qualities?
   b. Discuss six charismatic leadership qualities.
4. Distinguish between a task-orientated and a people-orientated leadership style.
5. Discuss the life-cycle theory of leadership under the following headings:
   a. Definition
   b. Strong points
   c. Weak points
6. Give practical suggestions for effective leadership.
7. Briefly discuss the value of good leadership and how it affects the management of the organisation.

References

Anderson, HJ, Baur, JE, Griffith, JA & Buckley, MR. 2017. 'What works for you may not work for (Gen) Me: Limitations of present leadership theories for the new generation'. *The Leadership Quarterly*, 28: 245–260.

Bell, AH & Smith, DM. 2002. *Developing leadership abilities*. Englewood Cliffs: Prentice-Hall.

Bell, AH & Smith, DM. 2003. *Learning team skills*. Mason, Ohio: Prentice-Hall.

Bennis, W. 2004. The four competencies of leadership. *In an invented life: Reflection on leadership and change*. (online) www.cio.com/executive/edit/chapter5.html (Accessed: 10 June 2004).

Hersey, P & Blanchard, KH. 1993. *Management of organizational behavior: Utilizing human Resources*. 6th ed. Englewood Cliffs: Prentice-Hall.

Katzenback, JR & Smith, DK. 1993. 'The discipline of teams'. *Harvard Business Review* (March–April), pp 162–171.

Kroon, J (ed). 1995. *Algemene bestuur*. 3rd ed. Pretoria: Kagiso.

Pretorius, B. 2001. 'Effective leadership'. *Management Today*, 17(5): 4–5.

Rupert, A. 1967. *Leiers oor leierskap*. Pretoria: Private publication.

Stoner, JAF & Freeman, RE. 1989. *Management*. 4th ed. Englewood Cliffs, NJ: Prentice-Hall.

Stott, K & Walker, A. 1995. *Teams, teamwork & teambuilding*. New York: Prentice-Hall.

Welch, J. 2002. 'Jack on Jack'. *The Harvard Business Review*, February, p 93.

Communication in an organisation is the process whereby information is acquired and used for planning, organising, leading and control. To improve relations and, therefore, communication, certain conditions have to be in place. These would include meeting or addressing common goals, ensuring and respecting the comparable status of participants in the dialogue, and also the relative power they have in the group.

An organisation can only be run successfully if effective communication takes place. For example, a decision cannot be made without communication and, after the decision has been made, it must be shared. The best-conceived proposal or the most effective plan cannot be executed if there is no effective communication. Poor communication can lead to frustration among those employees who do not understand what is to be done. This can also lead to a decline in profit for the organisation. The aim of communication is to inform, remind or to bring about a certain activity. Therefore, the communicator and the receiver of information must share a common message to achieve the aim of communication.

When dealing with people, motivation and conflict also come to mind. Motivation plays an important role in achieving an organisation's goals and objectives. Motivation is an attempt instilled by management to direct people's behaviour to willingly do their best in the workplace. In doing so, organisational goals and objectives can be achieved.

Conflict is also inevitable when people are involved. However, management will have to handle conflict in the workplace in such a way that the operations are not derailed and that one can still be effective.

What is communication?

Communication is defined as a 'functional, dynamic and transactional process where participants strive to create and share meaning through the exchange of symbols' (Fielding & Du Plooy-Cilliers, 2014). Simply put, communication is a process in which messages are created and exchanged. It involves the transfer of information that carries the correct meaning from one person to another. People should work together to create and share this meaning. This sharing of meaning is crucial for communication to be effective. If an employee assigns a different meaning to the message, then misunderstandings can occur. If no information or ideas have been conveyed, or if the message has not been heard, seen, read, or interpreted correctly, communication has not taken place.

CHAPTER 4

Interpersonal skills

LEARNING OUTCOMES

The contents of this chapter will enable readers to:

- Define the concept of communication.
- Describe the communication process.
- Describe the principles of effective communication.
- Identify the different barriers to communication.
- Distinguish between verbal and non-verbal communication.
- Distinguish between formal and informal communication.
- Define motivation.
- Apply selected motivational theories.
- Explain the principles of applying motivation in the workplace.
- Define conflict.
- Explain selected schools of thought on handling conflict.
- Distinguish between destructive and constructive conflict.
- Identify the causes of conflict.
- Identify the different strategies managers can use to manage conflict.
- Apply the principles of managing conflict in the workplace.

Introduction

Every day, people play a role in the communication process whether it be through talking, listening, texting or tweeting. Conversations, emails, magazines, newspaper articles and social media interactions are all forms of communication. The only way in which one can establish and maintain relationships with other people, and make sense of the world, is by means of communication. The importance of effective communication cannot be overemphasised.

If someone speaks to another person in French, but that other person does not understand French, there will not be any understanding on the part of that person. Therefore, communication – the transfer of meaning – involves a sender who transmits a message and a receiver who understands it. Communication is not only limited to speech. It can be verbal or non-verbal, and can include words, letters, signs, symbols, facial expressions, gestures, or voice qualities.

The communication process

In a broad sense, the communication process is the series of steps that enables an idea in one person's mind to be transmitted, understood and acted on by another person. The communication process involves a sender who encodes a message and transmits it through a channel to a receiver who decodes it and who may give feedback. Before communication can take place, a message must exist. It passes between a sender (the source) and a receiver. The message is converted to a symbolic form (called encoding) and passed on through a medium (channel) to the receiver, who interprets (decodes) the sender's message. The result is the transfer of meaning from one person to the other.

Communication is in fact far more complex than the explanation above, as the process is influenced by a number of variables. Communication is a complex and dynamic process in that messages can be sent and received simultaneously, often involving many people, and messages may be modified based on the feedback received. We must keep in mind that factors such as gender, perception, culture, motivation, communication skills, knowledge level of the receiver, and the social background all play a role in the effectiveness of the communication process. It is also important to remember that an individual can play the role of sender and receiver simultaneously.

The communication process can be explained by way of a communication model. Figure 4.1 shows this process. This model comprises the following eight elements:

1. The sender (communication source)
2. The receiver (or audience)
3. Message
4. Medium or channel
5. Feedback
6. Noise
7. Context
8. Result.

be aware of the organisational culture, any legal constraints, or any ethical circumstances, that may affect how your message is received.

Result

The final aspect of the communication process is the result, or how closely the received message represents the message that was sent. In other words, did the receiver react to the message in a similar way to what the sender anticipated and was the appropriate action taken by the receiver?

The principles of effective communication

Effective communication takes place when the message that the sender wants to send is received and understood by the receiver. One important requirement for good communication is the ability to listen actively. When one speaks, one cannot listen, and if one does not listen, one cannot communicate effectively.

Guidelines for effective communication

To communicate effectively, the following principles must be applied (Kroon, 1995: 390–391):

- **Formulate ideas clearly.** Decide what it is that you want to achieve and plan how you want to say it so that the objective can be achieved. Organise your ideas and, if possible, discuss them with others before you send the message.
- **Get positive attention.** Your message must arouse curiosity and appreciation. Keep the message simple and specific. Make the message short with a clear objective and know the framework of experience of the audience.
- **Make use of effective feedback.** It is important to follow up on the message to test whether the message was successfully interpreted. If not, corrective action can be taken if necessary.
- **Your own approach should be followed.** People are more concerned about matters in which they are interested and not in seemingly vague messages. Therefore, your message must be based on the specific influence you have on the individual and not on generalities.
- **You have to take note of the social climate and specific situations.** The timing of the delivery of a message is most important. For example, messages should not be delivered before people take leave or in the middle of a crisis such as a strike.
- **Advantages for the receiver should be included in communication.** People normally act on the message if it is to their advantage and if the message specifically states the benefit of being followed.

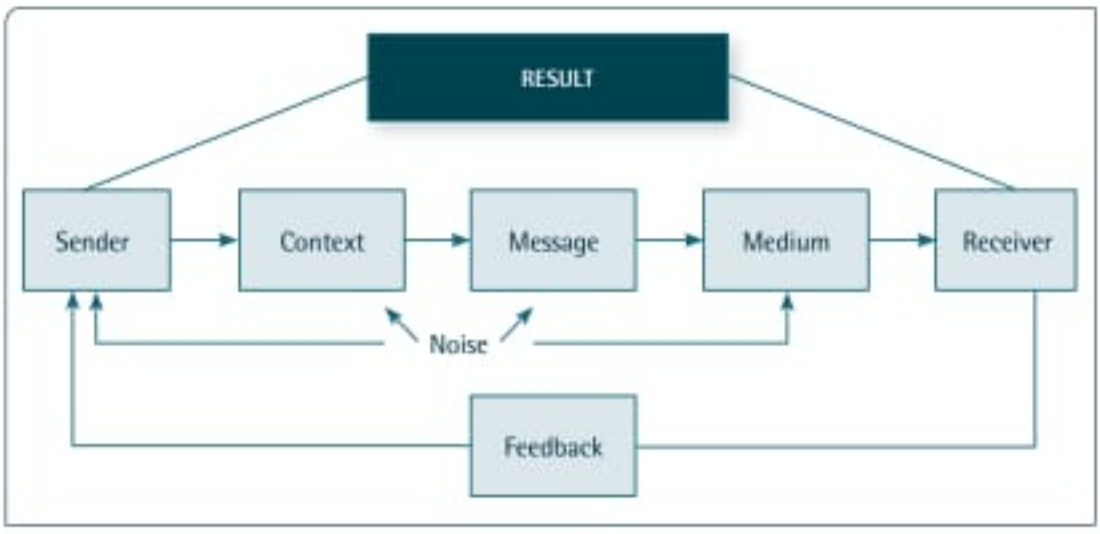


FIGURE 4.1 THE COMMUNICATION PROCESS

The sender (communication source)

The sender is the initiator, or source, of the message and is the person responsible for encoding the message. Encoding refers to the transformation of an idea into a message in such a way that the message can be understood by others, usually by means of words, graphics, signs or symbols.

The receiver (audience)

The receiver, or audience, receives the coded message and has to decode it according to his or her knowledge of the subject, past experience, background, and ability to interpret language. Decoding refers to the receiver interpreting the code in order to make sense of the message. Once the code has been interpreted, the receiver will decide how he or she will react to the message.

The message

The message refers to the information being conveyed and is directed at the receiver with a specific purpose in mind. The message should be clear and purposeful, and communicated in the correct manner, to the correct person, at the correct time. The purpose and content of a message should be clear and able to overcome any verbal or non-verbal barrier that may arise. Poorly constructed messages can lead to confusion and misunderstandings, and may not receive the attention that they deserve. The message can be in the format of a text message, email, speech, presentation, a comment on social media, formal report, and so on.

- **Special care must be taken with the tone and with the content of the message.** Intonation, facial expressions and the way in which one reacts to feedback are very important for personal communication. If there is no personal contact with the person who receives the message, one must read between the lines or guess what the other person wants to say.
- **Use images with care.**
- **Your transfer must be positive.** There must be an attempt to impress and repeat the message and associate it with meaning so that the receiver will remember what the message is.
- **Communication is more successful if affection and respect are offered and earned.**

The seven Cs of effective communication

There are seven Cs of communication you should be aware of if you wish to be an effective communicator, namely (Strydom, 2012):

- **Completeness:** The message must contain all the facts required by the receiver and not leave any questions in their minds.
- **Conciseness:** The message should be short and to the point and not contain any unnecessary information.
- **Consideration:** Have empathy with the receiver and take into consideration their culture, background and feelings.
- **Clarity:** Your message should be clear and free of any confusing words, symbols, or statements.
- **Concreteness:** Be specific and clear. Avoid any ambiguity or generalisations.
- **Courtesy:** Always be polite and avoid any bias or the use of stereotypes in your message.
- **Correctness:** Ensure that your message is free of any spelling or grammar mistakes.

Barriers to the transfer, sending and receipt of the message

Noise is one of the biggest barriers to effective communication. However, there are other verbal and non-verbal barriers that can interfere with the communication process and result in your message not being received as you intended. Verbal barriers refer to what is said or written, while non-verbal barriers relate to how you act. These barriers are shown in Table 4.1.

The medium or channel

The medium or channel refers to the way in which the sender chooses to send the message to the receiver. Various channels exist, such as telephone calls, emails, letters, discussions, presentations, text messages, and so on. The channel that is selected will depend on the nature, background and importance of the message. For example, one can send a text message to congratulate a colleague on the birth of a child, but not to an employee facing disciplinary action as this will require a more formal channel to be followed.

Feedback

Effective feedback is essential in two-way communication as it ensures that the message has been successfully received and interpreted, and that the appropriate action has taken place. Feedback should always be encouraged as it allows the sender to identify and correct any misinterpretations of the message that may occur.

Noise

Noise refers to any barrier, interruption or disturbance in the communication process that will result in the message not being conveyed correctly. Noise can occur at any point of the communication process. Three categories of noise can be identified, namely external or physical noise, internal or psychological noise, and semantic noise.

1. **External noise** can refer to actual noise caused by machines or people, faulty lights, temperature, or the poor reproduction of scanned or faxed documents.
2. **Internal noise** is created by a person as a result of their attitudes, beliefs, backgrounds, or prejudices.
3. **Semantic noise** occurs when a receiver assigns a different meaning to the words used by the sender. This happens when the sender, for example, uses jargon in their message, which may not necessarily be understood by the receiver.

Context

All forms of communication take place within a certain context, for example, there is a different way of communicating when you attend a formal meeting in the workplace as opposed to the informal discussions you will have with friends over lunch. The size of the group involved in the communication will also have an impact on how you communicate. As the sender, you should also

TABLE 4.1 VERBAL AND NON-VERBAL BARRIERS TO COMMUNICATION

VERBAL BARRIERS	NON-VERBAL BARRIERS
Inadequate knowledge or vocabulary	Inappropriate or conflicting signals
Differences in interpretation	Differences in perception
Differences in language	Inappropriate emotions
Inappropriate use of expressions	Distractions
Ambiguity	
Polarisation	

Source: Adapted from Newman, 2017

Other barriers to communication include the following (Fielding & Du Plooy-Cilliers, 2014):

- Poor message structure, mixed messages, or message distortion
- Failure to consider or analyse the needs of the receiver
- Not taking into consideration the different cultural backgrounds
- Wrong emphasis of information
- Too much or too little information
- Poor listening skills
- Lack of attention to feedback or providing poor feedback
- Using the wrong channels of communication
- Poor planning of information
- Defensive or unsupportive climate.

Methods of communication

Communication can be either verbal or non-verbal.

Verbal communication

People usually communicate with one another by means of verbal communication (oral and written communication). Verbal communication involves the use of written or spoken words to exchange information with another person. This can include having discussions with people, watching people on television, listening to people on the radio, or interacting with people through cellphones and on the internet. In organisations, most of the time verbal communication is used to send messages.

Oral communication has a major advantage because it is easy, fast and encourages feedback. The disadvantage is that it is usually less accurate, especially whenever a message has to be passed on by a number of people. Each person interprets the message in his or her own way. Furthermore, word-of-mouth communication provides no record of its content.

Non-verbal communication

A large portion of daily communication contains non-verbal cues used to express oneself or to interpret other people's messages and communication. The fact that oral communication also carries a non-verbal message cannot be overemphasised, because the non-verbal component is likely to have the greatest impact, with many people believing the non-verbal message over the verbal one. Successful communication at this level largely depends on our ability to understand our own and other people's non-verbal communication.

Therefore, some of the most meaningful communication is neither spoken nor written. A loud siren or a red light at an intersection tells us something without the use of words. However, the best-known form of non-verbal communication is body language. Body language refers to gestures (the use of body motion such as hand signs, pointing, signalling and nodding), facial expressions (eye contact and a wink or a smile, a frown or a dirty look), and other movements of the body (leaning back or forward, crossing arms or legs). For example, if one's line manager gives a stern look when one is doing something wrong, that look may be more powerful than words.

The importance of non-verbal communication in the workplace

To ensure the effectiveness of non-verbal communication in the workplace, you should be aware of your non-verbal communication and ensure that it is consistent with your written or spoken words. You should be aware of, or read, other people's non-verbal communication, because their body language can say a lot about that person's feelings and attitudes toward what is being communicated.

A good idea is to arrange the office so that it is conducive to open communication. Generally, one should not sit behind one's desk and have another person in front of the desk. Sitting side-by-side creates a more open atmosphere. When talking to people, use non-verbal communication to convey openness to messages. Smile, face the person and use eye contact that is comfortable for all, lean forward a bit and nod frequently to convey active listening and sincere interest.

Do not cross your arms or legs (these are signs of closed communication) and speak in a pleasant, calm tone of voice.

Consider this example: The manager tells employees that his office door is always open and that they can come to him with any problem at any time. Yet, every time the manager is approached by a staff member with a problem, he fidgets with his pen, seems to be distracted by documents on his table and constantly looks at his watch. This is a different message to the one that the manager verbally conveyed. What is being displayed in this case is the power of non-verbal communication and, more specifically, that actions speak louder and more accurately than words.

Formal and informal communication

Two types of organisational communication can be identified, namely, formal and informal communication. Formal communication flows in a vertical, horizontal, or diagonal direction throughout the organisation. Informal communication, on the other hand, flows through the grapevine, informal social groupings, or through phatic communication.

Formal communication

In an organisation, formal communication is done through the channels officially created by management. The organisational structure is normally a good indication of how communication channels function. The different channels used in formal communication are as follows:

1. **Vertical communication:** This channel refers to the flow of information both downward and upward through the organisational chain of command. It is recognised as the official transmission of information and meaning throughout the organisation. Vertical communication is crucial in an organisation as it provides staff with instructions and allows management to receive feedback.
2. **Downward communication:** This refers to any communication where a manager communicates with his or her employees. This type of communication takes place when top-level management makes decisions, implements policies, develops procedures and so forth, which are then communicated down the chain of command to inform and instruct the employees. Downward communication can also be used to motivate, support and encourage employees, or to provide instructions, guidance, feedback or information on how to complete a task.

3. **Upward communication:** This type of channel is used when employees send messages to their line managers. In this fashion, managers get feedback on their communication, receive suggestions from their employees, learn what is happening in the organisation, and often find out more information about their customers. Employees gain from upward communication as they discuss issues with their managers.
4. **Horizontal communication:** This is also known as lateral or sideways communication, and refers to the flow of information between colleagues and their peers, who are on the same level. It is formal communication, but it does not follow the chain of command. Horizontal communication is needed to ensure co-ordination within a department and among different departments, share plans, negotiate differences, and encourage teamwork and co-operation. Most employees spend more time communicating with peers than with their managers.
5. **Diagonal communication:** This type of communication takes place across different levels of authority, levels, or functions. For example, the manager of the marketing department may ask the accountant to provide information on the finances for the marketing campaign.

Informal communication

Informal communication channels are formed while colleagues establish personal relations during unofficial interactions in the organisation. An organisation should not only rely on communicating outward and through formal channels, but also inward and through informal channels. Three types of informal communication can be found in the organisation:

1. **Informal social groupings:** This occurs when employees get together to discuss work-related matters in an informal manner. For example, a group of employees who start a lift club work in different departments, but on the road to and from work they spend time in the car talking about what they have done at work and what has happened in their lives. If the employees have a positive image of the organisation, it could be valuable, but if they have a poor image of it, it could be damaging to the organisation.
2. **The grapevine:** The grapevine is an unofficial means of communication in which information flows in any direction throughout the organisation, and is usually based on gossip or rumours. Information heard through the grapevine is often unreliable and cannot always be trusted or perceived to be true.
3. **Phatic communication:** This refers to the use of words to convey feelings rather than meaning (Daniels, Van Jaarsveldt, Van Vuuren, Horn,

Hunter & McGhie, 2014). The purpose of phatic communication is to maintain relationships between employees or to start a conversation.

Effective communication, whether verbal or non-verbal, formal or informal, has a significant impact on the success of an organisation. It is important to note that communication, like the rest of the business world, is changing drastically due to the advances of technology. This is evident in the increased popularity of social media, text messages, instant messages, and email. It is important that a manager keep up with these changes in order to remain effective.

Motivation

A person is motivated when he or she wants to do something. A satisfied employee usually has a higher level of motivation to work, and is more productive than a dissatisfied employee. In order to have satisfied employees, it is important to meet their needs. The key to success for an organisation is to meet the needs of employees and to achieve the goals of the organisation at the same time.

What is motivation?

Motivation is the internal force that drives individuals to achieve a certain goal (Podmoroff, 2016). It is a process that involves the purposiveness of behaviour (Bergh & Theron, 2009). In other words, it refers to those factors that determine our efforts, behaviour, direction, and persistence in achieving a personal or organisational goal.

Work motivation can be defined as 'a set of energetic forces that originates both within as well as beyond an individual's being, to initiate work-related behaviour, and to determine its form, direction, intensity and duration' (Tremblay, Blanchard, Taylor, Pelletier & Villeneuve, 2009:213–226). Thus, motivation is affected by both internal (for example, personal needs and expectations) and external forces (for example, organisational reward systems).

One of the important qualities of a manager is to get people to work together to achieve the goals of an organisation. This means that managers should motivate their employees to achieve the goals of the organisation within an acceptable timeframe. The motivational drive differs between individuals as well as within individuals at different times. One may read a magazine for hours, but find it difficult to read a textbook for the same period of time.

Maslow's theory on the hierarchy of needs

Abraham Maslow identified the desire to satisfy a need as the basis of our attitudes and actions, and developed a theory based on a hierarchy of needs. According to his theory, there are five levels of needs within every human being that must be satisfied. These needs are listed in a pyramid form, which means that the first level of needs must be addressed before the next, higher level of needs can be activated.

1. **Physiological needs:** This refers to the first and most basic needs of humans, such as hunger, thirst, shelter, clothes, sex and other bodily needs.
2. **Safety needs:** These are concerned with security and protection from physical and emotional harm. This could also include routine and stability. Examples include insurance, job security, physical safety, medical aid and savings accounts.
3. **Social needs:** This need refers to the need for affection, belonging, acceptance, love and friendship.
4. **Esteem needs:** Esteem, or ego, needs can be internal, external, or a combination of both. Internal factors of esteem include aspects such as self-respect, autonomy and achievement, self-acceptance, and personal satisfaction for a job well done, while external esteem factors include status, recognition, reputation, prestige and attention.
5. **Self-actualisation needs:** Self-actualisation, or self-fulfilment, refers to an individual's drive to fulfil his or her potential, to grow, or to become what he or she is capable of becoming.

As each of these needs becomes substantially satisfied, the next need becomes dominant.

Maslow separated the five needs into higher- and lower-order ones. Physiological and safety needs were described as lower-order needs, while social needs, esteem and self-actualisation are higher-order needs. Higher-order needs are satisfied internally (within the person) while lower-order needs are satisfied through external means such as food or job-related aspects. It is inevitable that a person whose basic needs for survival are not fulfilled cannot be motivated.

A sixth and final dimension proposed by researchers is the need for transcendence, which moves past the self-centeredness of self-actualisation, and places the self within the society or culture in which it resides (Datta, 2010: 39–57).

Theorists differ on the impact that money has as a motivator. Money only serves as a motivator if it is directly linked to performance. However, it is agreed that inner (intrinsic) rewards have a more powerful impact on motivation than extrinsic factors.

Motivation encompasses the following:

- The direction of behaviour
- The strength of the effort put in once an individual chooses to follow a course of action
- The persistence of behaviour, or how long the person continues to behave in a particular manner.

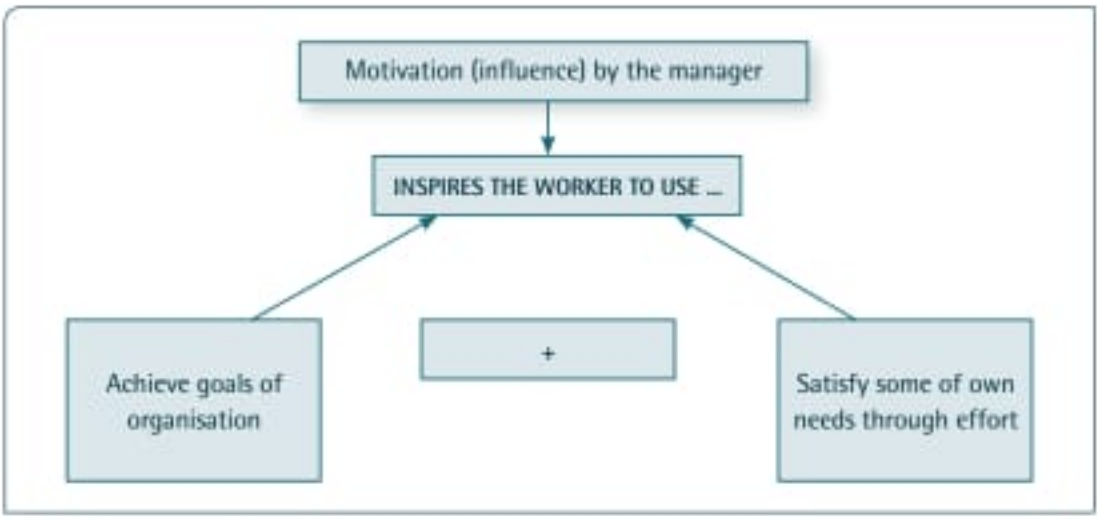


FIGURE 4.2 MOTIVATION

Therefore, it is clear that motivation initiates, guides and sustains human behaviour. It is important that an individual has the ability to perform and complete work-related tasks. A task cannot be performed successfully if a person does not have the ability or the talent to do so. If this were the case, it would be very difficult or, in some cases, impossible to motivate an individual. It is, therefore, important that management should have a clear understanding of the reasons for human behaviour, to be able to influence the actions of their workforce (see Figure 4.2).

Theories of motivation

Management needs to know how to motivate their workforce, and to do so they need a basic knowledge of the various theories of motivation. These theories are discussed below.

Herzberg's motivation-hygiene theory (the two-factor theory of motivation)

The motivation-hygiene, or two-factor, theory was proposed by Frederick Herzberg in the late 1950s. Herzberg used the critical-incident technique to identify factors that made employees feel either exceptionally good or exceptionally bad about their job.

After extensive research, Herzberg discovered that job satisfaction and job dissatisfaction come from two separate sets of factors. He termed these factors satisfiers or motivating factors and dissatisfiers or hygiene factors. Motivating factors include the nature of the work, the job content, and the rewards that result directly from performing job-related tasks. These factors motivate an employee to work harder to achieve the goals of the organisation. The major motivating factors include achievement, recognition, the work itself, responsibility, advancement and growth.

Hygiene factors develop from the individual's relationship to the environment of the organisation or the job context in which the work is performed. This includes company policy and administration, supervision, salary, status, as well as working conditions. These factors are called the hygiene factors because they do not motivate employees to put extra effort into their jobs. However, these factors need to be present before an employee can be motivated by the motivating factors. In other words, the hygiene factors are the building blocks for the motivating factors to be effective.

TABLE 4.2 HERZBERG'S MOTIVATION–HYGIENE THEORY

MOTIVATING FACTORS	
WHEN PRESENT	WHEN ABSENT
Staff are motivated	Staff are not motivated
HYGIENE FACTORS	
WHEN PRESENT	WHEN ABSENT
Staff are satisfied	Staff are dissatisfied

ACTIVITY 4.1

Discuss the possible overlap between Maslow's hierarchy of needs and Herzberg's motivation-hygiene theory.

McGregor's theory of X and Y

Douglas McGregor proposed two distinct views of human beings, namely Theory X (mainly negative) and Theory Y (mainly positive). McGregor found that managers' behaviour towards employees is based on certain groupings of assumptions (Robbins, Judge, Odendaal & Roodt, 2009).

The theory is really about manager X versus manager Y, where manager X is autocratic, prescriptive and unsympathetic in reaction to a general assumption that the workforce is lazy, unaccountable and averse to change. According to this theory, employees are not motivated and do not perform under such managers.

Theory X puts forward the following four assumptions held by managers:

1. Employees inherently dislike work and, whenever possible, will attempt to avoid it.
2. As employees dislike work, they must be coerced, controlled or threatened with punishment to achieve their goals.
3. Employees will avoid responsibilities and seek formal direction whenever possible.
4. Most workers place security above all other factors associated with work and will display little ambition.

Theory Y comprises the following six, positive assumptions:

1. Employees can view work as being as natural as rest or play.
2. People will exercise self-direction and self-control if they are committed to the objectives of the organisation.
3. The commitment to objectives is a function of the rewards associated with their achievement.
4. The average person can learn to accept or even seek responsibility.
5. The ability to take innovative decisions is widely dispersed throughout the employees of the organisation and is not necessarily the sole province of those in management positions.
6. The conditions of modern industrial life lead to the premise that the intellectual potentialities of the average human being are only partially utilised (Holden, 1994:66).

Therefore, increases and bonuses are important in determining the motivation of employees.

ACTIVITY 4.3

Explain how Maslow's theory on the hierarchy of needs helps managers to understand what motivates their employees.

Handling conflict

In the workplace, conflict is unavoidable because people differ from one another and have different views and opinions. Managers often find themselves in situations of conflict and tend to spend a lot of their time managing conflicts. Therefore, the ability to manage conflict constructively is one of the most important skills a manager needs to possess. This means that managers should have the skills to find a harmonious balance between conflict and co-operation.

The definition of conflict

Conflict can be seen as a social phenomenon that arises when people interact and pursue a common goal (Proksch, 2016), and can be defined as 'the process in which individuals feel that other individuals have frustrated their ability to achieve their goals' (Nel, Van Dyk, Haasbroek, Schultz, Sono & Werner, 2004: 363).

Conflict is a process that begins when one person perceives that another person has negatively affected or is about to negatively affect something that the first person cares about (Robbins et al, 2009).

'Perceived' implies that the conflict can be real or imagined. The person's experience or perception of an incompatible difference is enough to imply a conflict situation.

ACTIVITY 4.4

Find the key aspects in the definitions of conflict above and give your own explanation of the concept of conflict. Bear in mind that a person is allowed to have different opinions or viewpoints on the matter.

In conclusion, this theory focuses on leadership as a sole motivator, neglecting an employee's intrinsic motivation as a separate determinant of motivation.

ACTIVITY 4.2

Which theory (Theory X or Theory Y) will be more suitable in a dynamic working environment? Motivate your answer.

Principles of motivation in the workplace

There is no simple set of motivational guidelines. The following suggestions draw on the essence of what can be done to motivate employees (Robbins & DeCenzo, 1998):

- **Recognise individual differences.** Employees are not a homogeneous group. They all have different needs. They also differ in terms of attitudes, personality and other important individual variables.
- **Match people to jobs.** There is a great deal of evidence that points to the motivational benefits of carefully matching people to jobs. People who lack the necessary skills to perform successfully in their working environment will be disadvantaged.
- **Set goals.** It is important that employees should have firm, specific goals and feedback on how well they are doing in pursuit of (carrying out) those goals.
- **Ensure that goals are perceived as attainable.** If employees see goals as unattainable, they will reduce their effort to meet them. Employees should feel confident that increased efforts can lead to achieving performance goals.
- **Individualise rewards.** Employees have different needs. What acts as reinforcement for one may not do so for another. A good knowledge of the personalities of the employees should be used to individualise the rewards over which a manager has control, such as pay promotions, autonomy and the opportunity to participate in goal setting and decision-making.
- **Link rewards to performance.** Rewards need to be contingent on performance. Key rewards such as pay increases and promotions should be given for the attainment of employees' specific goals.
- **Check the system for equity.** Employees should perceive that the rewards or outcomes are equal to the inputs given. Experience, ability, effort and other obvious inputs should explain differences in pay, responsibility and other obvious outcomes.
- **Do not ignore money.** It is easy to get so caught up in setting goals, creating interesting jobs and providing opportunities for participation that one tends to forget that money is a major reason why most people work.

Constructive (functional) and destructive (dysfunctional) conflict

Not all conflict is good. Sometimes conflict supports the goals of the group and improves their performance. This can be viewed as constructive conflict. However, when conflict weakens or prevents performance, it is destructive conflict.

Constructive conflict

Constructive conflict exists when disagreement and opposition support the achievement of the organisational goals (Robbins et al, 2009). Constructive conflict causes an increase in the quality of group decisions and the group's performance will be higher. In other words, a high level of performance is related to an average but optimal level of conflict. The following can be regarded as outcomes of constructive conflict:

- Conflict makes one more aware of problems in one's relationships that need to be solved. It increases one's awareness of what the problems are, who is involved and how the problems can be solved. Conflict can deepen and enrich a relationship by reducing tension.
- Conflict encourages change. There are times when things need to change, when skills need to be learned or when old habits need to be modified. When this happens, conflict is viewed as positive.
- Conflict energises and increases one's motivation to deal with problems. Awareness of conflict can trigger a great deal of physical energy as well as an intense desire to resolve the conflict and put one's plans into action.
- Conflict makes life more interesting. Being in conflict sparks curiosity and stimulates interest. Arguments about politics, sports, work and societal problems make interpersonal interaction more intriguing and less boring. The disagreement of others with one's ideas may encourage one to find out more about the issue at hand.
- Better decisions are generally made when there is disagreement about what the decisions should be among the persons responsible for making them. Disagreement often causes the decisions to be thought through more carefully.
- Conflict helps one to understand what one is like as a person – what makes us angry, what frightens us, what is important to us and how we tend to manage conflict are all highlighted when we are in conflict with someone. Being aware of what we are willing to argue about and how we act in situations of conflict can help us learn a great deal about ourselves.

Various schools of thought on handling conflict

There are three schools of thought for analysing and addressing conflict: the traditional school, the human-relations school and the interactionist school.

The traditional school of thought

The traditional school of thought indicated that it was bad to have conflict in the workplace. It was viewed negatively and was to be avoided at all costs. Conflict was compared to words such as violence, destruction, irrationality and aggression. Owing to this, conflict was experienced as harmful and was to be avoided. This school of thought believed that conflict could lead to exhaustion, absenteeism, higher employee turnover, hostility, or aggression in employees. Conflict was seen as a dysfunctional outcome of poor communication, and a lack of trust and openness between people.

The human-relations school of thought (the behavioural approach)

The human-relations, or behavioural, school of thought on conflict holds that conflict is a natural and inevitable outcome in any group, and that it is part of human behaviour. It has been argued that conflict can even have the potential of contributing positively to performance. This school of thought believes that conflict cannot be eliminated and, thus, it should just be accepted.

The interactionist school of thought

While the human-relations approach indicates that conflict is natural and should be accepted, the interactionist approach encourages conflict. This is done on the grounds that a harmonious, peaceful, tranquil and co-operative group is likely to become static, apathetic (disinterested) and non-responsive to needs and innovation (Robbins et al, 2009). In other words, supporters of this view believe that conflict can have a positive effect on an organisation and is important for effective performance.

ACTIVITY 4.5

Briefly discuss each of the schools of thought on the handling of conflict and give practical examples of each.

2. **Accommodation:** One party focuses on the other party's needs to resolve the conflict.
3. **Compromise:** Both parties give up something in order to reach a consensus decision.
4. **Competition:** The parties focus on their own interests, resulting in a win-lose situation.
5. **Collaboration:** The differences between the parties are addressed, which results in a win-win solution.

Principles of managing conflict in the workplace

The task of a manager is not to suppress conflict, but to manage it effectively so that its constructive nature can be used optimally to the benefit of the organisation. The following can be regarded as key points in managing and solving conflict:

- **Take responsibility:** It is important to decide to take the responsibility to deal with the conflict.
- **Uncover, define and discuss the real problem:**
  - Allow expression of opinions to defuse emotions. In most cases, bringing together the people involved is the best way to bring the real problem into the open in order to determine its cause.
  - Apply ground rules to reduce confrontation. Encourage everyone to be open and honest; everyone will have a say and be heard; everyone will listen to one another without arguments or negative reactions; everyone will have a positive, caring attitude and opinions; and feelings must be supported by facts or specific behaviour.
- **Ask and listen:** Ask probing questions to explore all sides of the conflict and listen openly and objectively. If responses become accusatory or emotional, the ground rules should be re-stated to force the participants to focus on the real issue. If the employees are angry, do not become defensive or argue with them. Listen to them without interruption and recognise their right to feel angry. Ask them for ideas on how the problem should be solved.
- **Offer feedback to ensure understanding of the real problem.**
- **Set goals and develop a plan of action:** Once agreement has been reached on what the problem is, participants can set goals for improving the situation. A brainstorming session is a good way to arrive at a plan of action on which everyone can agree.
- **Follow up:** It is important to check on the progress of the implementation of the action plan and provide the necessary positive reinforcement.

- are misinformed
- disagree about which information is relevant
- interpret information differently
- have competing assessment procedures.

3. A conflict of interest

This type of conflict is caused by competition, or by perceived or actual incompatible needs. A conflict of interest results when one party believes that, to meet his or her needs, the needs of another person must be sacrificed. Conflicts of interest occur around the following types of issues:

- **Substantive issues:** These concern money (salary disputes), resources (physical, human, information or financial) and time (long working hours).
- **Procedural issues:** These concern the manner in which something needs to be done, such as the way in which a dispute needs to be resolved, or how a task should be carried out.
- **Psychological issues:** Perceptions of trust, fairness, a desire for participation, and a need for respect are based on psychological aspects.

4. A conflict of values

A conflict of values is caused by the perceived or actual incompatibility of belief systems between two or more people. Values are beliefs that people use to give meaning to their lives and to explain what is good or bad, right or wrong, just or unjust. Values are learned at home, within a certain society and within its cultural contexts. An example of a value to which most people adhere is that stealing is wrong. Value disputes arise only when people attempt to force their values on others while refusing to allow divergent views and practices to be expressed.

5. Structural conflicts

Structural conflicts are due to the manner in which relationships are organised. These conflicts are due more specifically to the oppressive patterns of human relationships. These patterns are often shaped by forces external to the people in dispute. An example is limited authority, such as being unable to take decisions.

Conflict management strategies

Managers can use one of five conflict management strategies to resolve a conflict in the organisation (Vrba & Brevis, 2014):

1. **Avoidance:** One or both parties supress or avoid the conflict.

VodaCom-SA

ACTIVITY 4.7

Robert is the managing director of a wine farm. He inherited a Stellenbosch wine farm and decided to establish a health centre to help people cope with stress and to improve their general well-being. Two members of the health centre are experiencing conflict – more specifically, Peter, the administrative manager, and Joey, the physiotherapist. Joey used more time than was allowed by the timetable which was compiled by Peter. Joey's reason for exceeding the time limit was that she needed to complete her sessions in order to be effective. The situation between the two reached a turning point when Peter threatened to fire Joey. She was very upset and said that he did not have the authority to fire her. This could only be done by Robert, the managing director. The argument between the two ended in chaos when Joey burst into tears and Peter ran out of the office.

1. What would you say is the reason for the conflict in the health centre?
2. Do you think clearly defined lines of authority would solve the above problem?
3. Explain how this problem could be managed and solved.

Summary

The ability to communicate is one of the decisive factors for the effectiveness of management. Effective communication is a prerequisite for the survival of an organisation in a complex and highly competitive environment. The chance of misunderstandings arising is greater if managers are not skilled communicators. If managers and staff do not understand one another, internal conflict will certainly result.

Individual behaviour is dependent upon a vast heritage of adhesive characteristics that are shaped by the forces of the home environment, culture, education and work experience. This individuality allows people to behave as they do. Therefore, it is important that managers get to know their staff; determine their needs; and develop their motivation skills to reach the goals of the organisation.

Do not be drawn into the naïve belief that a good manager can resolve every conflict effectively. In some of the situations, it is not worth the effort. Some

- Conflict can stimulate creativity by prompting an awareness of different ways of viewing problems and situations. The re-orientation gained from viewing a problem from several different perspectives generates insights into the problem and fosters creative solutions.

Destructive conflict

When the conflict level is too high and totally out of proportion, it becomes destructive and dysfunctional. This can lead to chaos among employees in an organisation, and can threaten the chances of survival of the organisation as it negatively influences communication and relationships in the organisation.

ACTIVITY 4.6

Briefly describe the differences between constructive and destructive conflict and give practical examples of each.

Types of conflict

There are five primary types of conflict: conflict in relationships; a conflict of information; a conflict of interest; a conflict of values; and structural conflicts. Each will be briefly discussed.

1. Conflict in relationships (interpersonal conflict)

Conflict in relationships occurs between two or more people who interact with each other. Relationship problems often fuel disputes and lead to unnecessary levels of destructive conflict. This type of conflict occurs as a result of:

- the presence of strong negative emotions
- different backgrounds
- role incompatibility
- environmental stressors
- competing for the same position
- misconceptions or stereotyping
- poor communication
- repetitive negative behaviour.

2. A conflict of information

A conflict of information (too little or too much factual communication) occurs when people:

- lack the necessary information to make wise decisions

situations of conflict may lie outside the manager's realm. To be able to deal with conflict constructively, we need to acknowledge the fact that conflict exists and that it is part of all human relationships and situations.

An organisation and its managers should be flexible to adapt constructively to conflict. Communication plays an important role if they are to act proactively in the event of conflict.

QUESTIONS FOR SELF-ASSESSMENT

1. Define communication and explain why it is important to managers.
2. Describe the communication process.
3. Which types of communication methods can one use at work to send a message to someone else?
4. Explain the difference between formal and informal communication.
5. Define motivation.
6. Explain the principles of applying motivation in the workplace.
7. Define conflict.
8. Explain selected schools of thought on handling conflict.
9. Distinguish between destructive and constructive conflict.
10. Briefly discuss the causes of conflict.
11. List and discuss the principles of managing conflict in the workplace.

References

Bergh, ZC & Theron, A. 2009. *Psychology in the work context*. 4th ed. Cape Town: Oxford University Press Southern Africa.

Brevis, T & Vrba, M. 2014. *Contemporary management principles*. Cape Town: Juta and Company.

Daniels, D, Van Jaarsveldt, M, Van Vuuren, T, Horn, JM, Hunter, A & McGhie, V. 2014. *Business communication*. Cape Town: Oxford University Press Southern Africa.

Datta, Y. 2010. 'Maslow's hierarchy of basic needs: An ecological view'. *Oxford Journal*, 9(1): 39–57.

Fielding, ML & Du Plooy-Cilliers, F. 2014. *Effective business communication in organisations: Preparing messages that communicate*. 4th ed. Cape Town: Juta and Company.

Holden, RN. 1994. *Modern policy management*. 6th ed. Englewood Cliffs: Prentice-Hall.

Kroon, J (ed). 1995. *Algemene bestuur*. 3rd ed. Pretoria: Kagiso.

CHAPTER 5

Contemporary issues: Organisational culture, diversity management, business ethics and corporate social responsibility

LEARNING OUTCOMES

The contents of this chapter will enable readers to:

- Explain the concept of organisational culture.
- Demonstrate how organisational culture could contribute to corporate sustainability for the organisation.
- Discuss the building blocks used in the development of an organisational culture.
- Indicate how the eight building blocks could combine to develop the organisational culture.
- Explain how the four basic types of organisational culture differ and describe what the salient characteristics of each type are.
- Demonstrate how organisational culture is influenced by change in society.
- Discuss the techniques that can be used to overcome resistance to change.
- Explain the concept of diversity management.
- Discuss how diversity can be successfully managed in the organisation.
- Understand what the concept of business ethics entails.
- Describe the different ethical standards that may apply to a business.
- Understand how ethical standards can be compromised in developing countries.
- Define the concept of corporate social responsibility (CSR).
- Describe the different stakeholders who influence the organisation.
- Explain how CSR can be measured in the organisation.

Nel, PS, Van Dyk, PS, Haasbroek, GD, Schultz, HB, Sono, T & Werner, A. 2004. *Human resource management*. 5th ed. Cape Town: Oxford University Press.

Newman, A. 2017. *Business communication in person, in print, online*. 10th ed. Boston: Cengage Learning.

Podmoroff, D. 2016. *365 ways to motivate and reward your employees every day with little or no money*. 2nd ed. Florida: Atlantic Publishing Group.

Proksch, S. 2016. *Conflict management*. Switzerland: Springer International Publishing.

Robbins, SP, Judge, TA, Odendaal, A & Roodt, G. 2009. *Organisational behaviour: Global and Southern African perspectives*. 2nd ed. Cape Town: Pearson Education South Africa.

Robbins, SP & DeCenzo, DA. 1998. *Fundamentals of management, essential concepts and applications*. 2nd ed. Upper Saddle River: Prentice-Hall.

Strydom, JW. 2012. *Basics of business communication*. 2nd ed. Frontline Books.

Tremblay, MA, Blanchard, CM, Taylor, S, Pelletier LG & Villeneuve, M. 2009. 'Work extrinsic and intrinsic motivation scale: Its value for organisational psychology research'. *Canadian Journal of Behavioural Science*, 41(4): 213–226.

Introduction

In this chapter, various contemporary issues will be addressed – issues that the modern manager encounters on a daily basis in the organisation. In the first instance, the issue of organisational culture will be reviewed. The organisational culture of an organisation reflects what the customer who deals with the organisation will experience and remember of the organisation. Thereafter, the issue of diversity management is addressed – an issue that is of paramount importance for organisations operating in the South African business world. The next contemporary issue addressed is ethics and how this can influence the organisation. Lastly, corporate social responsibility (CSR) is discussed.

Organisational culture

Before commencing with the discussion of the concept of organisational culture, it would be prudent to first define what culture means. Culture can be defined as the distinctive blueprint of shared assumptions, values and norms that shape the socialisation, symbols, language, narratives and practices of a group of people.

One such group of people with a specific culture is the Mormons, who belong to the Church of the Latter-day Saints that congregated in the Salt Lake City area of the state of Utah in the USA more than 200 years ago. A well-known part of their culture in the past included the practice of religious polygamy. Even today, Mormons spend a large part of their time and money to serve their church and have a strict health code – not imbibing alcohol, tea, coffee and other addictive products such as tobacco. They are also very family orientated with strict rules regarding marital fidelity.

Organisational culture, as a management concept, was developed in the 1970s and 1980s and is one of the most influential managerial concepts that still spark intensive debate in today's business environment.

Organisational culture is perceived as an important management tool for any business across the globe. Organisational culture can be defined as the beliefs and values that are shared by the employees of the organisation, such as practising customer excellence or treating employees fairly. We, as individuals or employees, have personalities, with our own unique quirks. Likewise, organisations have a unique personality, which can be seen as the specific personality of the business, for example, having a friendly business environment and being accessible to customers.