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# Management effects on company performance: a mixed methods study of the South African rubber industry

**Musendame, Thabiso Jeremiah**

**2021**

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# UNIVERSITY OF THE WITWATERSRAND




**FACULTY OF COMMERCE, LAW AND MANAGEMENT**

**(SCHOOL OF ECONOMIC & BUSINESS SCIENCES)**

# Management effects on company performance: A mixed methods study of the South African rubber industry

**by**

**Thabiso Jeremiah Musendame**

**Thesis presented for the degree of**

**Doctor of Philosophy**
**(PhD)**

**Management**

Supervisor

**Professor David Coldwell**

**2020**

## DECLARATION

I, **Thabiso Jeremiah Musendame**, hereby declare that this thesis is my own unaided work, both in concept and execution, and that apart from the normal guidance of my supervisor, Professor David Coldwell, I have received no assistance from any other persons or sources. Neither the substance nor any part of this thesis has been submitted in the past or is being submitted for a degree at this university (The University of Witwatersrand - Wits) or at any other university in South Africa or abroad, except for the aforementioned degree.



**Thabiso J. Musendame**

**On the 2nd day of March 2021 in Benoni, Johannesburg**

## DEDICATION

This doctoral thesis is dedicated to the memory of my beloved mother, Mrs Rosina Mauba Nyathi (Mbirwa). My mother worked so hard - together with my father, Mr Jeremiah Musendame - in ensuring that 'we' (children) succeeded at school. Without my mother's enormous personal sacrifice, parenting and mentoring, I would never have become the individual that I am today. May your soul rest in eternal peace and your unconditional love continue glittering like a diamond! I also wish to extend my dedication to my siblings, my late brothers (Lottery - Lot Mse and Moses - Moshe) and my two late sisters (Giveness - Glo and Beauty - Kiliwetsi). Furthermore, I wish to extend my heartfelt dedication to my late father-in-law (Mr Trouble Mabhena) and my late sister-in-law (Ntombizodwa Mabhena). Sad to say that my mother, my siblings and the in-laws mentioned above, passed on before I embarked on my doctoral studies. I had promised to make my mother proud by the achievement of this monumental academic goal, and I hope to fulfil that promise. I wish that she could still be alive today and share with me the celebration and the success of attaining my lifelong wish, a Doctor of Philosophy (PhD) degree. I also wish to pay special tribute to those who have passed on, having contributed positively to this study: Sinah Ngoepe (2015), Zach Labuschagne (2016) and John Lithgow (2018).

## ABSTRACT

This study investigates the impact of management on company performance within the South African context, taking into consideration recent developments in management theory and practice. The study was prompted by the downturn in productivity levels within local rubber companies over the last three decades. The demise of the rubber industry and the manufacturing industry, in general, has widely been attributed to poor management. The dearth of empirical literature to support such claims, coupled with recent developments in management theory such as the context theory as well as scientific methods of measuring managerial practices such as the World Management Survey framework, are some of the catalysts driving this study. The emergence of such knowledge presents a purportedly new paradigm shift in management theory and practice which calls for a reconsideration of the controversial 'universality theory' and a re-assessment of the validity of managerial practices of Western origin within the South African industry context. Furthermore, the study explores the significance of context and more specifically, the aspect of culture on company performance, taking into consideration the emphasis that African people place on culture. In this study, the analysis research data indicates a positive correlation between management and corporate performance and, most importantly, it suggests that context and, more specifically culture, enhances company performance beyond mere managerial knowledge within the South African rubber industry context. Based on this analysis, this study argues for a paradigm which recognises the importance of situating contemporary management practices within specific socio-cultural contexts for enhanced organisational performance within the South African context. The findings of this study are significant in that it offers a scholarly contribution towards an extension of management theory relating to the application of management practice in the South African rubber industry context.



Key words: management practice, company performance, context

## ACKNOWLEDGEMENTS

I wish to thank my supervisor, Professor David Coldwell, for all his support during my research. Professor David Coldwell has been instrumental in guiding me through the research and the completion of this project. His inspiration, wisdom, and encouragement made my long and demanding dissertation journey a reality. His patient guidance, enthusiastic encouragement and useful critiques of this work have made this achievement possible.

I am very thankful to Leslie Bengover, Technical Director of National Rubber Matmin, and former Managing Director of National Rubber Matmin, Gareth Jefferson, for facilitating the sponsorship of my studies through National Rubber Matmin. I also wish to thank the current MD and CEO of National Rubber Matmin, Mike Stuart and Thomas Holtz respectively, for supporting this study. To this effect, I would like to put it on record that the financial support of this work was provided by my employer, National Rubber Matmin.

I also wish to acknowledge the financial support in the form of a scholarship award from the National Research Foundation (NRF) and the Research and Innovation Support and Advancement (RISA) in my 4$^{th}$ year of study which went a long way towards meeting the expenditure associated with data collection and analysis, editing and stationery costs.

A journey of a thousand miles starts with a single step and to accomplish the journey requires moral support. Behind every successful man is his family. Needless to say, my family, notably my wife (Samukeliso) and my three sons (Cuthbert Thabang, Mthabisi Birthwell & Thabo CR7) have made this journey possible. I would also like to express my gratitude to the many people who freely gave me their time for the interviews and those who responded to the research questionnaire.

# TABLE OF CONTENTS


Title page i
Declaration ii
Dedication iii
Abstract iv
Acknowledgements v
Table of Contents vi
List of Figures vii
List of Tables viii
List of Acronyms & Abbreviations xiv

**1. CHAPTER ONE: INTRODUCTION 1**

**1.1 Introduction 1**

**2. CHAPTER TWO: BACKGROUND 11**

**2.1 Background to study 11**
2.1.1 The use of mixed methods approach in his study 13
**2.2 An overview of the rubber industry in South Africa 13**
**2.3 Reasons for focusing on the rubber industry 14**
**2.4 The problem statement 16**
**2.5 The purpose statement 16**
**2.6 Assumptions 16**
**2.7 The research objectives 17**
**2.8 Rationale for research questions 17**
**2.9 The research questions 18**

**3. CHAPTER THREE: LITERATURE REVIEW 19**

**3.1 Introduction 19**
**3.2 Background 20**
**3.3 Definition of key terms 23**
3.3.1 Definition of ‘management’ 23
3.3.2 Definition of ‘management practice’ 25
3.3.3 Definition of ‘management theory’ 25
3.3.4 Distinction between ‘theory’ and ‘practice’ 26
3.3.5 Definition of ‘context’ 27
3.3.6 Definition of ‘culture’ 27
3.3.7 Definition of ‘company performance’ 28
3.3.8 A hypothetical link between management practice, context and performance 30
**3.4 The Evolution of Management Theory and Practice 30**
3.4.1 Transformation in management theory and practice 32
3.4.2 Changing trends in organisational theory and management practice 34
3.4.3 Theoretical link between management and performance 36
3.4.4 The transferability and applicability of management practices across countries 38

3.4.4.1 Management-performance relations in other developing countries 40
3.4.4.2 Adoption of western management practices in other emerging economies 41
3.4.5 Reason for the adoption of scientific method of measuring managerial practices 42

**3.5 Theoretical foundation 43**

3.5.1 Theoretical framework 45
3.5.1.1 Operationalisation of managerial practices 46
3.5.2 A review of applicable theories, models and perspectives related to this study 48
3.5.2.1 *The three-dimensional model* 48
3.5.2.2 *A critique of the three-dimensional model* 50
3.5.2.3 *The six-dimensional model* 52
3.5.2.4 *A critique of the six-dimensional model* 54
3.5.2.5 *The cultural context model* 56
3.5.2.6 *Explanation of the cultural model* 56

**3.6 Reviewing the measurement of company performance 57**

**3.7 The contextualisation managerial practices 63**

**3.8 A review of management profiles of companies across countries 64**

**3.9 Factors influencing the adoption of managerial practices 66**

3.9.1 Company size 67
3.9.2 Autonomy of the plant 68
3.9.3 Business ownership 68
3.9.4 Skills levels 70
3.9.5 International presence 71
3.9.6 Competition 71

**3.10 The dispersion of management practices across companies 72**

**3.11 Barriers hindering the adoption of good management practices 73**

**3.12 A global perspective on management practice 76**

3.12.1 The Western perspective of management practice 79
3.12.1.1 *Factors influencing managerial practices and* company performance within the Western context 81
3.12.1.2 *An assessment of managerial systems and practices in European countries* 83
3.12.2 The Eastern perspective of management practice 85
3.12.2.1 *Factors influencing management practices and company performance within the Eastern context* 86
i. *Management systems and practice in Japan* 87
ii. *Management systems and practice in India* 88
iii. *Management systems and practice in China* 90
3.12.3 The African perspective of management practice 94
3.12.3.1 *Parallels between Africa and Eastern managerial systems* 96
3.12.3.2 *Factors influencing managerial practices within the African context* 98
3.12.3.3 *Factors influencing managerial practices within the South African context* 100

**3.13 Characterisation of the South African context 102**

3.13.1 Management systems in post-apartheid South Africa 104
3.13.2 The application of the ubuntu concept in corporate South Africa 106
3.13.3 The significance of ubuntu in South African organisations 107

**3.14 Review summary 109**

**4. CHAPTER FOUR: RESEARCH METHODOLOGY 112**

**4.1 Introduction 112**
4.1.1 Rationale for adopting a mixed method approach 113
4.1.2 Research procedure 115
4.1.3 Ethical considerations 116

**4.2 Quantitative Methodology 117**

4.2.1 The research framework 117
4.2.1.1 *Population* 117
4.2.1.2 *Criterion sampling* 117
4.2.1.3 *Sample size determination* 118
4.2.2 Defining and operationalisation of managerial practices 121
4.2.3 Measuring managerial practices 122
4.2.4 Measuring company performance 123
4.2.5 Development and structure of the survey instruments 124
4.2.5.1 *The structure of the questionnaire* 125
4.2.6 Data collection 125
4.2.6.1 *Primary data* 125
4.2.6.2 *Secondary data* 126
4.2.7 Research process 126
4.2.7.1 Peripheral i*ndependent control variables* 127
4.2.7.2 Measures to encounter statistical errors in this study 127
4.2.8 Analysis of quantitative data 129
4.2.8.1 Reliability 129
4.2.8.2 Validity 130
4.2.8.3 Causality adequacy 130
4.2.9 A step-by-step approach to quantitative data analysis 131
i. Data cleaning 132
ii. Data analysis using mean, average, frequency & Charts 133
iii. T-tests 133
iv. Chi-Square test 133
v. Mahalanobis distance 133
vi. Multi-collinearity 134
vii. Correlation coefficient 134
viii. Factor analysis 134
ix. Exploratory factor analysis 134
x. Variance 134
xi. Explained variance 135
xii. The R-Squared 135
xiii. Correlation analysis 135
xiv. Regression analysis 135
4.2.10 The research hypotheses 136

**4.3 Qualitative methodology 137**

4.3.1 Qualitative sample size 137
4.3.2 Exploring sample size in qualitative studies 138
4.3.3 Data collection through interviews 139
4.3.3.1 *Interviews and interviewee characteristics* 140
4.3.3.2 *Interview questions* 140
4.3.3.3 *Pre-testing of interview instrument* 141
4.3.3.4 *Minimising survey bias* 141
i. *Calibration: ensuring consistency in interview responses* 141
ii. *Blind surveying* 142
iii. U*se of open-ended questions* 142
iv. *Controlling for context* 142
4.3.3.5 *Evaluating survey bias* 143
4.3.3.6 *Getting potential interviewees to respond* 143
4.3.3.7 *The interview survey process* 144
4.3.3.8 Analysis of qualitative data 145
4.3.3.9 C*oding of qualitative data* 146
4.3.4 The adoption and significance of a triangulated approach in this research 147
4.3.5 Conclusion 150

**5. CHAPTER FIVE: DATA ANALYSIS AND FINDINGS 151**

**SECTION A**

**5.1 Analysis of quantitative data 151**

5.1.1 Introduction 151
5.1.2 Response rate 152
5.1.3 Descriptive and frequency statistical findings 152
5.2.3.1 *Frequencies and percentages charts* 152
5.1.4 Factor loading 159
5.1.4.1 *Factor loadings: Geometrical representation* 160
5.1.5 Customer table: Standard deviation (SD) and mean values 160
5.1.6 Reliability and internal consistency 161
5.1.6.1 *Measuring the internal consistency of the scale* 161
5.1.6.2 *Explaining reliability using the Cronbach's Alpha* 162
5.1.7 Exploratory factor analysis 163
5.1.8 The correlation analysis 165
5.1.8.1 *Interpretation of correlations* 167
5.1.8.2 *Criterion for correlation analysis* 168
5.1.9 Multiple regression analysis 169
5.2.9.1 *Assumptions of multiple linear regressions* 171

**5.2 The analysis of quantitative data 172**

5.2.1 Linear relationships 172
5.2.2 Multicollinearity 172
5.2.2.1 *Correlation matrix* 172
5.2.2.2 *Tolerance* 173
5.2.2.3 *Variance inflation factor* 173
5.2.3 The independence of variables 174
5.2.4 The distribution of data points 174
5.2.4.1 *Normality* 174

5.2.4.2 *Linearity* 175
5.2.5 Homoscedasticity 175
5.2.6 Outliers 175
5.2.7 The beta coefficient 175
5.2.8 The R-square 176
5.2.9 The multiple regression equation and model 177
5.2.10 Developing OLS equation 177
5.2.11 Comparison: Data analysis 177

**5.3 Analysis of Qualitative data 178**

5.3.1 Interview narratives 178
5.3.2 Review of interview responses 178
5.3.3 The analysis of qualitative data 210
5.3.3.1 *Detailed analysis of qualitative data* 210

**SECTION B 218**

**5.4 Research findings 218**

5.4.1 A review of quantitative findings 218
5.4.2 Review of qualitative findings 221

**5.5 Conclusion 224**

**6. CHAPTER SIX: DISCUSSION OF THE FINDINGS 226**

**6.1 Introduction** 226

6.1.1 A recap of the research findings 226

**6.2 Discussion of the triangulated analysis and findings 227**

6.2.1 Triangulation increases robustness and rigor in research data 228
6.2.2 Triangulation counteracts the effects of CMV 229
6.2.3 Triangulation increases the validity of the results 229
6.2.4 Triangulation assists in testing the credibility of the results 231
6.2.5 Triangulation validates data from different sources 231
6.2.6 Triangulation achieves explanations that are causally valid and adequate at the level of meaning 232

**6.3 A reflection on the limitations of the study 232**

**6.4 Conclusion 233**

**7. CHAPTER SEVEN: RECOMMENDATIONS AND CONCLUSION 236**

**7.1 Introduction 236**

**7.2 Conclusion 236**

**7.3 Recommendations 241**

7.3.1 The study provides a steppingstone for future research 243
7.3.2 Future research directions 244

**REFERENCES 245**

**ANNEXURE LIST**

**Annexure A: Data collection (Qualitative & Quantitative questionnaires) 294**

- Consent form 295
- Qualitative / interview survey guide (questionnaire) 296
- Qualitative survey (self-administered questionnaire) 302

**Annexure B: Qualitative data (Interview narratives) 313**

**Annexure C: Statistical Quantitative data analysis 348**

- Factor loading 349
- Statistical analysis - custom frequencies & percentage) tables 351
- Graphs and description 355
- Customer Tables: Descriptive statistics & principal component analysis 362
- Reliability analysis 363
- Exploratory factor analysis 370
- Correlations analysis 379
- Regression (Initial & Final) analysis 380

## LIST OF FIGURES


| | | |
|---|---|---|
| Figure 3.1 | Conventional theoretical framework | 45 |
| Figure 3.2 | Proposed theoretical framework | 46 |
| Figure 3.3 | Average management scores by country | 65 |
| Figure 3.4 | Code-to-theory model | 145 |
| Figure 5.1 | Normality (Histogram) | 176 |
| Figure 5.2 | The probability plot (pp) | 176 |
| Figure 5.3 | Scatter plot of homoscedasticity | 397 |

## LIST OF TABLES


| | | |
|---|---|---|
| Table 4.1 | Distribution of rubber companies in South Africa | 117 |
| Table 4.1.1 | Distribution of rubber companies employing 20 and 2000 | 118 |
| Table 4.2 | Sample size values | 120 |
| Table 4.4 | Guidelines on sampling size for qualitative methods | 138 |
| Table 5.1 | Statistics by province | 153 |
| Table 5.2 | Years of companies in operation | 153 |
| Table 5.3 | Management levels | 153 |
| Table 5.4 | Work experience of participants | 154 |
| Table 5.5 | Size of company (employment levels) | 154 |
| Table 5.6 | Nature of business | 155 |
| Table 5.7 | Type of company | 155 |
| Table 5.8 | Company ownership | 156 |
| Table 5.9 | CEO (Management) | 156 |
| Table 5.10 | Product market | 156 |
| Table 5.11 | Education (participants) | 157 |
| Table 5.12 | Female to male ratio | 157 |
| Table 5.13 | Local to expatriate ratio | 158 |
| Table 5.14 | Type of labour | 158 |
| Table 5.15 | Factor loading | 159 |
| Table 5.16 | Customer table | 161 |
| Table 5.17 | Cronbach’s Alpha | 162 |
| Table 5.18 | Exploratory factor analysis | 165 |
| Table 5.19 | Correlation output | 167 |
| Table 5.20 | Anova table | 392 |
| Table 5.21 | Correlation output | 392 |
| Table 5.22 | Coefficients table | 393 |
| Table 5.23 | Tolerance | 173 |
| Table 5.24 | Variance inflation factor | 393 |
| Table 5.25 | VIF table | 394 |
| Table 5.26 | Residual statistics | 398 |
| Table 5.27 | Residual statistics (Outliers) | 398 |
| Table 5.28 | The Beta coefficients | 399 |
| Table 5.29 | Model summary (The R-square) | 399 |
| Table 5.30 | B & Beta coefficients | 177 |

## ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| ANOVA | Analysis of variance |
| BBBEE | Broad-based Black Economic Empowerment |
| BBBEE | Broad-Based Black Economic Empowerment |
| BRICS | Brazil, Russia, India, China & South Africa |
| CEO | Chief Executive Officer |
| EFA | Exploratory Factor Analysis |
| EU | European Union |
| FA | Factor Analysis |
| GAAP | General Accepted Accounting Practices |
| GDP | Gross Domestic Product |
| GLOBE | Global Management Research Group |
| GNP | Gross National Product |
| HPS | High performance |
| HPWP | High performance working practices |
| HR | Human Resources |
| HRM | Human Resource Management |
| IDV | Individualism |
| IND | Indulgence |
| IMO3 | Institute of minerals, mining and ceramics |
| IOM3.SA | Institute of materials (South Africa) |
| IOM3.UK | Institute of materials (United Kingdom) |
| JIT | Just-in-Time |
| JSE | Johannesburg Stock Exchange |
| KMO | Kaiser-Meyer-Olkin's Measure of Sampling Adequacy |
| KPI | Key Performance Indicator |
| LMT | Lean manufacturing techniques |
| LTO | Long term orientation |
| MAS | Masculinity |
| MD | Managing Director |
| ML | Mpumalanga |
| MNC | Multinational Corporation |
| ORBIS | New International Firm Database |
| PCA | Principal Components Analysis |

| | |
|---|---|
| PDI | Power Distance Index |
| PM | Japanese theory of ‘Performance & Maintenance’ |
| PRI | Plastics and Rubber Institute |
| QMS | Quality Management System |
| R&D | Research and Development |
| ROI | Return on Investment |
| SADC | Southern African development countries |
| SARS | South African Revenue Services |
| SMEs | Small and medium enterprises |
| SOEs | State-owned enterprises |
| SPSS | Statistical package for the social sciences |
| Stats.SA | Statistics South Africa |
| TFP | Total Factor Productivity |
| TPM | Total Productive Maintenance |
| TQM | Total Quality Management |
| UAI | Uncertainty Avoidance Index |
| UK | United Kingdom |
| US | United States |
| USA | United States of America |
| USSR | Union of Soviet Socialist Republic |
| VIF | Variance Inflation Factor |
| WMS | World Management Survey |

# CHAPTER ONE

# INTRODUCTION

## INTRODUCTION

This study investigates the impact of management practice on company performance within the South African rubber industry, taking into consideration developments in management theory and practice. This study seeks to make both a contextual and methodological contribution to knowledge by using a mixed methods approach which allows for the triangulation of different types of data. It should be noted that this research builds on developments in management theory that have emerged in the last three decades in which a supposedly new generation of management knowledge appears to have resulted in a paradigm shift requiring investigation. This supposed paradigm is influenced by two major developments in management theory which have emerged over the last three decades, and these include the context theory and the development of scientific methods of measuring the quantitative effect of management on performance. Considering the above developments, two major perspectives (context) are presented which shape the argument presented in this study. This study argues for a paradigm which recognises the importance of situating contemporary management practices within specific socio-cultural contexts for enhanced organisational performance (Newman & Nollen, 1996; Hofstede, 2005).

The context theory builds on ideas borrowed from other situational theories such as the cultural theory advocated by scholars such as Hofstede (1996) and Denison (2005) and the contingency theory by Fielder (1964). The context theory suggests that management practice is influenced by the context within which it is applied. The recognition of the context theories such as the cultural theory, situational leadership theory and the contingency theory in the last two decades has changed the lens of viewing management practice in non-Western contexts such as Africa, taking into consideration the view that many management theories were and are still being developed within western and non-western contexts (Guest, Michie, Conway & Sheehan, 2003; Worrall, 2004). Essentially, the context theory challenges the validity of earlier long-standing managerial orthodoxy of the past 20$^{th}$ century, which suggests that management practice is universally applicable and effective across cultural boundaries (Lauter, 1969; Mintzberg, 1973; Negandhi, 1975; Simon, 1997; Maguire, 2009).

Against this backdrop, independent studies indicate that South African companies adopt Western managerial practices (Mbigi, 2002; Visser, 2005; Mangaliso, 2006). Coldwell and Moerdyk observed as far back as 1981 that South African organisations are characterised by Anglo-American management systems which are essentially 'imports' which are based on earlier theories developed within the Western context. In the context of this study, Western management practices refer to practices which are based on the Western value systems and research samples derived from studies conducted within Western contexts (Newman & Nollen, 1996). It is no surprise that research focusing on the application of management theories and practices in developing countries, and Africa in particular, has increased the interest of management scholars over the last two decades (Newman & Nollen, 1996). According to Newman and Nollen (1996), this interest arises from the fact that research shows that African organisations adopt Western management practices. The implication of the context theory is that it calls for a reassessment of the validity of Western managerial practices in non-Western countries and, more specifically, the applicability of these practices within the South African industry context.

The main argument advanced in this study is that emerging literature demonstrates that managerial practices are 'culture-specific' and therefore cannot be blindly 'cut-and-paste' within developing countries with differing cultural, social, economic, legal and political contexts (Hofstede, 1980; Kanungo & Jaeger, 1990). This claim is further supported by Gopalan and Stahl (2001) whose study shows that replication of Western management systems and practices within the African contexts has proved inadequate and ineffective (Blunt, Jones & Richards, 1992). Arguably, South Africa offers a unique and complex business setting when compared to Western countries (Ahiauzu, 1999; Zoogah, 2009; Adeleye, 2011). The South African industry context is made up of companies of varying business operations whose workforce is dominated mostly by White managers who have been brought up under Western cultures and Black shop floor workers with a strong African cultural background (Coldwell & Moerdyk, 1981; Visser, 2005). Fan (1998) argues that an indiscriminate application of Western management practices in other contexts is impractical unless the transferability fits in with the local cultural and business circumstances of the host country. Similarly, this study argues against the universal theory based on two considerations (cultural and economic gaps) that there are huge cultural and economic gaps between the West and the South African context which may render the applicability of the 'imported' management knowledge ineffective (Hofstede, 1980; Kanungo & Jaeger, 1990).

It must be acknowledged that this study does not dispute the proven facts that in general management impacts on corporate performance (Bloom & Van Reenen, 2011, 2010a, 2010b, 2007, 2006) but that the extent of managerial effectiveness depends to a great extent on contextual factors of individual countries (Hofstede, 2002). Therefore, the study sought to establish the managerial landscape within the South African corporate environment. More importantly, the study sought to ascertain the validity and hence the effectiveness of Western managerial practices within the South African cultural context. In this study, 'context' shall refer more specifically to the socio-cultural climate within which local companies operate. The researcher acknowledges the notion linking management to performance which has widely been researched and accepted (Bloom & Van Reenen, 2007), however, this study intends to empirically confirm this validity within the South African context which represents a unique setting as discussed further under Chapter Three (Literature Review). This view is based on the premise in which the manifestation of managerial practices across countries assumes different characteristics within different contexts (Hofstede, 1993a; Newman & Nollen**,** 1996).

This view is well articulated by Gerhart (2007) who argues that although it is generally accepted that management is positively correlated to company performance, there is a great need for additional evidence to support this relationship under different contexts. This view finds support in Oghojafor, George and Idowu's (2012) study of management practices in which the applicability of management practice in different socio-cultural contexts is best explained using different theoretical perspectives (divergence, universality and convergence). Increasingly, research indicates that the validity of the universality hypothesis no longer holds any truth (Newman & Nollen, 1996; Denison & Neale, 2005). The argument against the universality theory is that the management-performance relationship is not a linear one in that it is influenced by specific contexts within individual countries (Denison, 2000; Hofstede, 2001, 2005).

So far, the researcher has identified some of the main reasons for pursuing this research from a theoretical perspective. It is worth noting that the study was also motivated by some practical issues and the underperformance and the increase of corporate failures in the rubber industry (Barnes, 2013). Industry statistics show that the South African rubber industry, like most other local industries, has been on a downturn, resulting in many companies closing over the last three decades (Barnes, 2013). Though not backed by empirical data, industry perception attributes the demise of this industry because of poor management. Regrettably, the absence of research data to substantiate such claims makes it difficult for management practitioners and

policymakers to find solutions to these challenges, hence the significance of a study such as this one.

A review of theoretical literature shows the dearth of research of this nature within the South African context (Van Rensburg, 2005). Research shows that while the study of management and performance related issues has been widely conducted in other parts of the world such as the United States of America and Europe with conclusive outcomes, little research has focused in this area of management within the African (Huselid, 1996) and more so within the South African context (Van Rensburg, 2005). Instead, there is compelling evidence of such research work elsewhere in the world (Appelbaum & Batt, 1994; Ichniowski, 1994; Huselid, 1995; Berg, 1999; Jackson, 2002a; Guest et al., 2003; Worrall, 2004; Jackson & Schuler, 2005; Boom & Van Reenen, 2006; Van Rensburg, 2009; Bloom, Eifert, Mahajan, McKenzie & Roberts, 2012; Ichniowski & Shaw, 2013; Jackson, Louw & Zhao, 2013).

Evidently, empirical research in issues of this nature within the African and, more particularly, the South African context is elusive and sparse (Armstrong & Baron, 1998; Henning, Van Rensburg & Smit, 2004; Locke & Latham, 2004; Van Rensburg, 2005). It must be noted that even Bloom and Van Reenen's global research project, which is considered by many as one of the largest research projects (World Management Survey in 2004) on management studies ever to have been undertaken to date, did not include South Africa as part of the research sample. The study included only a few African countries (Nigeria, Kenya, Ethiopia, Tanzania, Zambia and Mozambique). A review of the literature highlights the absence of studies that have investigated management practice in the rubber industry in South Africa other than the one undertaken by Ken Barnes (2013). Although Ken Barnes's (2013) research offers some insights into the problem underlying the underperformance of the rubber industry in recent years, his research was based on a small sample, and therefore it lacked the necessary depth to provide conclusive results.

Similarly, the few studies that have been conducted within the African setting (West Africa) by Oghojafor, George and Idowu (2012) Oghojafor (2012) and Adegboye (2013) are not sufficient to address managerial issues related to sub-Saharan countries like South Africa given the cultural differences between West Africa and Southern Africa. As a result, the authenticity of Western management systems and practices in developing countries such as South Africa remains unclear (Blunt & Jones, 1992 & 1997; Blunt et al., 1992).

These Western management systems are based on culturally different paradigms when compared to the South African value system, and in practice, this creates a mismatch between the two value systems (Coldwell & Moerdyk, 1981). Though this assertion by Coldwell and Moerdyk (1981) was made some 36 years ago, it serves to highlight the fact that although the problem is an old one, it is as important today as it ever was then and this reflects the deep polarisation of basic African paradigms and the Western world view. The paradigm conflict arising from differences between traditional African cultural paradigms and modern Western managerial techniques raises serious concerns in relation to the 'perceived' managerial inefficiencies in South African organisations.

The objective of this study was to answer the important and elusive questions which are often asked by many scholars and managers about the application of management and how it contributes towards organisational performance. More importantly, the one elusive question which has never been adequately addressed in many instances is whether management theories and practices of Western origin apply effectively within the South African context? Scholars such as Kanungo and Jaeger (1990) and Kanungo (2001) argue that most management theories are coined within the Western research settings and are therefore based on research samples involving Anglo-Saxon participants who have been trained under Western cultural values yet they get to work in predominantly African cultural settings. The study sought to enhance managers' understanding of contextual issues which impact on management and how these differences in cultural values affect company performance in their own socio-cultural contexts (Davis & Rasool, 1988). This further provides an opportunity for managers to increase corporate performance of their companies using this knowledge.

The study utilised a case study of the South African rubber industry to investigate the effect of management on company performance. The reason for focusing on the rubber industry was based on a number of reasons: firstly, the researcher works for a rubber company, has extensive knowledge about this industry and has been in the industry for more than 27 years, knows almost everyone and therefore this made it easy to obtain information from most companies in the industry. Secondly, and more importantly, the rubber industry has been dogged by serious challenges with statistics showing that about 30% of companies have closed shop over the last three decades (Barnes, 2013; IOM3, 2013). Against this backdrop, a review of literature points to the absence of empirical data in extant literature which talks to this problem (Van Rensburg, 2005).

This study adopted the World Management Survey (WMS) methodology framework developed jointly by Bloom and Van Reenen and the McKinsey & Company in 2004. The framework provides a robust and reliable methodological framework which measures the quality of managerial practices against company performance (Bloom & Van Reenen, 2007; Bloom, Sadun & Van Reenen, 2009a, 2009b). The WMS has been widely used by several other scholars to conduct successful research surveys in overseas countries (Dohrmann & Pinshaw, 2009; McConnell, Hoffman, Quanbeck & McCarty, 2009; McKinsey & Company, 2009; Delfgaauw, Dur, Proper & Smith, 2011; Homkes, 2011; Bloom, Eifert et al., 2012; Rasul & Rogger, 2013). The lack of scientific methodologies of measuring managerial practices prior to the development of the WMS and other related analytical techniques hindered the measurement and quantification of managerial practices against company performance (Bloom, Lemos, Sadun, Scur & Van Reenen, 2014).

This study differed from most other studies of similar focus in that it used a mixed methods approach, utilising a combination of qualitative and quantitative instruments to collect the data. A literature review revealed that several other studies of similar focus adopted either approach (qualitative or quantitative). In this study, a more detailed and in-depth qualitative approach, triangulation, was used to adequately understand the organisational phenomena underpinning managerial practices and performance relations within the South African industry context using. The triangulated approach is based on the Weberian (1964) methodological paradigm of explanation. The Weberian methodological paradigm provides an interpretive understanding of social action to arrive at an explanation of its cause and effects. Coldwell (2007) explains the Weberian methodological paradigm of explanation in terms of causally adequate and adequate at the level of meaning. The term *adequacy on the level of meaning* refers to a subjective interpretation of a coherent action of conduct when its component parts in their mutual relation are recognised as a complex of meaning.

On the other end, *causal adequacy* suggests that there is a probability that it will always actually occur in the same way. Weber (1964) explains that to understand phenomena, one must first understand how they appear to each person's consciousness, a notion known as *verstehen* (meaning to understand in a deep way). The use of a triangulated approach in this study sought to attain an explanation that is adequate on the level of meaning beyond mere replication of Bloom and Van Reenen's (2006, 2007) global study using the South African data. It should, however, be acknowledged that the statistical analyses used in the study cannot indicate a formal causal relationship because such an analysis is unable to establish whether A comes

before B, whether A and B are involved in a constant conjunction, and whether all potential third variables have been eliminated. Important also to note is that this triangulated approach did not feature prominently in Bloom and Van Reenen's (2011, 2010a, 2010b, 2007, 2006) research survey and its adoption in this study is crucial in making a methodological contribution towards knowledge.

The research was based on five areas of analysis (target setting, performance management, process monitoring, incentive management and performance monitoring). This data collection framework was based on the three-dimensional model by Bloom and Van Reenen (2007) and several other scholars to measure the quality of management within and across firms and countries. Bloom and Van Reenen's (2009a, 2007) study was based on three areas of analysis; target setting, process monitoring and incentive management. The current study used a qualitative sample of 30 in-depth, face-to-face interviews with senior company executives and a quantitative sample comprising 152 companies drawn from a population of approximately 202 rubber companies from the nine provinces across the country. The study also utilised other secondary sources of data from key texts drawn from existing theoretical literature. The research utilised ATLAS-ti and SPSS software techniques to analyse the qualitative and quantitative data respectively (Creswell & Maietta, 2003; Kirkpatrick & Freeney, 2005). The quantitative analysis involved the testing of the hypotheses using correlation and regression analysis of each of five managerial variables against company performance, while the qualitative analysis sought to examine the significance of context in influencing managerial practice and organisational performance. The study used the calculated management score as proxy for measuring company performance. This form of performance measurement is consistent with several other studies which proved successful, including the global research survey conducted by Bloom and Van Reenen (2007).

This study seeks to contribute to the enrichment of management theory in various ways. Firstly, research such as this one offers empirical data towards the understanding of management practices and performance relations within the South African rubber industry context. The essential point of outlining this debate is to indicate that this study seeks to adequately understand the contextual factors that influence organisational performance within the South African context as opposed to other overseas contexts as reflected in Bloom and Van Reenen's (2010, 2009a, 2009b, 2007 and 2006) study. Secondly, this study seeks to contribute towards finding a solution to the underlying problem of underperformance associated with local companies. As stated earlier, industry perception is that the demise of the rubber industry is, for

example, a consequence of poor management (Barnes, 2013). However, such claims are not backed by empirical evidence, hence the significance of a study such as this one. It is worth noting that in this study the researcher focused on managerial practice to the exclusion of other potential factors (social, economic, political, legal and financial) which impact on organisational performance primarily because management is widely regarded as a key success factor in business management (Appelbaum & Batt, 1994; Huselid, 1995; Olum, 2004; Bloom, Genakos, Sadun & Van Reenen, 2012a). This debate is further discussed in Chapter Three (Literature Review).

This study adopted the WMS framework (Bloom & Van Reenen, 2010, 2009a, 2009b, 2007, & 2006) which comprised three managerial variables, namely target setting, process monitoring and incentive management. The current study expanded Bloom and Van Reenen's model to five variables (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) to suit this research. While a number of researchers (Van Reenen, 2014; Delfgaauw et al., 2011; Homkes, 2011; McConnell, Hoffman, Quanbeck & McCarty, 2009; Bloom, Genakos, Sadun & Van Reenen, 2012a; McConnell et al., 2009; Rasul & Rogger, 2013) have used the WMS framework successfully in measuring managerial practices, the model lacks versatility in that it only focuses on a narrow set of variables (managerial practices).

The WMS model focuses exclusively on operations related to managerial practices without taking into consideration other strategic aspects of an organisation, such as human resources, technology (innovation), pricing, advertising and markets. The current study, although focused on a limited number of variables which expanded the analysis from the three to five variables and included a qualitative dimension, was limited by not including the specifically human resources aspect of management. One may also argue that management practice is but one element among several other factors that impact on company performance. Nevertheless, the WMS model offers a convenient, robust, credible and comprehensive research framework.

This study adopted a theory of explanatory validity and adequacy (Weber, 1964) which is closely linked to the Chomskyan model's (1964) grammatical and linguistic analysis. The Chomskyan model (1964) comprises three levels of adequacy, namely, observational, descriptive and explanatory. According to Chomsky (1964), for a science that is concerned with the subjective meaning of action, explanation requires a grasp of the complex meaning in which an actual course of understandable action (context) is interpreted appropriately and correctly.

In light of this, it was important for this study to engage in this critical aspect of linguistic expression of adequacy and it therefore has to be acknowledged that the failure to apply a grammatical and linguistic analysis has deprived this research of the opportunity to gain further empirical knowledge in the field of research. This is clearly limitation but one considered beyond the scope of the current study. It may be argued that language is closely related to culture, and in the South African situation it holds particular influence and importance. Although most semi-skilled and skilled workers are functionally competent in English usage, few managers (apart from black managers) are functionally competent in any of the 11 different languages spoken in South Africa.

The study set to further investigate the widely held assumption that management is positively related to company performance, was based on the outcome of past research works of similar focus conducted by various scholars (Appelbaum & Batt, 1994; Ichniowski, 1994; Huselid, 1995; Berg, 1999; Jackson, 2002a; Guest et al., 2003; Worrall, 2004; Jackson & Schuler, 2005; Bloom & Van Reenen, 2006, 2007; Van Rensburg, 2009; Bloom, Eifert, Mahajan et al., 2012; Ichniowski & Shaw, 2013; Jackson et al., 2013).

Based on the studies conducted by the abovementioned authors and others, it was expected that the current study would confirm positive correlations between each one of the five measures (managerial variables against management score) in this study. It was also expected that this relationship (between management and performance) was likely to be influenced by context and, in particular, culture, which was an independent variable in this study. This expectation was based on the context theory and, more generally, on other studies (Grant, 1991; Hofstede, 1996a; Barney, 1997; Becker & Huselid, 1998; Becker, 2005; Denison, 2005; Huselid, 2005; Naor, Jones, Bernardes, Goldstein & Schroeder, 2013) which demonstrate that culture impacts on managerial practice and company performance. The study also assumed that the local rubber industry is homogenous and hence the industry is representative of all other manufacturing industries in South Africa. Finally, the researcher the researcher embarked on the study with the widely held business assumption that the South African context comprises a homogenous culture, which may not be the case in practical terms.

This report is structured into eight chapters: Chapter One is the introduction to the study, providing an overview of management theory and how this study fits into the broader literature concerning the application of managerial practices. Chapter Two provides a background to the study, the problem statement, the research objectives, the research questions and hypotheses.

The focus in Chapter Three is the review of literature; it identifies the key notes in management theory and practice, highlights the gaps in contemporary literature and provides a global overview of management practices across the three geopolitical regionals (West, East and South contexts). Chapter Four provides a detailed account of the methodology, while Chapter Five details the analysis of data and findings. Chapter Six discusses the research findings followed by Chapter Seven which sums up the research findings and proposes some recommendations based on the research outcome as highlighted in the previous chapters (Chapters Five and Six).

The next chapter provides a context and background to the study and thus provides the reader with the groundwork for the discourse that follows in Chapter Three (Literature Review). Chapter Two builds on the motivation highlighted by Chapter One (Introduction). Chapter One introduced the reader to the topic by explaining the validity of western managerial practices within the South African industry context and the significance of context as a factor in enhancing company performance within the African locality. Chapter Two expands further on the subject matter and explains the mixed methods strategy applied in this study, an overview of the rubber industry in South Africa, the reasons for focusing on the rubber industry and highlights the theoretical gap (problem statement), the purpose and objectives of the study and research questions.

# CHAPTER TWO

# BACKGROUND

## 2.1 BACKGROUND TO STUDY

This chapter provides a background to the study by reflecting on the factors that have motivated this study. The researcher also cites the reasons for selecting the rubber industry as a case study in investigating the application and implication of management practice on company performance. The chapter also provides some details on the research focus, problem statement, purpose and objectives, research questions, the assumptions and the hypotheses. The study was motivated by the prevailing corporate failures in the industrial sector, including the rubber industry. This chapter is important in that it gives the reader some background to the study so that one can better understand the significance of the research, now being more aware of the problem highlighted by the study and the contribution the research intends to make towards theoretical knowledge. In summary, this chapter covers the following areas: the motivation and factors that triggered this study, an overview of the rubber industry and reasons for focusing on the rubber industry.

As noted in chapter one (introduction), corporate failures, the unavailability of empirical data identifying the problem and the dearth of theoretical data on the role of management are the three key factors that have influenced this study. The incremental trend in corporate (company) failures, coupled with the unavailability of empirical data which identify the underlying problem or, better still, highlight the role of management in perpetuating these challenges, were the main reasons for embarking on this investigative work. The demise of the rubber industry and the industrial sector, in general, remains a matter of concern to operations managers, captains of industry and government (Barnes, 2013; IOM3, 2013). The recent developments in management theory such as the context theory and the scientific methods of measuring the quantitative effect of management on corporate performance have contributed towards the pursuit of this study. The actual influence of the context theory and the development of scientific frameworks for measuring managerial practices against company performance are explained in more detail in Chapter One (Introduction) and Three (Literature Review).

The study comes at a time when research focusing on the applicability of management practice in developing countries is attracting much attention among many African scholars. The study

of management practices in Africa has increased over the last three decades due to various reasons, including low productivity and lack of managerial skills in many organisations (Newman & Nollen, 1996). As a result, African organisations have long struggled to compete against international companies in the West (America and Europe) and East (Asia) in many aspects, including maintaining high productivity levels and the general quality of management (Newman & Nollen, 1996). The reasons for the low productivity in African companies are not clear owing to the many different scholarly views derived from a wide spectrum of management theories, one of which relates to the long-held suspicion that poor managerial practices in South African companies are the main cause of low productivity in developing countries (Bloom, Mahajan, McKenzie & Roberts, 2010).

It is important to note that although Bloom, Sadun and Van Reenen's (2012b) study confirms that management factors do make a difference when it comes to business performance in various contexts, this present study sought to investigate this correlation between management and corporate performance with specific reference to South Africa. Independent research acknowledges that the South African context is unique and complex when compared to other countries around the world (Mbigi, 2002; Mangaliso, 2006). What makes South Africa unique is that it is multicultural, comprising different cultural (African, European, Afrikaner and Indian) backgrounds (Mbigi, 2002; Visser, 2005; Khoza, 2006; Mangaliso, 2006). It is in this context that this study aimed to investigate the impact of management on corporate performance under these contextual circumstances. Essentially, this study was an extension of the broader conversation which interrogates the applicability, effectiveness and implication of management on company performance within the South African and indeed the African setting. The study went a step further by exploring the significance of context (culture) in influencing performance beyond mere management knowledge (Mbigi, 2002; Visser, 2005; Mangaliso, 2006).

This study was based on the notion that management practices are embedded within specific contexts (Denison & Mishra, 1995; Hofstede, 1997; Denison, 2000, 2005) and this was the point of departure for this study. As noted earlier, the scarcity of theoretical literature linking management and corporate performance within the South African context was a problem requiring investigation (Van Rensburg, 2005). The lack of such empirical literature has created wide speculation among stakeholders citing poor management as the chief culprit to this problem (Kiggundu, 1991; Nkomo, 2011; Barnes, 2013). It is important to note that the lack of empirical data to substantiate this claim signifies a gap in knowledge in the existing literature that required investigation, and hence the significance of this study.

### 2.1.1 The use of mixed methods approach in this study

The triangulated approach adopted in this study was also aimed at counteracting the effects of 'common-method variance'. Podsakoff, Mackenzie, Lee and Podsakoff (2003) note that one way of avoiding any potential common-method variance (CMV) in the research design is by using different sources of data as the case in this research which utilises a combination of quantitative which collects data from middle-level management and a qualitative method which collects data from senior-level management. The qualitative data is aimed at explanation that is adequate on the level of meaning and perceptual on how managers in local companies perceive the role of management on performance.

## 2.2 AN OVERVIEW OF THE RUBBER INDUSTRY IN SOUTH AFRICA

This study focused on the application of management and its implication for company performance. Given this background, the researcher finds it imperative to provide a brief overview of this industry for the benefit of the reader. In brief, the rubber industry in South Africa is a significant part of the industrial sector of the broader economy and comprises a group of rubber supplier, manufacturer and end-user companies. In other words, the industry is involved with the manufacture and processing of rubber products, the supply of raw materials and end users of rubber products. This sector can be categorised into various products including tyre manufacturing, rubber conveyor belting, automotive rubber products, mining and industrial surface protection products, domestic and mining rubber hoses, roller covering, rubber mouldings, rubber calendared sheeting and rubber lining.

Most rubber companies are privately owned, either by local or foreign (multinational) shareholders. These include companies like Goodyear, Firestone (Bridgestone), Dunlop (Rema Tiptop) Industrial Products, Sumitomo Rubber Industries, Leader Tread, Bandag Tyre Retread, National Rubber Matmin, and Multotec Group of Companies, among others. The industry constitutes an integral part of the automotive industry such as VW Motors, Toyota Motors, Mercedes Benz and others in South Africa. According to the IOM3.SA (2013) database, there are approximately 150 small-to-large rubber companies that are registered in South Africa. The abbreviation IOM3.SA stands for the Institute of Materials of Southern Africa, and this is a professional body that co-coordinates the activities of rubber companies in South Africa.

Most rubber companies are situated in the three provinces of Gauteng, KwaZulu-Natal and Eastern Cape in South Africa. The IOM3 database provides the following percentage distribution of rubber companies by province: Gauteng (GP): 48%, KwaZulu-Natal (KZN): 20%, Eastern Cape (EC): 15%, Western Cape (WC): 4%, Free State (FS): 3.5%, Northern Cape (NC): 3%, North West (NW): 2.5%, Mpumalanga (ML): 2% and Limpopo (LP): 1%. The statistics show that the biggest share (~60%) of the rubber industry in South Africa is claimed by the tyre industry, which is concentrated in the Eastern Cape and, more specifically, in the city of Port Elizabeth. The second biggest share (~25%) of this industry is consumed by the conveyor belting companies, and most of these firms are situated in Gauteng. Mining and industrial rubber products share the balance of industry share (~15%) and, again, most companies which produce mining and industrial rubber products are located in Gauteng (IOM3, 2013).

## 2.3 REASONS FOR FOCUSING ON THE RUBBER INDUSTRY

The study focused on the rubber industry for several reasons. Firstly, the researcher works for a rubber company which is part of this industry, and hence it was always going to be easy to conduct this research given the easy access to information. More importantly, the rubber industry is both an integral part and of strategic significance to the South African economy in economic terms (Stats SA, 2013). Essentially, the rubber industry (incorporating plastics) accounts for approximately 8% to 12% of the country's Gross Domestic Product (GDP) (Stats SA, 2013). This makes the rubber industry an important part of the South African economy.

Another reason was that reason research shows that not much attention has been given to this industry in terms of management research. Statistics suggest that much of the research work in this industry has been confined and directed to scientific or technical (Research & Development) projects with no evidence of any study in the area of management. In fact, a review of the literature suggests that this study is the second after the one conducted by Ken Barnes (2013) with a managerial component within the South African rubber industry. As mentioned in Chapter One (Introduction), Barnes's (2013) study was based on a small research sample thus it lacks details and methodological deficiency. However, it must be pointed out that Barnes's study offers some valuable insights into the challenges facing the local rubber industry and it formed the foundation for this study.

It must be mentioned that the rubber industry has gone through a drastic transformation both locally (South Africa) and abroad over the last three decades. The concern is that while the rubber industry has shown growth in other parts of the world such as Asia (Malaysia, Japan, India and Indonesia) and South America (Brazil) over the past decades, the opposite holds true for the local rubber industry. Ironically, South Africa ranks as the fifth highest ranked country in the world in attracting foreign investment in vehicle manufacturing from countries like Japan, Western Europe and America (Blunt & Jones, 1997). Industry statistics show that the South African industrial sector shrank by about 2% to 3% in 2012 while the rubber industry, in particular, has shrunk by an estimated 25% to 30% over the last three decades (Barnes, 2013; Stats SA, 2013). The reasons for the demise of the local industry are debatable and yet to be ascertained; however, industry perceptions attribute corporate failures to managerial incapacity (Kiggundu, 1991; Nkomo, 2011). Statistics based on industry databases and publications show that over 30% of rubber companies have closed shop since 1980. As stated previously, preliminary research conducted by Ken Barnes (2013) indicates the downturn in productivity, and hence company performance of this industry is a consequence of lack of managerial capacity. As a matter of interest, Ken Barnes is a director of one of the largest suppliers of rubber chemicals (Protea Chemicals) in South Africa and a former Chairman of the Institute of Materials (IOM3), previously known as the Plastics and Rubber Institute (PRI) of Southern Africa.

The demise of the rubber industry has resulted in some serious economic consequences: for mainstream businesses, job losses and unemployment, as well as a decline in both individual and corporate tax revenue, thereby resulting in overall economic decline and stagnation. Given this background, there is a serious need for research such as this one aimed at providing empirical data that is beneficial towards addressing the problem of underperformance for the benefit of both industry and the South African economy. The social and economic implications associated with the decline in economic performance of the rubber industry, as discussed in this study are huge and detrimental to social life, business viability and economic development.

The final reason for focusing on the rubber industry was that this subsector is deemed as representative of other subsectors in South Africa's industrial sector and the findings of this research may be used by stakeholders to obtain some insights into their managerial operations for the purpose of policy implementation.

## 2.4 THE PROBLEM STATEMENT

This study was driven by the decline in the corporate performance of rubber companies, coupled with the lack of empirical data in theoretical literature which explains this downturn in this industry.

The demise of the rubber industry is a problem requiring investigation and redress, and the dearth of empirical data that relates to this problem signifies a gap in knowledge in extant literature (Van Rensburg, 2009). In fact, the absence of such theoretical knowledge which refers to this problem within the South African industry context points to a lack of research which attempts to address this problem.

## 2.5 THE PURPOSE STATEMENT

The purpose of this study was to provide empirical data with the potential to assist in addressing the prevailing corporate failures that have characterised the local industry over the last three decades. The study sought to examine the interaction between management and company performance with a view to determining the role of management towards the underperformance of the local industrial sector and more specifically, the rubber industry. In summary, the outcome of this investigation is aimed to assist industry stakeholders with research data with the main purpose of addressing the challenges facing the rubber industry.

## 2.6 ASSUMPTIONS

The study assumed that management is positively related to company performance. This proposition was based on the outcome of past research works of similar focus conducted by various scholars (Appelbaum & Batt, 1994; Ichniowski, 1994; Huselid, 1995; Berg, 1999; Jackson, 2002a; Guest et al., 2003; Worrall, 2004; Jackson & Schuler, 2005; Bloom & Van Reenen, 2006, 2007; Van Rensburg, 2009; Bloom, Eifert, Mahajan et al., 2012; Ichniowski & Shaw, 2013; Jackson et al., 2013).

Based on the studies conducted by the abovementioned authors and others, the assumption was that this study was likely to confirm positive correlations between each one of the five measures (managerial variables against management score) in this study. The second assumption was that this relationship (between management and performance) was likely to be influenced by context

and, in particular, culture, which was an independent variable in this study. This assumption was based on the context theory and, more generally, on other studies (Grant, 1991; Hofstede, 1996a; Barney, 1997; Becker & Huselid, 1998; Becker, 2005; Denison, 2005; Huselid, 2005; Naor, Jones, Bernardes, Goldstein & Schroeder, 2013) which demonstrate that culture impacts on managerial practice and company performance. The study also assumes that the local rubber industry is homogenous and hence the industry is representative of all other manufacturing industries in South Africa. Finally, the researcher assumes was that the South African context comprises a homogenous culture, which may not be the case in practical terms.

## 2.7 THE RESEARCH OBJECTIVES

The study aimed to achieve the following primary objectives:

a. To investigate the impact of management on corporate performance, taking into consideration the unique socio-cultural character of the South African context.

b. To ascertain the significance of context in influencing managerial practices and hence, company performance beyond mere managerial knowledge and expertise.

c. To assess the validity of the so-called Western managerial practices within the South African cultural context.

d. To investigate the perception that the demise of the South African rubber industry is largely a consequence of the poor quality of management in local companies.

e. To contribute towards the resolution of managerial challenges currently facing local companies by enhancing the understanding of managerial implications on corporate performance within the South African context.

f. To contribute towards the advancement of knowledge and extension of theory in this area of management.

g. To lay a foundation and set the tone for future research of similar focus.

## 2.8 RATIONALE FOR RESEARCH QUESTIONS

The research questions below assisted in guiding the research focus, the investigations and desired outcome. Question 1 focused on the relationship between management practice and

company performance. Firstly, the researcher wanted to establish whether indeed, management impacts on company performance. Question 2 interrogated the assertion which suggests that contextual factors such as culture influence company performance beyond simply managerial knowledge, while question 3 sought to identify the key driver(s) of managerial practices and corporate performance in local companies. Question 4 assessed the validity of Western managerial practices within the South African context, considering the diversity and multiplicity of cultures in South Africa. Lastly, question 5 ascertained whether management has had a role in the underperformance and the collapse of some companies in the local industry over the last three decades.

## 2.9 THE RESEARCH QUESTIONS

Q1. Does management have an impact on company performance?

Q2. What effect does 'culture' have on management practice and hence company performance?

Q3. What determines managerial practices and company performance in South African companies?

Q4. How effective are Western managerial practices within the South African cultural context?

Q5. To what extent has management contributed towards the underperformance of the local industry?

The next chapter provides a broad analysis of contingent factors that influence management and company performance. Chapter Three begins by providing definitions to key terms, it then highlights the concepts and conceptual and empirical relationship to the introduction in Chapter One. Chapter Three details a discussion on the core constructs which underpin the study, the validity of western managerial practices within the South African rubber industry context and the significance of context as a determining factor in enhancing company performance. This discussion is supported by various theoretical and empirical perspectives and sources from both the African and global studies.

# CHAPTER THREE

# LITERATURE REVIEW

## 3.1 INTRODUCTION

This chapter is divided into different subheadings and these include the introduction, theoretical perspective of management practice, definitions of key terms, review of applicable theories and models, global overview of management practices (Western, Eastern and Southern contexts), transformation of management theory and practice, changing trends in managerial practices and finally a look at management practice within the South African rubber industry context. The study focused on the practice and implications of management on corporate performance. However, the research also sought to understand the application of management within a wider scope such as the West and East for comparison purposes. Though the review of managerial practices in both the Western and Eastern contexts fall outside the sample scope of this study, such information is important in giving the reader a global view of the managerial practices, how these practices compare within, between and across countries and, more importantly, to the South African context.

This chapter starts with a definition of key terms and is then followed by a perspective on the link between management, context and performance. The chapter also presents some theoretical background on management theory and practice by reviewing the literature on the evolution and transformation of management theory over the past century. The review also discusses the changing trends in management approaches, including the transferability and applicability of managerial practices across different contexts (countries). It further provides a theoretical framework and a review of applicable models, concepts and perspectives relevant to this study. The discussion also focuses on the factors influencing the adoption and dispersion practices as well as barriers which hinder the applicability of managerial practices in different countries.

The chapter also presents a global perspective of management practice across the three geopolitical blocs: West (America/Europe), East (China, India and Japan) and South (Africa). The review provides a detailed account of managerial practices within the South African context (research sample) and covers the characterisation of the South African context, management systems in the pre- and post-apartheid period, and the significance of Ubuntu in business organisations. The cultural concept of Ubuntu is symbolic of the African way of life

and has its roots in Sub-Saharan Africa, including South Africa. Finally, the review identifies the drawbacks and shortcomings of this study.

## 3.2 BACKGROUND

A review of the literature suggests that the study of management in Africa has increased over the last three decades due to a number of factors and chief among them is the realisation that many companies in Africa lack proper leadership and, therefore, are characterised by poor management and underperformance (Newman & Nollen, 1996). It is no surprise that many African organisations have long struggled to compete with international companies operating in the West (America and Europe) and East (Asia) in terms of efficiency, productivity and the general quality of management (Bloom & Van Reenen, 2007). A review of literature indicates that studies focusing on the application of management have widely been confined within West (America and Europe) and Asian (China, India and Japan) contexts when compared to Africa (Farashahi, Hafsi & Molz, 2005; Oghojafor, George & Idowu, 2012). Arguably, research focusing on management practice in South Africa is sparse and invisible in contemporary literature (Newman & Nollen, 1996). Therefore, this study built on the knowledge learnt in overseas contexts and used it a theoretical framework to gain insights into managerial practices from a South African perspective.

In the last two decades, developments in management theory and practice influenced this research in several ways. As noted in the introduction to this thesis, a new generation of management theories such as the context theory (Denison & Mishra, 1995; Hofstede, 2001, 2002; Denison, 2005) and the development of scientific methods of measuring managerial practices such as the WMS (Bloom, Genakos, Sadun & Van Reenen, 2012b) had an influence on this research. Essentially, the context theory suggests that managerial practices and hence, company performance are influenced by contextual factors such as culture (Hofstede, 2001; Ogbonna & Harris, 2000; Denison, 2005). Consequently, the recognition of the context theory has challenged many scholars to revisit earlier orthodox scholarships such as the convergence theory (Mintzberg, 1973). The context theory is based on the premise that the application of management should be considered within socio-cultural contexts for enhanced organisational performance (Ogbonna & Harris, 2000; Gopalan & Stahl, 2001). Equally important was the development of the WMS (Bloom & Van Reenen, 2007), a scientific method of measuring managerial practices which made it possible to measure the effect of management on company performance. Arguably, the WMS measuring framework has increased the extension and

intensity of research focusing on the impact of management on corporate performance within and across countries (Bloom, Genakos, Sadun & Van Reenen, 2012a; Brynjolfsson & Milgrom, 2013).

This research was motivated by a combination of factors and the most pressing one was the underperformance and increase in the rate of corporate failures in the rubber industry, coupled with the dearth of empirical data in extant literature which acknowledge the role that management plays in these challenges (Armstrong & Baron, 1998; Locke & Latham, 2004; Van Rensburg, 2005). Independent research reveals that South African companies adopt Western management practices and, given the realisation that the application of managerial practices of Western origin has not yielded the desired results within non-Western contexts (Montgomery, 1985; Blunt et al., 1992; Ahiauzu, 1999; Worrall & Cooper, 1999; Guest, Michie et al., 2003; Locke & Latham, 2004; Van Rensburg, 2005; Denison, Haaland & Goelzer, in Yilmaz & Ergun, 2008), raises some questions as to whether these practices are effective within the South African context given the high rate of corporate failures in the local rubber industry? As a matter of concern, industry statistics show that over 30% of South African companies have closed shop over the last three decades (Barnes, 2013; IOM3, 2013).

The absence of empirical data in contemporary literature to validate the claims that the underperformance of local companies is a consequence of poor managerial skills in the manufacturing sector is a problem requiring a study such as this one. The concern over the applicability of a Western managerial value system within South African companies is based on the premise which suggests that the adoption of Western individualistic cultural approaches within the African collective cultural context presents compatibility problems (Mangaliso, 2001; Mbigi, 2005a, 2005b; Nkomo, 2006; Nwagbara, 2011), hence the significance of this study.

It is essential at this point to show how the evolution of management theory influenced this study, beginning from the early classical theories and scientific management theory of the early 20$^{th}$ century to the most recent cultural theory (Bartol & Martin, 1991; Bateman & Zeithaml, 1993; Wren, 1994; Kreitner, 1995; Griffin, 2005). Fast forward to the last three decades, a review of literature suggests that in the 1990s, management approaches were focused on process and product quality through structural efforts such as process re-engineering which helped in solving only part of the solution to a complex business environment without addressing the human and cultural aspects of an organisation (Smircich, 1983). In the post-2000 period, the

impact of culture on management gained popularity and increasingly became one of the key variables in organisational theory in which the recognition of the human aspects in organised settings called for serious cultural consideration in managing organisations (Fielder, 1964; Schwartz & Davis, 1981; Smircich, 1983; Pfeffer, 1994; Gopalan & Stahl, 2001; Yilmaz & Ergun, 2008). In today's global business environment, a new generation of knowledge concerning management practice demonstrates that the application of management within specific cultural contexts overrides operational aspects such as structure and strategy in influencing company performance (Deal & Kennedy, 2000; Visser, 2005).

It could be argued that even though Western management concepts have dominated African management systems since the colonial occupation of Africa by the West, they have not taken into consideration the importance of culture in their management approaches (Gbadamosi, 2003). Surprisingly, many African companies continue to adopt Western management ideas and approaches to this day despite mounting evidence suggesting that such systems and practices have not achieved the desired results within the African context (Theimann, April & Blass, 2006). Although many South African companies adopt Western management systems, the social structures in organisations are characterised by a mixture of both Western and African cultures in which management, which is mainly White dominated, assume Western culture, while the shop floor workers, the majority of whom are African, are deeply embedded in their African cultural backgrounds (Mbigi, 2002; Visser, 2005).

Increasingly, the debate on management practice and culture has become a subject of interest to many scholars and management practitioners (Hofstede, 1997; Denison, 2005; Mbigi, 2005a, 2005b; Theimann et al., 2006). Independent research indicates that the South African socio-cultural context is characterised by a culture of Ubuntu (Weir, 1998; 2000). According to Micklethwait and Woodridge (1996), the concept of Ubuntu has the potential to contribute towards the organisational efficiency and the enhancement of business performance (Mbigi, 2002; Nussbaum, 2003; April & Ephraim, 2010). Furthermore, scholars such as Hampden-Turner and Trompenaars (1993) argue that given the social synergies derived from Ubuntu, companies that embrace this philosophy are likely to gain a competitive advantage over their competitors (Mbigi, 2002; Mangaliso, 2006). This view was once echoed by Coldwell and Moerdyk as far back as 1981 and later by several other African scholars such as Mbigi (1997), Tutu (1999), Visser (2005), Khoza (2006), Mangaliso (2006), Khomba (2011), and Mandela (2006). It is in this context that this chapter will review theoretical literature on management, considering Ubuntu as a key variable influencing management practice.

Finally, it is important to mention that this study sought to meet the following objectives: offer theoretical data which explains the interaction and correlation between management and corporate performance within the South African context, establish whether or not context influences managerial practices for organisational performance, and identify the key drivers of managerial practices and company performance within the South African industry context. Also, the research was likely to confirm earlier perceptions which suggest that the demise of the rubber industry is purely a result of managerial incapacity (Barnes, 2013). The study will make recommendations on the measures that are likely to address the problem of corporate failures which has characterised the local rubber industry over the last three decades (Barnes, 2013).

## 3.3 DEFINITION OF KEY TERMS

This study revolved around three key words: namely, management practice, company performance and culture. Therefore, it is important to define these key terms as used within the context of this study for the purpose of clarity to the reader.

### 3.3.1 Definition of 'management'

The term 'management' may be defined as a process by which organisations set out and achieve their corporate objectives through planning, organising, delegating and controlling of the human, physical and financial resources, including the collective motivation of organisational members (Porter, 1991).

The definition given above would not be complete without considering what the authorities have to say about management. One such authority is Frederick Taylor (1856-1915), who has earned the title the father of scientific management. Taylor (1913) defines management as the art of accomplishing a desired group or organisational goal or objective in the best and cheapest way. Similarly, Peter Drucker (1909-2005), who is also known as the father of modern management and whose writings contributed to the philosophy and practical foundations of modern business management defines management as a multi-purpose function that drives business performance (Drucker, 1998). Another management guru, Henri Fayol (1841-1925), commonly referred to as the father of management theory defines management as a function of organisations that directs managers and workers alike towards the accomplishment of corporate or business objectives. Fayol created the first principles of the classical management theory and

is accredited with founding the 14 general principles of management. Fayol is also credited with distinguishing the six general activities for industrial enterprises: technical, commercial, financial, security, accounting and managerial. Finally, Follett (1868-1933) and Koontz (1909-1984) (Koontz, O'Donnell & Weihrich, 1980) also define management as an art of getting things done through other people through motivation and inspiration. In support of what other management authorities in the above statements have said, one African scholar, Oghojafor (2012), writes that management is a core area of leadership responsibility that drives organisational outcomes and overall economic development.

As a matter of interest, management can be traced back to some military origins where the application of management was required to efficiently and effectively execute strategies in military warfare. Weihrich and Koontz (1993) report that in the historical past, management was associated with an array of leadership concepts such as the unity of command, line of command and division of work in the earliest times of Alexander the Great and Lao Tzu (Rousseau, 2000; Weihrich & Koontz, 1993). Essentially, management was popularised at a time when men started learning the art of strategising, planning and organising during the world wars thus management was borne out of the art of managing men and hence the term management (Rousseau, 2000). Today the complexity that characterises business organisations in the post-Industrial Revolution has expanded the scope and meaning of management to include the business component.

The nature and complexity of management changed the post-Industrial Revolution of the 1900s in response to improvements in technology and as a result of global integration (Weihrich & Koontz, 1993). Nowadays, management is no longer limited to manning human resources only but also to other resources and assets such as finances, operations, time, marketing, crisis and strategic management. As a result, management has now become more refined and creative and requires in-depth analytical skills to effectively manage a business organisation. It now goes beyond the organisation's internal operations by embracing other external facets of the organisation such as national culture, economic, legal and political influences (Rousseau, 2000; Weihrich & Koontz, 1993).

Meanwhile, it is important at this stage to explain the term 'management' as measured in the context of this study. In this study, management was broken down into five independent variables (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) for ease of measurement. Though these variables were measured

separately, they constituted collectively what is referred to in this study as a management score, a measure of the quality of management action in an organisation. This theoretical framework is consistent with the methodology used by Bloom and Van Reenen (2006, 2007).

### 3.3.2 Definition of 'management practice'

The term 'management practice' can be defined as the acknowledgement of management decision-making and subsequent process implementation of those decisions into actions so as to meet or fulfil the set objectives. Porter (1991) writes that management practice is the translation of existing management knowledge and theories into action that brings about organisational efficiency and effectiveness. Accordingly, research shows that leadership skills and the level of education provide a good foundation for effective management practice (Porter, 1991; Bloom, Sadun & Van Reenen, 2009). Though practice and theory are intertwined, the two are not the same and, more often, many people confuse the two terms (management practice and management theory) hence the need to define theory (ref. 3.3.3).

### 3.3.3 Definition of 'management theory'

Management is a social discipline that is widely backed up by theories, concepts and principles. Therefore, every management theory is a result of an effort to solve a management or business problem through the application of a research process (Asika, 2007). This means that management theories are perspectives with which people make sense of the business experience (Stoner, Freeman & Gilbert, 1995). More specifically, a management theory can be defined as a systematic grouping of related principles which serves as a means of classifying pertinent management knowledge (Adeoti, George & Adegboye, 2013). Essentially, a theory is built up from hypotheses that have been tested and are empirically supported. A management theory forms the basis for managerial practice, and it follows, therefore, that an empirically supported theory would provide a good foundation for best management practice (Porter, 1991).

Porth and McCall (2001) contend that management theories provide the basis upon which organisations acquire and leverage the knowledge on a particular phenomenon to produce desired and meaningful results. Examples of some of the commonly known management theorists include the following: Peter Drucker (Father of modern management), Abraham Maslow (Hierarchy of needs – motivation), Douglas McGregor (Theory X and Theory Y), Elton Mayo (Hawthorne experiments), Frederick Herzberg (1968) (Two-factor theory of job

satisfaction), Henri Fayol (14 principles of management), Michael Porter (Five forces model), Henry Mintzberg (Organisational structure), James Tobin (Q-theory), Joseph Juran (Pareto Chart), Mary Parker Follet (Participative management), Robert Kaplan (Balanced scorecard) and Pascale and Athos (McKinsey 7-S framework).

In general, management theories can be classified into two different categories: those that concentrate on efficiency and others which concentrate on effectiveness. Efficiency is about doing things the right way and involves eliminating waste and optimising processes, while effectiveness is about doing the right things. A balanced management style is a blend of both efficiency and effectiveness (Jeong & Phillips, 2001). Michael Porter (1991) outlines two main approaches to management, namely the industrial organisation approach and the sociological approach. The industrial organisational approach is based on economic theory, which deals with aspects like competitive rivalry, resource allocation and the economies of scale, and this approach assumes rationality and profit maximisation, while the sociological approach deals mainly with human interactions and assumes rationality and profit sub-optimality. This study considers certain aspects of management from both perspectives (industrial organisation and sociological approach), namely, target setting, process, performance and incentive (human aspect) management.

### 3.3.4 Distinction between 'theory' and 'practice'

As stated earlier, the terms 'theory' and 'practice' are often confused amid the ambiguity in the use of these two terms. For this reason, the researcher has found it necessary to distinguish between these two terms (theory and practice) for the purpose of clarity to the reader. Amid this confusion is a debate over whether studies focusing on the application of management should be concerned with theory or practice. According to the contingency theory (Lauter, 1969), management practice is the implementation of a management idea. The argument is that management practice is situational, meaning that it is influenced by specific conditions and circumstances in which it is applied (Lawrence & Lorsch, 1967; Thompson, 1967; Hofstede, 1997), whereas a management theory is a perspective with which people make sense of their managerial experiences and problems across different contexts (Stoner, Freeman & Gilbert, 1995).

Several scholars acknowledge that management practices differ across contexts (Hofstede, 2001; Denison, 2005), whereas the application of theory often is universal and applicable across

different socio-cultural, legal and ideological contexts. The argument is that a theory is not necessarily constrained by local circumstances such as culture, legal framework or economic circumstances, whereas the practice of management is influenced to a large extent by local situations. This view finds support in the administration theory by Kiggundu, Jorgensen and Hafsi (1983) which assessed the applicability of some theories that were developed within Western business settings using Thompson's (1967) framework of organisational rationality. The outcome of the study showed that theories were applicable in both the developed and developing economies, whereas practices differed based on individual local circumstances. However, Kiggundu et al. (1983) indicate that such views should be treated with caution in that theories can be 'universal' only if they are restricted to the technology of an organisation without reference to its environment. The view concerning the universal use of theory is consistent with the convergence theory advocated by Simon (1997) and Lauter (1969).

### 3.3.5 Definition of 'context'

The term 'context' refers to the circumstances which determine a given environment or setting, which makes it different from other similar or related environments, statements or ideas. The term 'context' may also be defined in abstract terms by referring to something written or spoken that clarifies its meaning. In other words, it is the information necessary to correctly interpret a word or phrase that could otherwise be interpreted in several different ways. The former definition applies to this study as it refers to the social, cultural, legal, economic and political influence on the management of an organisation within a given setting. Since this study investigated the effect of management on company performance within the South African cultural context, it is important also to look at the meaning of the term 'culture' as it applies to this study.

### 3.3.6 Definition of 'culture'

The term 'culture' refers is a broad concept which requires unbundling for ease of understanding and simplicity. The concept of culture is derived from a broader, interdisciplinary perspective which covers several academic genres such as anthropology, sociology, psychology and ethnography (Visser, 2005). More specifically, culture refers to a set of norms, behaviours, beliefs and customs that exist within a population of a sovereign nation (Hofstede, 1998a, 1998b, 2009). Although different researchers define culture from different perspectives, they all find common ground in confirming that culture embraces societal norms and values of a

given society (Hofstede, 1993a, 1993b). This view finds support in Gudykunst and Kim (1992) who acknowledge culture is a system of knowledge and actions shared by a group of people of the same ethnic background and history. In general, culture provides behavioural guidelines and methods of how people live, react and respond to the world.

It is important to distinguish between the two different aspects of culture, that is, national and organisational culture (Pettigrew, 1979). In this study, national culture' is used synonymously with 'societal culture. It must also be noted that this study focused more on national (societal) culture than organisational culture (ref. research question 4). Essentially, national culture is concerned with cultural aspects at the macro scale, while organisational culture is concerned with cultural issues at the granular level (Hampden-Turner, 1990). According to Hampden-Turner (1990), national culture refers to the aggregate culture at the macro level while organisational culture is confined to an organisation. It can also be noted that organisational culture is synonymous with corporate culture. Deal and Kennedy (1982, 2000) explain that corporate culture is used to denote the more commercialised meaning of organisational culture.

### 3.3.7 Definition of 'company performance'

Performance is a critical measure of a company in business management (House, Hanges, Javidan, Dorfman & Gupta, 2004). The term 'performance' is a broad and relative term which should be defined within specific contexts for ease of understanding and clarification. Therefore, it is important to define 'performance' in the context of this study. The debate concerning the meaning of performance arises from the different definitions put forward by different scholars (Barney, 1986, 1997) and the approach to its measurement (Venkatraman & Ramanujam, 1986). It must be stated that in this study, company performance and organisational performance are synonymous, and therefore the two terms are used interchangeably.

In general, performance would refer to a range of measurements of transactional efficiency, input and output efficiency (Stannack, 1996). However, in this study 'performance' refers to the degree or extent to which a company has achieved its operational objectives and, above all, how its performance compares to that of other companies within the same industry or sector of the economy. Therefore, in this study, company performance denotes the level of managerial effectiveness as opposed to the more general construct of organisational effectiveness (Venkatraman & Ramanujam, 1986). In fact, organisational effectiveness is a broader construct

that encompasses organisational performance (Cameron & Whetten, 1983). Organisational effectiveness can be broken down into three more specific areas of organisational measures which include financial performance, market performance and shareholder value (Gopalan & Stahl, 2001).

As stated previously, different scholars adopt different approaches to the measurement of performance, some of which are based on company size, employment levels, level of quality management system or status of management technology. Many of these measurement parameters have been widely criticised by scholars considering the shortcomings and flaws in these approaches, as explained further in this thesis (ref. item 4.2.8: Measuring company performance). To add to these criticisms, Van Reenen (2014) highlights the shortcomings of using company size and employment levels in measuring company performance using the management technology model. Van Reenen's (2014) argument is that in economies where there are greater socio-economic and political distortions, the covariance between management and company size or employment levels, for example is lower compared to situations where such distortions are relatively smaller.

The argument against the use of company size or employment level is that these parameters do not provide a true reflection of the performance of an organisation in that even companies with the same performance level in India may not grow as large in an economy like the United States (US). Traditionally, companies in East Asia such as India and China, for example, tend to remain small and compact compared to those of similar performance levels in the West which usually grow much larger in magnitude (plant size and labour force). In other words, the covariance between the quality of management and plant size, employment level or technology is stronger in the US when compared to countries in Asia (Bloom, Brynjolfsson, Foster, Jarmin, Saporta-Ekstren & Van Reenen, 2013). This view is consistent with Bartelsman, Haltiwanger and Scarpetta's (2013) research findings which suggest that the covariance between company size, employment level or technology and company performance is much stronger in the US than other countries in the East (Asia). Based on the above argument, this study measured company performance based on management aggregate, also referred to as management score. In this study, performance is a sum of scores of the five managerial variables (target setting, process monitoring, performance monitoring, performance evaluation, and incentive management). This performance framework is consistent with Bloom and Van Reenen's (2007) WMS framework. The debate concerning performance measurement is further discussed in the later part of this chapter (ref. 3.4.5).

### 3.3.8 A hypothetical link between management practice, context and performance

The assumption made by this study was that context influences managerial practices and that management impacts on company performance. This theoretical link between management, performance and cultural context is important in that it provides some basis upon which this study sought to explore the correlation between management and performance within the South African industry context. Essentially, independent research indicates a positive correlation between management practice, company performance and context (D'lribarne, 1989; Hofstede, 2001). As stated earlier, the term context relates to culture in this study. A research survey conducted by Bloom, Eifert et al. (2013) demonstrates that good management practices are positively correlated with company performance. It is worth noting that a new generation of management literature suggests that context (culture) influences management practices (Hofstede, 2001; Denison, 2005). Similarly, Ogbonna and Harris (2000) suggest that culture has an active and direct role in determining managerial practices and hence, company performance.

The notion linking management practice, company performance and context (culture) finds support in other studies of the past three decades (Lim, 1995; Gallagher & Brown, 2007); however, the relationship involving these three variables (management practice, company performance and context) is not without controversy. Wilderom and Berg (1998) argue that the empirical evidence linking management and organisational performance is still subject to validation. Essentially, Wilderom and Van den Berg (1998) suggest that the hypothesis linking management practice and corporate performance is yet to be empirically proven under different contexts. Despite this critique, there is overwhelming and compelling empirical evidence which supports the correlation between management and company performance (Kotter & Heskett, 1992; Bloom, Eifert et al., 2012). The consensus among scholars is that there are positive correlations between management, corporate performance and context (Brynjolfsson & Milgrom, 2013).

## 3.4 THE EVOLUTION OF MANAGEMENT THEORY AND PRACTICE

While this study focused on the application of management and its impact on company performance post-2000, understanding the evolution and transformation of management theory and practice is important as it gives the reader some background to the role of management in organisational theory. Thus, the researcher would like to present a brief history of management

theory. This is meant to give the reader some insight into the evolution of management from the earliest classical management systems through to the contextualisation of management practice post-2000. For the purpose of clarity, the researcher presents a step-by-step historical narrative of management progression from the early scientific movement, management process approach, quantitative or management science movement, human relations and behavioural science, and the systems approach to the most recent cultural theory advocated by several scholars across a wide band of disciplines (Bartol & Martin, 1991; Bateman & Zeithaml, 1993; Wren, 1994; Kreitner, 1995; Griffin, 2005; Payne, 2006; Hartley, 2006; Adeoti et al., 2013).

A review of management literature indicates that since the birth of industrialisation in the 1960s the development of management theories has been dominated by American scholars like Maslow, Herzberg, Vroom, McGregor, Likert, Blake and Mouton. This led to the belief that management theories, and hence managerial systems and practices, were best suited to Western contexts (Simon, 1997). From 1913 when Frederick Taylor published *The Principles of Scientific Management*, new sets of management theories and practices have emerged such as the complexity, contingency theory and later the lean manufacturing perspective. It was this early development of the scientific management concept which led many to credit Frederick Taylor as the 'father of management theory'. In subsequent years, however, Taylor's (1913) scientific management principle was met with mixed reactions from several other scholars, and this led to the development of other alternative management perspectives post-1920.

Despite the criticism levelled against Taylor's scientific management theory, this concept was well recognised and acknowledged worldwide pre-1920. In countries like France and Germany, Taylor's work was cross blended with local brands of management systems (Thompson, 1967). Taira (1970) reveals that the scientific management concept found relevance in countries like Japan at a time (1912) when the country was emerging from its agrarian history and moving into the industrial age (Greenwood, 1981). Taylor's theory was also well accepted in Asia, including the then USSR (Union of Soviet Socialist Republic), (Wren, 1980; Bedeian & Phillips, 1990; Wren, 1994). One hundred years later, *The Principles of Scientific Management* remains a lasting contribution to the development of management thought in many parts of the world. Taylor's ideas shaped how the world views and understands business management today (Giannantonio & Hurley-Hanson, 2011).

From 1980 onwards, the development of management theories took a different viewpoint in support of the contingent theory which recognises the application of managerial practices within

socio-cultural contexts for enhanced organisational performance (Fieldler, 1964; Hofstede, 2001; Denison, 2005). This perspective was ultimately accepted and embraced by several other scholars and this led to the emergence of the cultural theory which influenced a paradigm shift from the traditional management science to the recognition of cultural, ideological and historical contexts in the application of management (Hofstede, 1993a, Locke & Latham, 1990**,** 2002; Armstrong & Baron, 1998). The idea that management practices are embedded within specific cultural contexts gained popularity and recognition over the years (Hofstede, 1993b; Newman & Nollen, 1996). This perspective finds support in related concepts such as the contingency theory (Cole, 2004; Becker, 2005; Denison, 2005; Huselid, 2005).

Today, the conception among several management scholars is that there are positive associations between management and company performance in both private and public enterprises across countries (Bloom, Sadun, Lemos, Scur & Van Reenen, 2014). This view finds support in several other studies from different parts of the world (Black & Lynch, 2001; Bloom & Van Reenen, 2007, 2010; Bloom, Brynjolfsson et al., 2013; Di Liberto, Schivardi & Sulis, 2013; Horak, 2013; Hong, Kueng, & Yang, 2014; Johnson & Kuosmanen, 2014; Meagher & Wait, 2014). A new generation of knowledge that culture influences managerial practices and hence, company performance (Hofstede, 1993a; Newman & Nollen, 1996; Denison, 2005).

### 3.4.1 Transformation in management theory and practice

It was noted that early management theories were developed within the Western contexts and because industrialisation began in the West, the application of these concepts in Western countries was effective for they were related to the local cultural values in those contexts. However, the progression, expansion and extension of industrialisation to other parts of the world meant the exportation of Western managerial ideas, systems and practices to non-Western nations such as Africa. According to some scholars such as Gbadamosi (2003) and Fashoyin (2005), the tragedy with the application of Western systems in non-Western countries is that it did not take into account local culture value systems but rather the assumption was that these practices were ‘fit-all-systems’ (Gbadamosi, 2003). It was only recently that scholars started to acknowledge the idea that, while the theory is generally universally accepted across different contexts, the practice of management is deeply rooted within specific cultural contexts (Fashoyin, 2005:43).

A review of the literature shows that in the pre-colonial era of the 19th century, African societies practised a participative management style in which the means of production were built on teamwork, collectivism, co-operation and voluntary activity to meet the needs of society (Eze, 1995). Because of Western occupation, the traditional African management practices were extensively disrupted, and the people's thought processes and cultures were changed as a result, which then led to the Westernisation of formerly African management thought processes and practices (Adeoti, George & Adegboye, 2013). It is not surprising that today most African organisations adopt Western management systems and practices across the continent (Visser, 2005).

It can be argued, however, that companies in Africa, and South Africa in particular, need to adopt modern management systems and practices in order to keep in step with globalisation and, therefore, international competition. In this regard, companies are expected to upgrade their plant technology but, more than that, they also need to transform in structure, acquire and enhance their management knowledge and practices (Kanter, Stein & Jick, 1992). The implications of globalisation are huge because this change implies that the previously accepted management theories and practices no longer hold forth, having been overtaken by the ever-changing business and economic circumstances (Peters, 1989). In these circumstances, one would argue that organisations are then compelled to evolve and transform in line with business complexity by adopting Western management systems and practices (Kanter et al., 1992).

On the other hand, however, the resurgence of African cultures such as Ubuntu in business and the adoption of African management styles have become increasingly prominent with the political and economic power transformation. This makes it increasingly necessary for companies to align their management styles and practices with cultural value systems and context in order to achieve optimum productivity and performance. This argument is based on the view that previous business strategies such as rightsizing or downsizing and corporate re-engineering in recent years have now been overtaken by human resources related strategies such as managerial practices which focus more on human capital, the skills levels and contextual issues such as culture, among others (Sherriton & Stern, 1997; Randlesome, 2002). Evidently, today's business environment compels companies to transform in line with the new global context which is characterised by a more skilled, empowered and diversified workforce coupled with high-tech work systems as crucial elements of the present paradigm (Verwey, 2010).

Pascale, Millemann and Gioja (1997) argue that organisations should consider change as a fundamental transformation process involving peoples' mind-set, values and culture for effective corporate performance. Therefore, today's business requires companies to seriously consider adopting appropriate cultures within their organisations which are responsive to change (Sherriton & Stern, 1997). Increasingly, research indicates that the contextualisation of management practice has now taken dominance over operational aspects such as the structure, strategy and politics in enhancing company performance (Deal & Kennedy, 2000; Visser, 2005). Arguably, the conclusion to this discussion is that the success of companies in the modern-day era is dependent on the adoption and embracing of local cultural values (Peters & Waterman, 1982).

### 3.4.2 Changing trends in organisational theory and management practice

The discussion in the preceding paragraphs shows that management is an organic discipline which evolves over time in response to improvements in technology, business complexity, civilisation and globalisation in general. It was also noted that management systems and practices are constantly changing by moving away from the structural to human behavioural systems approaches (Smircich & Morgan, 1982). In the 1990s, management approaches focused on improving organisational performance through structural efforts such as downsizing and process re-engineering; however, research now shows that such approaches represent only part of the solution to a complex business environment (Smircich, 1983). As such, the concept of context is increasingly becoming one of the key variables in organisational theory in which the recognition of the human aspect now calls for serious consideration of cultural issues in management (Turner, 1971; Louis, 1980; Everett, Stening & Longton, 1982; Smircich & Morgan, 1982; Pfeffer, 1994).

As a result, many scholars regard organisations as social settings which exist within socio-cultural contexts considering the view that culture fulfils several important organisational functions such as group identification (Deal & Kennedy, 1982; Peters & Waterman, 1982), group commitment (Siehl & Martin, 1984), social system stability (Louis, 1980) and employee behaviour and motivation (Louis, 1980; Pfeffer, 1994; Meyer & Herscovitch, 2001). Essentially, this suggests that culture has become a critical lever upon which business managers can use to their benefit to achieve their operational goals and objectives (Schwartz & Davis, 1981).

A historical perspective on the interrelation between management and culture was first highlighted in the 1980s by Pondy and Mitroff. These scholars recognised that organisational theory moved beyond open system models of organisation to a cultural context model. By then, the open systems analogy as a dominant management paradigm had just been superseded by the cultural context perspective as a variable theory. Essentially, a review of the literature indicates that the cultural context theory dates to earlier theories of the functionalist paradigm (Burrell & Morgan, 1979), the system-structural view (Van de Ven & Astley, 1981) and the social factist paradigm (Ritzer, 1975). These themes are derived from similar basic assumptions about the nature of socio-cultural and human interaction.

It was later that Denison (1990) made his first proposal that culture is an important but often neglected variable in influencing management practice. In 1992, Gordon and DiTomaso (1992) offered supporting evidence that a strong culture is essential in determining long-term company performance. This view was further supported by several other scholarships, including Peters and Waterman (1982), and Deal and Kennedy (1982). However, conversely, Carroll (1982), Reynolds (1986) and Saffold (1988) point out that caution must be taken in linking culture with performance by arguing that a simple model relating culture to performance no longer fits but that a more sophisticated understanding of the tie between culture and performance must be developed. Overall, however, there is compelling evidence which demonstrates that management is influenced by specific cultural contexts (Hofstede, 2005**)**. In the case of South Africa, the cultural aspect of Ubuntu that entails a collective approach to work has gained popularity as a key variable in enhancing company performance (Weir, 2000).

To this end, Coldwell and Moerdyk (1981:70-76) wrote that:

> …Ubuntu pervades the African social structure and socialization process and because of its importance as a mechanism of survival for large sections of the Black South African population, it is likely to be needed for some time to come. Thus, the need to consider culturally appropriate management structures that will allow the economic aims of Western business enterprises to be met from within the Blacks' own cultural paradigm becomes urgent…

Several researchers have criticised the notion that culture influences management practice (Pudelko & Harzing, 2007). The argument put forward by scholars such as Pudelko and Harzing (2007) is that while the time up to 1990 was still very much determined by continuing human diversity and later by accelerating convergence tendencies, the likelihood is that in future a more integrated tendency of continued diversity and convergence is likely (Pudelko & Harzing,

2007). However, based on the empirical evidence derived from a wide spectrum of research findings, the significance of context and culture, is likely to prove valid and credible.

There have also been noticeable trends in organisational structures of companies in which business entities are shifting from command hierarchies to smaller but networked organisations in recent years. These include new start-ups and the disintegration of large companies into small and independent entities. These smaller start-up companies are now being accepted as a viable means of achieving sustainable economic growth. These small enterprises follow the Asian (China and India) business models and are popularly known as Small and Medium Scale enterprises (SMEs) in the many African countries, including South Africa. SMEs play a critical role in contributing to a country's GDP. Thus, they are recognised and acknowledged worldwide as vital and significant contributors to economic development (Ch'ng Hak Kee & Chang Zeph-Yun, 1986:25). In both the developed and developing countries, SMEs contribute significantly to national economy. A case in hand is China and India where SMSs have increased in importance owing to the contribution (share of manufacturing, employment and output) they make to the national economy (Ch'ng Hak Kee & Chang Zeph-Yun, 1986:25).

### 3.4.3 Theoretical link between management and performance

The question whether management really impacts company performance is pertinent in that not all scholars have accepted the claim that management is positively correlated with performance (Carroll, 1982; Reynolds, 1986; Saffold, 1988; Pudelko & Harzing, 2007). To answer the question of whether management impacts on performance, the researcher used two secondary sources of data:

Source 1: Title: 'Psychology is more important than technology.' This article is contained in *The Economist* 2017, and it suggests that psychology is more important than technology in entrepreneurial business acumen. Source 2: Title: Experimental evidence from India. The article reports on the outcome of a field experimental study that was conducted by Bloom, Eifert, Mahajan, McKenzie and Roberts (2013) in an Indian textile factory. The experiment reveals that the adoption of good management practices led to improvements in product quality, process efficiency and inventory reduction. Overall, the experiment raised productivity by an average of 17% to 18% in the first year (Bloom, Eifert et al., 2013). In this experiment, free consulting service was offered on management practices at a randomly selected sample of treatment plants and their performance was compared to a set of control plants. The positive

returns on investment (ROI) accrued as a result of the adoption of these management practices led to the opening of more production plants within the next three years of the experiment (Bloom, Eifert et al., 2013).

Based on this experiment and others, management scholars and economists alike have come to understand the astounding differences in productivity within and across companies and countries (Bloom, Eifert et al., 2013). Prior to Bloom and Van Reenen's (2006) global research survey of managerial practices, scholars had difficulty understanding variations in managerial practices within and across countries. Therefore, understanding the effect of managerial practice on company performance is crucial in understanding the key drivers of managerial practice and performance in companies. Research conducted by Bloom and Van Reenen (2007) and Bloom, Sadun and Van Reenen (2009a) indicate that poor managerial practices lead to low productivity and that good practices yield better results. Similarly, a study conducted by Lemos and Scur (2014) indicates that improving managerial practices is a highly leveraged means of improving productivity (one point is the equivalent of a 65% increase in capital or a 25% increase in labour) independent of sector, profitability, past productivity growth and size, labour and, more importantly, capital. The study indicates that the adoption of good practices is significantly and positively related to an increase of 18% in productivity (Bloom, Lemos et al., 2014; Lemos & Scur, 2014).

The correlation between management and performance is acknowledged by several other scholars who suggest that the quality of management is directly related to productivity levels and company performance (Ichniowski, Shaw & Prennushi, 1995). This claim finds support in a study conducted by Black and Lynch (2001) in the US using the Standard Cobb-Douglas production function method to analyse cross-sectional data. The study demonstrates that the way a practice is applied within a business context is more important in enhancing performance. Black and Lynch (2001) argue that Western management ideas and practices are culture-specific and are unlikely to influence performance if they are blindly 'cut-and-paste' within non-Western countries like South Africa with differing cultural settings without any modifications. Black and Lynch's (2001) argument finds support in other literature, including Hofstede (1980) and Kanungo and Jaeger (1990). These claims raise further questions about the transferability and applicability of managerial practices across cultural boundaries or countries, as discussed below.

### 3.4.4 The transferability and applicability of managerial practices across countries?

The debate concerning the transferability and applicability of management systems and practices across countries is a fundamental issue which requires scrutiny. The question that needs to be answered in this regard is whether Western management theories and practices can be universally applied effectively in other cultural contexts outside Europe and America? A review of theoretical literature suggests that in general a theory can be universally applied effectively across different countries irrespective of differences in context (Appelbaum & Batt, 1994; Ichniowski, 1994; Huselid, 1995; Berg, 1999; Appelbaum, Bailey, Berg & Kalleberg, 2000; Jackson, 2002a; Guest, Michie, Conway & Sheehan, 2003; Worrall, 2004; Jackson & Schuler, 2005; Bloom & Van Reenen, 2006; Van Rensburg, 2009; Bloom, Eifert et al., 2012; Ichniowski & Shaw, 2013; Jackson, Louw & Zhao, 2013). However, the situation is different when it comes to the application of practices (Hofstede, 1980; Kanungo & Jaeger, 1990; Gopalan & Stahl, 2001). Essentially, research shows that the application of managerial practices is influenced by contextual factors such as culture, ideologies, history, economic, legal and political interferences (Gopalan & Stahl, 2001).

The major concern among African scholars is whether the adoption of Western managerial practices by African organisations yields the desired results. The concern arises from the fact that many of the theories in management are based on research samples which have come out of research conducted within the Western contexts (Kanungo & Jaeger, 1990; Kanungo, 2001). More importantly, independent research indicates that African companies (South African included) adopt Western management practices (Van Rensburg, 2005; Visser, 2005). The concern arises from the fact that there are wide differences bet9ween Western and African cultural value systems and hence any attempt to apply such practices without considering local cultural values would render such practices ineffective (Gopalan & Stahl, 2001). The question of whether Western management practices are applicable within the South African context raises one important question: Are management practices transferable or applicable across countries?

First, it is important to define the terms ‘transferability’ and ‘applicability’ in the context of this study. The term ‘transferability’ refers to the adoption and implementation of Western managerial practices within non-Western contexts, whereas ‘applicability’ describes the degree of usefulness of Western managerial practices within non-Western countries (Fan, 1998). The implications for transferability and applicability of managerial practices in a country like South

Africa is important for the following reasons: First, the transfer of management practices across countries is not complete until the exported knowledge is applied in a way that is consistent with the indigenous cultural context (Gennaro, 1969). Similarly, the successful transferability of management practices depends largely on the relevance and compatibility of foreign (Western) cultural systems to the local context (Gennaro, 1969).

Accordingly, Fan (1998) argues that since Western management practices are deeply rooted within the Western (American and European) cultural contexts, an indiscriminate adoption of these practices is impractical unless the transferability fits in with the South African context (Fan, 1998). Fan's (1998) argument is based on two important considerations: that there are huge cultural gaps between the Western and the local contexts, and hence such managerial systems may not be applicable within the South African industry context (Hofstede, 1980; Kanungo & Jaeger, 1990).

The question concerning the applicability of management practices within specific contexts is best answered using three different schools of thought, namely: the convergence, divergence and cross-vergence perspectives. First, Gopalan and Stahl (2001) explain how these schools of thought attempt to address the question relating to the applicability of Western management practices within non-Western countries like South Africa. The first school of thought is the convergence perspective which purports that as countries across the world achieve similar industrial and economic developments, the business behaviour assumes similar characteristics and conditions and hence the influence of culture over managerial practices diminishes and thus business behaviour, values and beliefs become globally aligned (Maguire, 2009). The argument goes further to say that under such circumstances, the general practice of management becomes universally valid across countries (Simon, 1997).

In a related view to Simon (1997) and Maguire (2009), Kiggundu et al. (1983) offer a slightly different view on the convergence perspective by arguing that Western management systems and practices are not valid within developing countries – not necessarily based on mere cultural constraints, for example, but purely as a result of differences in the technical and economic circumstances in those countries. Kiggundu et al. (1983) reiterate the need for researchers not to confuse the convergence perspective with the situational or contingency theory which, for example, is based on situating leadership style or managerial practice within different contexts such as the manager's behavioural treats, the company ownership or other related variables of managerial practice.

The second school of thought relates to the divergence perspective which suggests that culture is the determinant factor which influences managerial practice across countries (Hofstede, 1980, Laurent, 1983; Ottoway, Bhatnagar & Korol, 1989; Gopalan & Stahl, 2001). The divergence perspective contradicts the convergence theory by suggesting that the different cultural values, management systems and practices evident across countries cannot be universally transplanted elsewhere without modifications to suit local cultural contexts. The basis of this argument is that, while organisational structures and work processes may tend to converge with increasing levels of industrialisation, the behaviours of people within organisations are largely influenced by their societal cultures (Jaeger, 1990; Hofstede, 1993a). Essentially what this means is that people across countries are likely to be influenced by different societal cultures existent in the respective countries. Hence the business and managerial practices are also likely to differ based on the respective cultures.

A third school of thought is called the cross-vergence. This is a hybrid of the two perspectives (convergence and divergence) discussed above. A cross-vergence perspective is associated with management systems in many African countries (Gopalan & Stahl, 2001); where there is a mixture of indigenous (domestic) and foreign (imported) cultures existing within a single social or business setting. In many cases, the presence of a cross-vergence scenario is a result of managers from developing countries receiving training in foreign countries – more often in the West – and upon return to their native countries they adopt and implement Western management ideologies and systems. This perspective is well acknowledged by several scholars including Bond and King (1985); Ralston, Gustafson, Cheung and Terpstra (1994); and Gopalan and Dixon (1996). Finally, it can be pointed out that a review of literature indicates that the South African context resembles the cross-vergence perspective.

#### 3.4.4.1 The study of management-performance relations in other developing countries

The theory relating to management and performance has been confirmed by more recent studies in other emerging economies such as India. One such study was conducted by Singh (2017) who analysed the relationship between management on firm performance in the hotel industry in India. Singh (2017) explored customer relationship management (CRM) by investigating the association between dimensions of customer relationship management and organizational performance within the Indian hotel industry context or perspective.

Similar studies were also conducted within the African context by Whyte & Aula (2018) and Ikechukwu (2016) and they focused on strategic management and organisational performance in Mogadishu, Somalia. The studies employed the use of both descriptive and correlation research design to establish the nature of the relationships. The findings of the research revealed significant positive relationships between strategic management and organizational performance.

### 3.4.4.2 Adoption of western managerial practices in other emerging economies

The adoption of western managerial practices by African companies has been backed up by other studies within the African context. One such study was conducted by Ikechukwu (2016). Ikechukwu (2016) explored the development, transferability and practice of Western management theories in Africa and more specifically in Nigeria. The study examined the historical development of various management schools of thoughts, as well as their significance on management practice and limitations. The research identified a significant gap on the practice of management approaches and established evidence of Western management theories in Nigerian organisations. The study concluded that Western managerial practices can be enhanced, if peculiar socio-cultural factors are taken into consideration in the application of these practices.

Similarly, Whyte and Aula (2018) conducted a study which focused on the adoption of Western management concepts by African organisations and how this has affected the development of management in Africa. The study examined various management styles practiced in Africa, and more specifically in Southern Africa. The investigation revealed that African management practice is heavily influenced by culture, apartheid and colonialism. Furthermore, the study found that western based management practices in Africa may need to be discarded and replaced with African management practices such as Ubuntu. The results of this study contribute to the subject of African Management and thus, are expected to further the understanding of organisational management in Southern Africa. The outcome of the research developed an alternative management concept or model called the African Management Matrix which suggested that management practices in Africa need to be redefined while considering the effects of colonialism, apartheid and African culture

A more recent study was conducted by Alette Vonk (2019) which revealed that the best practices and tools of 'Western' management cannot be simply transferred to other parts of the

world. Vonk (2019)'s study resonates with Osarumwense Iguisi's (2014) earlier study which demonstrated that culture has a major role to play in management and in the economy of sub-Sahara Africa. According to Iguisi (2009), Western management theories place much emphasis on individual accountability and on impersonal definition of functions, thus reflecting the individualistic culture of the political north as opposed to the collectivistic cultures of the political South and more specifically of sub-Saharan African societies. Iguisi (2014) further argues that the motivational measures for personnel in most Western countries is based on reward systems and personal recognition and that the relationships between superior and subordinate motivates them more than reward for achievement, challenging work and participation in decision-making.

### 3.4.5 Reason for the adoption of the scientific method of measuring managerial practices

Researchers have long struggled to measure the quality of management and account for differences in productivity levels within and across countries owing to the absence of scientific methods of quantifying managerial practices against performance. The development of a methodology for measuring managerial practices, the WMS enables researchers to determine the quantitative effect of management on corporate performance (Bloom & Van Reenen, 2007). Prior to the development of this measuring framework, researchers could only rely on qualitative means to measure the quality of management, but now scholars are able to determine in scientific terms the effect of management practice on company performance with great certainty using the WMS framework. It is for this reason that the researcher adopts the WMS framework in this study to investigate the effect of management on company performance in South African companies.

In other words, managerial practices can be examined using more scientific methods, and this enables researchers to link the measure of management with other aspects of the business such as efficiency, productivity and performance using standard economic models (Bloom & Van Reenen, 2007). According to Bloom, Genakos et al. (2012a), companies that adopt good management practices in respect of targeting setting, process monitoring, and incentives management perform better on a wide array of factors than those without. Other scholars that have used this WMS framework with great success include Delfgaauw et al. (2011), Homkes (2011), McConnell et al. (2009), McKinsey and Company (2009), Dohrmann and Pinshaw (2009), and Rasul and Rogger (2013).

## 3.5 THEORETICAL FOUNDATION

This study was informed by three interrelated management perspectives: the three-management model by Bloom and Van Reenen (2007), the six-dimensional model (Hofstede, 2002) and the cultural context theory (Denison, 2000). The three key management concepts listed above formed the theoretical foundation of this study. The three perspectives are discussed in detail below.

**The context theory:** The context theory (Denison, 2000) provided the basis upon which this study argues for a paradigm that recognises the importance of situating managerial practices within socio-cultural contexts. The context theory challenges the convergence theory, which suggests that management practices are universally effective across different cultural and business contexts.

**The six-dimensional model:** The six-dimensional model (Hofstede, 2002) provided the platform upon which this study argues for differences in the characterisation of contexts between the West and South Africa, hence the transferability and applicability of Western practices within the African contexts must take into consideration disparities in cultural value systems. The model is based on six dimensions: power distance index (PDI); individualism versus collectivism (IDV); masculinity versus femininity (MAS); task-orientation versus person-orientation, uncertainty avoidance index (UAI); long term orientation versus short term normative orientation (LTO) and indulgence versus self-restraint. The six-dimensional model is also related to yet another cultural perspective, the cultural context theory advocated by Denison (2005) which suggests that management practices are contingent on the cultural context of the country concerned.

It is important to note that both the six-dimensional model and the cultural context theory find support in the contingent theory which expresses similar views that effective management practices are contingent within specific contexts (Fielder, 1964; Cole, 2004). Essentially, the three theoretical perspectives (the six-dimensional model, cultural context and contingent theory) are intertwined and share similar views in some way. It is also important to note that the six-dimensional model and the cultural context theory are related to the cultural aspect of ubuntu, which is peculiar to South Africa. Ubuntu is a part of African culture which recognises the importance of an individual as part of a family, group or, most importantly, a community and it is focused on promoting social cohesion and teamwork within organisations (Magee,

2002; Mbigi, 2002; Khomba, 2011). African scholars acknowledge the benefits of synergies and competitive advantages that arise from embracing the ubuntu philosophy in a corporate setting (Magee, 2002; Mbigi, 2002).

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**The three-dimensional model:** The three-dimensional model (Bloom & Van Reenen, 2007) provided the methodology and hence, the framework for the measurement of managerial practices against company performance. Essentially, the three-dimensional model is based on a global research framework, widely known as the WMS which measures the quality of management based on a set of managerial variables. This study adopted the WMS framework with minor modifications having been made to the original template to suit the research inquiry in this research. Bloom and Van Reenen (2007) used the WMS to investigate variations in managerial practices across countries and established that practices differ across countries based on several factors, such as labour regulations, company ownership, product type, product market, competition and level of education.

### 3.5.1 Theoretical framework

Fig. 3.1 below shows a diagrammatic illustration of a conventional framework showing the interaction between the independent variables (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) and the dependent variable (company performance).

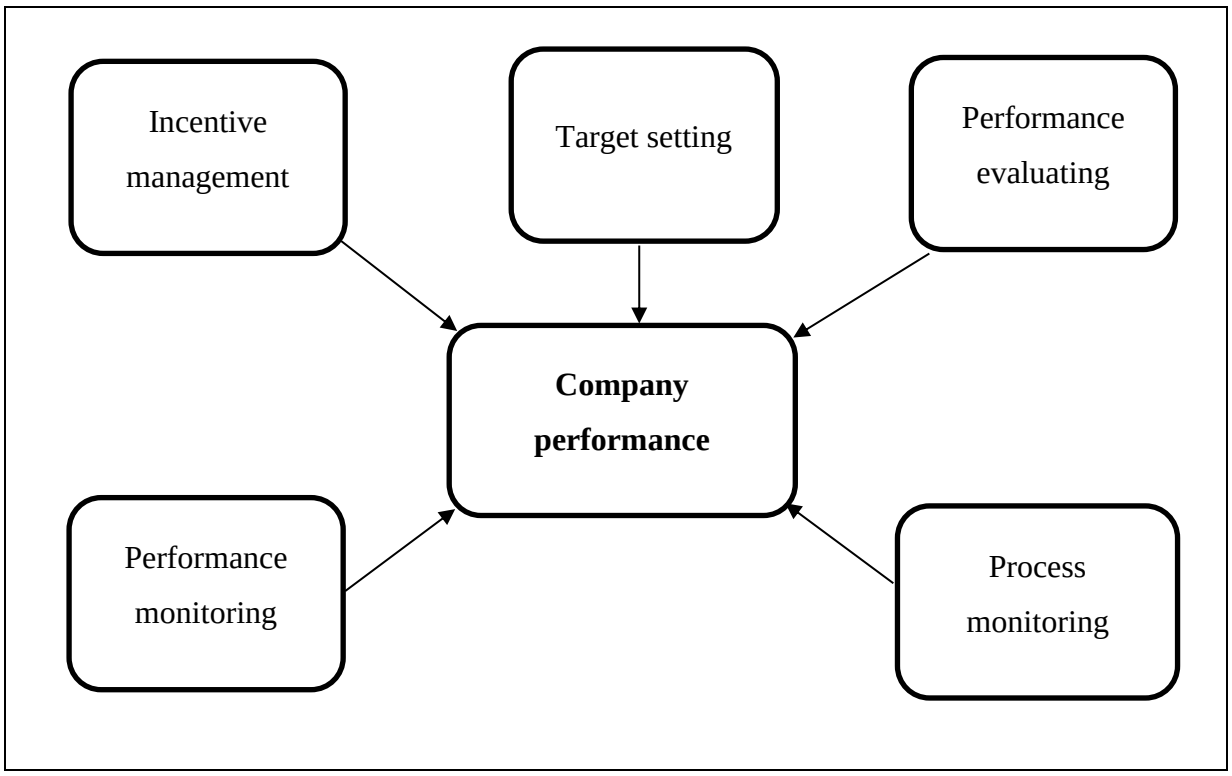



**Figure 3.1: Theoretical framework**

This theoretical framework (ref. Figure 3.2) is illustrated in the diagram below with particular emphasis on *context* as a central factor influencing management practice and company performance within the South African context.

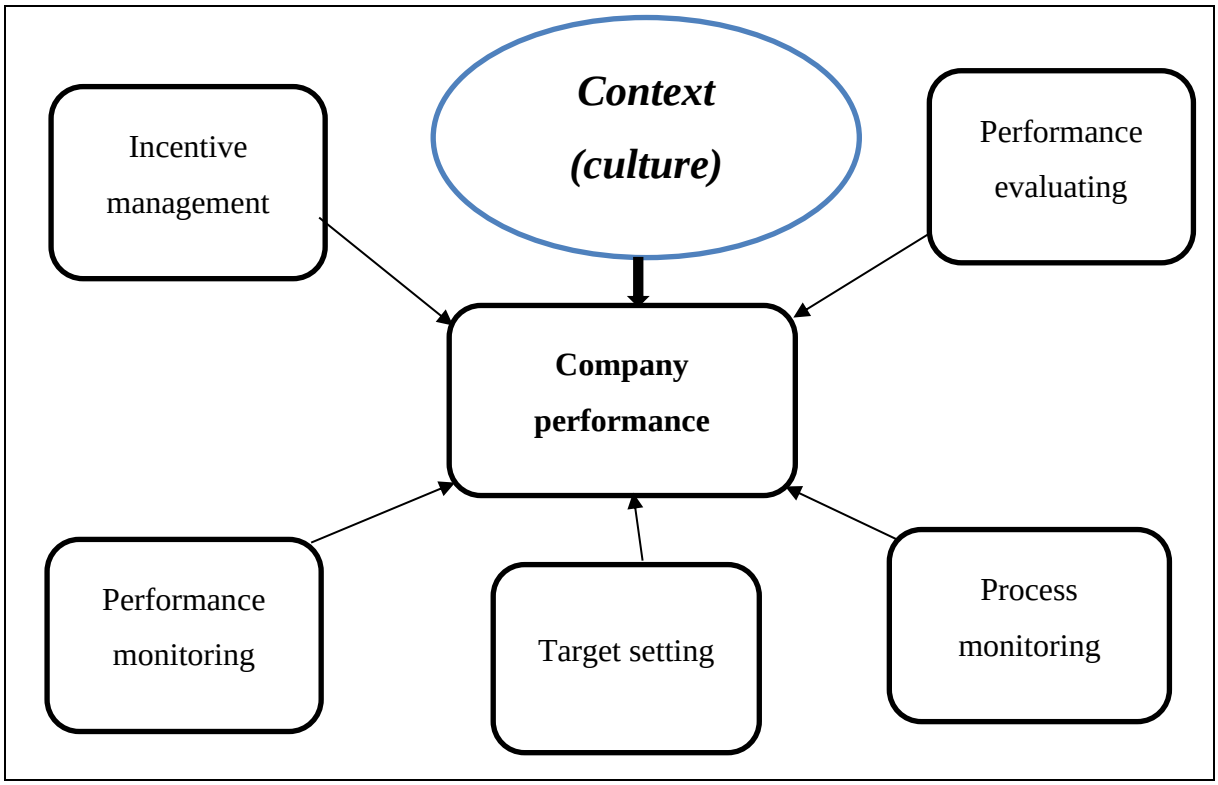



**Figure 3.2: Proposed theoretical framework**

#### *3.5.1.1 Operationalisation of managerial practices*

*Target setting* assesses the consistency in the planning and control of corporate objectives throughout the organisation. More importantly, target setting assesses whether companies set the right targets, track the right outcomes and take appropriate action if the two do not tally. Target setting entails managing performance targets that are interconnected and linked to the broader corporate goals, making sure that targets are defined, communicated to all levels of the organisation and managed through a formal appraisal system that is transparent to all interested parties (Bloom & Van Reenen, 2007). In a way, it measures how effectively and efficiently a company plans and controls its corporate performance.

*Process monitoring* focuses on the tracking of performance of individuals and teams, reviewing performance through regular appraisals and job plans and consequence management, that is, making sure that plans are kept, and appropriate sanctions and rewards are in place. Basically, process monitoring entails periodic tracking, that is, daily, weekly, monthly, quarterly and annual checks. It involves the tracking of any activity's progress by systematically gathering and analysing data and information. The conventional data-driven monitoring methods such as principal components analysis (PCA), and independent component analysis (ICA) are some of the most common methods of process monitoring. Process monitoring measures how well a company manages its internal processes such as plant efficiency, production output, waste or defective products.

*Performance monitoring* measures how effectively companies track what goes on inside their firms. In other words, performance monitoring refers to processes that align the efforts of the organisation towards common corporate objectives and strategic goals. Essentially, performance monitoring tracks and reports on performance measures, review performance, controls for deviations and manages for under performance.

*Performance evaluation* can be defined as a formal procedure of measuring the operational performance of a company or organisation. Performance evaluation follows a systematic, general and periodic process of assessing a company's performance and productivity in relation to set targets, pre-established criteria or organisational objectives. Performance evaluation involves the assessment of a company's performance based on various means such as finance, sales or production output. In this study, performance evaluation shall refered to the

measurement of a company's operational performance based on production output and product quality.

*Incentives management* measures employee motivation. It assesses human resources issues such as the recruitment or hiring process, the retention of the right people in the company and providing them with opportunities to develop and empower themselves to succeed. Incentive management is based on the premise that the motivation of employees is directly related to company performance (Lazear & Oyer, 2013; Youndt, Snell, Dean, James & Lepak, 1996). In this study, incentive management measured the motivational levels of employees in a company.

*Context (culture):* Research on the application of management in non-Western countries has revealed that contextual factors such as culture, among others, influence company performance (Vonk, 2019; Whyte & Aula; 2018; Damilola & James, 2014; Jariya, 2012). This research identifies context and in particular the aspect of culture, as an importable variable which influences company performance. While research examining the influence of context on firm performance in different countries is robust, there is a dearth of research examining the role of culture within the South African industry context. Unlike the other five variables stated above (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) which are measured using quantitative means, culture was determined qualitatively based on interview responses.

These managerial practices are measured using a Likert-type scale. The scale is based on a scoring grid system with three multiple choice answers (Likert, 1931; Churchill & Peter, 1984; Malhotra, 1993; Feldman, 1995; Bloom, Genakos, Sadun & Van Reenen, 2012a). The scale (Likert-type scale) provides a convenient and reliable instrument (Cooper & Schindler, 2011) and allowed direct comparison with the findings of the other related research surveys such as ones conducted by Bloom and Van Reenen (2010, 2009a, 2009b). The scale measures the individual independent variables in quantitative terms and the sum of these quantitative scores provides a measure of company performance. The details of this methodological framework are further explained in Chapter 4 (ref. 4.2.3 Measuring managerial practices, pages 122-123). This methodology is consistent with other performance measurements of company performance such as the World Management Survey (WMS) used in other related management studies (Bloom & Van Reenen, 2007 Bloom, Eifert et al., 2013). A detailed account of company performance measurement is further explained in Chapter 4 (ref. section 4.2.4, page 123).

### 3.5.2 A review of applicable theories, models and perspectives related to this study

A detailed discussion on the three key management concepts which formed the theoretical foundation to this study is presented in the following paragraphs.

#### *3.5.2.1 The three-dimensional model*

The three-dimensional model developed by Bloom and Van Reenen (2007) offered a methodological framework for measuring the effect of managerial practice on corporate performance using three areas of analysis: target setting, performance monitoring and incentive management. Essentially, the framework provided a robust and reliable method for measuring the quality of management against company performance (Bloom, Genakos et al., 2012a and 2012b). The model was part of a broader framework, the WMS, which measured the correlation between management and productivity, efficiency or performance. The three-dimensional model comprises three constructs: target setting, performance management and incentive management (2012b, 2007).

The model provided a methodological framework which defines bad and good managerial practices as follows:

Bad management practices:

> Organisations that fail to track the performance of their employees and have no effective targets and base promotion on tenure with no system to address persistent employee underperformance.

In contrast,

Good management practices:

> Organisations that continuously monitor and try to improve their processes, set comprehensive and stretching targets, promote high-performing employees and deal with underperforming employees through training, reallocation or exit.

Mocumi (2015) calls for a rigorous performance measurement system that truly reflects employee performance, such as high performance (HPS). To this end, Gibbons and Henderson (2013) posit that there exists no single definition of good performance management, but there

are three elements that require consideration: the identification, implementation of the skills development and the creation of opportunities for communication and problem solving.

Performance management also involves the optimisation of process, commonly known as lean operations. Lean operations refer to processes and behaviours that optimise production lines and maximise the value harnessed from physical assets with the aim of eliminating waste, idle time, non-conformances and breakdowns, thereby maintaining high efficiencies (Shah & Ward, 2007).

Mocumi (2015) reflects on the research conducted by Bloom and Van Reenen (2007), describing the lean operations as the utilisation of lean manufacturing techniques that promote a culture of continuous improvement in which processes are defined, documented, and corrective and preventive measures are taken for improved product quality. Similarly, Cua, McKone and Schroeder (2001) suggest that there is a direct relationship between TQM (Total Quality Management), JIT (Just-in-Time) and TPM (Total Productive Maintenance) and corporate performance. Cua et al. (2001) conducted a study aimed at developing a framework for examining the relationship between these three quality elements and organisational performance.

The argument advanced by several scholars is that employee reward does not always have to be cash based but can be in the form of non-financial incentives as well, such as healthcare benefits, retirement benefits, employer-sponsored child care, nicely decorated offices, stock options, skills development and recognition of achievements (Lazear & Oyer, 2013). Lazear and Oyer (2013) suggest that building a high-performance culture involves identifying different ways of motivating people by appealing to their individual needs. Lazear and Oyer's (2013) view on the motivation of individual employees is based on the premise that workers appeal to different forms of incentives, that is, different people are incentivised in different ways. Overall, however, Lazear and Oyer (2013) conclude that incentives do provide the motivation needed to increase productivity and performance.

More related to incentive management is the concept of talent management which refers to processes and human behaviours that optimise the quality of the workmanship and the attraction and retention of quality employees. Essentially, talent management entails creating a unique value proposition for employees such that talented employees remain committed to working for a company of choice as opposed to the opposition. It involves putting in place practices and

policies that allow for the advancement and retention of talented employees. Hence it is important for management to harness the potential of such employees (Youndt et al., 1996) for enhanced company performance.

It should be noted, however, that while this study utilised the three-dimensional model to analyse the effect of management practice on company performance, the model was extended to include two more managerial variables in this research. Bloom and Van Reenen's (2007) model consists of three variables (target setting, performance monitoring and incentive management) and two more variables (process monitoring and performance evaluation) were added to make up five variables in this study. The reason for the expansion of the measuring framework (modifications) was to suit the scope and meet the research questions of this study.

#### *3.5.2.2 A critique of the three-dimensional model*

The three-dimensional model (Bloom & Van Reenen, 2007) suggests that organisational performance is largely determined by managerial practices, which in turn are influenced by a series of factors such as the managers' level of education, managerial skills and expertise, product competition, corporate ownership, company (firm) size, international presence and autonomy of the plant. The view that management impacts directly on company performance has been met with criticism from some scholars such as Moghaddam, Khorakian and Maharati (2014) who argue that performance is rather determined by the entrepreneurial talent of Chief Executive Officers (CEOs) or Managing Directors (MDs). This brings into perspective the question whether the management scores derived from the WMS conducted by Bloom and Van Reenen (2007) reflect managerial practices or are simply a reflection of the entrepreneurial ability of the senior executive.

The Lucas model (1978) provides some evidence in support of the entrepreneurial hypothesis by suggesting that certain groups of individuals are endowed with managerial talent, which makes a difference to the fortunes of a company. A classic example relates to the Chief Executive Officer of Deli, Bill McDermott, who is credited with having rescued distressed companies from closure by implementing conservative investment policies during industry downturns (Benmelech & Frydman, 2009, 2015). The notion backing the entrepreneurial hypothesis finds further empirical backing in Benmelech and Frydman's survey findings which suggest that CEOs' characteristics influence company performance.

While acknowledging the impact of managerial (entrepreneurial) talent on company performance, it is important to recognise that management is a very broad concept which extends beyond simply entrepreneurial talent of the human element in total exclusion of system, process and technology related factors which are part and parcel of management practices proposed by Bloom, Genakos et al. (2012b)**.** Van Reenen (2014) adds that there exists heterogeneity in productivity even across organisations with the same group of employees, which suggests that there are other factors which relate to the deep-seated factors beyond the human element. The argument is that the CEO and founder are likely to have a great influence on corporate culture, which may extend beyond their tenure, meaning that the culture may persist even after their departure. A typical example is a Japanese company, Toyota Motors, whose corporate culture remains unchanged since its inception, long after the entrepreneurial founders have exited from the business. At the same time, the Indian textile case studied by Bloom and Van Reenen (2006) indicates that productivity and company performance improved enormously even with the same crop of managers who managed those ailing companies prior to the experiment.

It was noted earlier that Lucas's (1978) model suggests that certain groups of individuals with the highest level of talent will successfully manage organisations by riding on their talents. As a counter argument to Lucas' model, Van Reenen (2014) explains that entrepreneurship is a part of management which eventually results in managerial overload and leads to diminishing returns and this means that even the best manager cannot manage a business beyond a certain size. The argument is explained using a power law model which suggests that in equilibrium there will be a cut-off point below which an individual will optimally decide to be an employee (CEO or MD) and use other people in different roles of the company rather than manage the business by oneself. It is assumed that at this level of business activity, a power law in managerial ability then gives rise to the power law in the company size distribution (Garicano, Lelarge & Van Reenen, 2016).

The above argument does not necessarily dismiss the claim that corporate leadership (CEOs) impacts on organisational performance completely, but it does show that the human capacity and capability do impact on company performance to certain extents and limits, beyond which management systems take over. The ability of CEOs to influence corporate performance is seen in Bertrand and Schoar's (2003) study in which they used CEO data from ExecuComp and Forbes to match to publicly listed US companies to show that there are essential CEO fixed

effects in corporate strategy and performance which are systematically correlated with observables.

Van Reenen (2014) acknowledges Bertrand and Schoar's (2003) views and explains that CEOs who have gone through business schools, for example, are more likely to achieve closer correlation between investment and stock market value. In other words, this indicates that the skills of managers and in general all employees are crucial in achieving business success. However, in a broader sense, Van Reenen (2014) further argues that if human skills are available in perfectly competitive factor markets, then they should be measured as factor inputs and not as part of Total Factor Productivity (TFP) unless management includes an element of intangible capital.

#### *3.5.2.3 The six-dimensional model*

The six-dimensional model (Hofstede, 1996a, 1996b) is one of the three key concepts around which this study revolved. The model provided the basis upon which this research argued for a paradigm which recognises the importance of situating contemporary managerial practices within socio-cultural contexts for enhanced organisational performance. The model also provided the theoretical basis upon which this study challenged the validity of the convergence theory advocated by scholars such as Mintzberg (1973) and Simon (1997). The convergence theory suggests that management practice is universally applicable across varying cultural contexts. On the other hand, the six-dimensional model is based on the divergence theory (Krenn, 2016) which contends that management practice is determined by contextual factors such as national cultures, legal, ideologies and political orientations of individual countries and therefore the application of management varies across cultural contexts.

The six-dimensional model is based on six contextual dimensions, as explained previously. These dimensions represent independent preferences for one over another that distinguish countries (rather than individuals) from each other. It should be noted, however, that country scores on each of the six dimensions are relative, which implies that culture can only be used meaningfully by comparison. The model uses factor analysis to examine the effects of a society's culture based on the six dimensions along which cultural values are analysed. Hofstede's (1996) model offers a framework for measuring observable differences between national cultures; hence the model is widely recognised across different disciplines such as psychology, international business and cross-cultural communication. It is within this context

that the model continues to be a major source of data analysis in cross-cultural studies even today.

Hofstede's (1996a, 1996b) cultural theory provides a clear understanding of what drives managerial practices within and across countries. For example, the model reveals that managerial practices across countries like Germany, Japan, France, Netherlands, South-East Asia, Africa, China and Russia are best explained based on the countries' differences in cultures, ideologies and historical backgrounds. In other words, the model (Hofstede, 1996a) assists in explaining the cultural contexts which characterise individual countries and how these cultures determine managerial practices within and across countries. Hofstede's (1996a) global study shows that management practice in Germany, for example, is influenced by the desire to meet technical excellence and product quality, while in Japan, the drive is motivated by the need to promote teamwork and technical expertise. Furthermore, the study also explains the key factors which influence managerial practices across various countries as follows: France (pay-for-performance), Netherlands (achievement and self-actualisation), China (output and job security), India (distinction from others), America (formal training and branding), United Kingdom (UK) (formal systems and internal controls) and Africa (hygienic factors and job security).

Hofstede (1995a, 1995b) also assessed managerial practices in Japan and found that the American type of manager does not exist in Japan. Hofstede's assessment suggests that in the US, entrepreneurship is driven by managerial class while in Japan, the emphasis is largely focused on the Japanese-style of group consultation concept. Unlike the American system, a group consultation concept in Japan is driven by peer group effort which is a bottom-to-top rather than top-to-bottom style of management (Mohammad, Cordeiro & William, 1999). This explains why entry level of university graduates in Japanese organisations starts at shop floor worker-group level. The graduates then gradually move up and fill higher positions from line to staff as the need arises and remuneration is strictly based on seniority rather than position (Mohammad, Cordeiro & William, 1999). Based on the findings of Hofstede's (1995a) study, one can argue that the American management system is ill-suited for a country like Japan, which then brings into perspective the importance of contextualising management practice as conceptualised in the contingency theory (Fielder, 1964**)**.

Hofstede's (1995b) study also looked at some countries in Africa, which he rated as 'high' on the power/distance index. This rating suggests that skill, wealth, power and status go hand in

hand and are reinforced by the culture of collectiveness and. This means that power is based on family, friends, charisma and the ability to use force. Hofstede's (1995a) theory implies that politics is much more influential in African countries compared to other parts of the world. In the final analysis, Hofstede (1995) ranks African societies in the middle of the individualism index. This means that the societies are moderately masculine, but with strong sex role distinctions and the role of women is clearly identified as lying within the family domain. Hofstede (1995) suggests that most African countries fall between the extreme positions in terms of uncertainty avoidance – the extent to which members of a culture feel threatened by uncertain or unknown situations.

Overall, Hofstede (1995b) classifies African societies as moderately oriented towards the avoidance of uncertainty, and he also stresses the importance of family and kin relations. This fundamental characterisation of African societies emphasises the importance of tradition in African culture. Some scholars argue that the fundamental matrix of African social organisation is essentially hierarchical and traditional, representing in a way a facsimile of the family and kin structures which permeate African society (Adeoti et al., 2013). The African traditional influence, with its emphasis on the patriarchal family structure, is visible in the structure of organisations in which top-down authority is the norm. In a typical village setup, the legitimate authority rests ultimately on the apparently absolute power of the Chief, who nonetheless must take account of tribal opinion in his decisions. This social structure represents a classical matrix of authority which is still evident in many African organisations (Adeoti et al., 2013).

#### *3.5.2.4 A critique of the six-dimensional model*

Although Hofstede's (1996a) six-dimensional model is generally accepted as a comprehensive framework of assessing national cultures across countries, the validity of the model has been met with some criticism. Some of the shortcomings of the model include the inconsistency in its theory and methodology. Galit Ailon (2008) reflects on the model and finds inconsistencies in both theory and methodology, and hence he cautions against an uncritical reading of Hofstede's cultural dimensions. Ailon (2008) argues that apart from Hofstede's five cultural dimensions, there are other key factors that can be used to assess culture but that these factors are often overlooked because of the nature of their construction. Ailon cites a sampling discrepancy in Hofstede's model which disqualifies Hofstede's survey findings from being authoritative on organisations, societies or nations. The deficiency in Hofstede's data collection

interviews is that his sample, which focused on sales and engineering personnel, did not include women and other social minorities (Moussetes, 2007).

The argument is that even though country indices were used to control for wealth, latitude, population size, density and growth, the survey targeted privileged males working as engineers or sales personnel in elite organisations and therefore Hofstede's study results are not representative of the countries in which the studies were conducted (Moussetes, 2007). Furthermore, the six-dimensional model (Hofstede, 1996a) does not take into consideration factors which are related to the history of the host nations which also play significant roles when assessing the economic growth of a country (Yeh & Lawrence, 1995).

Visser (2005) reflects on the applicability of the six-dimensional model within the South context and doubts the validity of the model within the local cultural context. Visser (2005) argues that the model is more suited to countries with homogenous cultures and not for a multicultural and racial country like South Africa. In other words, Visser (2005)'s argument is that since Hofstede's model can be applied to countries with a culturally heterogeneous society like South Africa, the different cultural groups are likely to fall on opposite sides of these criteria. For example, the White English-speaking employees are often more individualistic than the African employees who have a strong emphasis on collectivist culture.

Visser (2005) also suggests that both Afrikaans and African males are normally raised in a culture where masculine traits such as assertiveness and aggression are admired and encouraged and women's roles are caregivers and nurturers, which is in direct opposition to the English culture. As a result, this heterogeneity in culture in the South African case creates cultural diffusion between African, Afrikaans and Western (White) cultures. Despite the shortcomings of Hofstede's (1997) model, his research framework is worthy of consideration as a benchmark in the study of cultural differences and managerial characteristics across nations, based on the fact that it remains one of the most comprehensive and near conclusive methodologies for determining cultural differences across countries (Gudykunst, 2003; Ting-Toomey, 2009, 2010).

#### *3.5.2.5 The cultural context model*

The cultural model (Denison, 2005) is one of the three key concepts that formed the theoretical foundation of this study. The model is based on four cultural traits (involvement, consistency,

adaptability and mission) which impact on company (organisational) performance (Denison, 1990; Denison & Mishra, 1995). At the core of Denison's model are the underlying beliefs and assumptions which form part of organisational culture. These fundamental assumptions provide the foundation upon which more surface-level cultural elements such as values, artefacts (symbols, heroes and rituals), behaviours and actions are derived (Schein, 1984, 2010; Denison, 2000; Yilmaz & Ergun, 2008). The model proposes that organisations with a higher sum of the four cultural traits are associated with higher levels of performance which is a product of management practice. This supposition suggests that the aggregate of the four cultural traits (involvement, consistency, adaptability and mission) reflects company performance.

#### *3.5.2.6 Explanation of the cultural model*

The four cultural traits discussed in the above paragraph are explained below.

a. Involvement trait - is the degree to which individuals at all levels of the organisation are engaged in the pursuit of the mission and work in a collaborative manner to fulfil organisational objectives.

b. Consistency trait – is the organisation's core values and the internal systems that support problem solving, efficiency, and effectiveness at every level and across organisational boundaries.

c. Adaptability trait – is the ability of the company to scan the external environment and respond to the ever-changing needs of its customers and other stakeholders.
d. Mission trait – is the degree to which the organisation and its members know where they are going, how they intend to get there, and how everyone can contribute to the organisation's success.

Kotter and Heskett (1992) and Shahzad, Luqman, Khan and Shabbir (2012) report that Denison (1984) used data from 34 American companies on cultural performance over a period of five years and scrutinised the characteristics of organisational culture in those companies by tracking their performance over an extended period of time. Based on his large-scale surveys, Denison (1984) found strong associations between organisational culture, management practices and performance. The claim that organisational culture is associated with company performance is based on the premise that culture influences managerial practices (Saa-Pe're & Garcia-Falcon, 2002).

It is in this context that practitioners and academics have come to suggest that the performance of an organisation is dependent on the degree to which the values of the prevailing culture are comprehensively shared across the entire company (Denison, 1990). A review of the literature reveals that Denison's (2000) cultural theory finds support in other related studies which demonstrate that contextual factors differentiate management systems across countries (Alyousif, Naoum, Atkinson & Robinson, 2010). What this implies is that management systems need to be in synch with national cultures (Coldwell & Moerdyk, 1981).

## 3.6 REVIEWING THE MEASUREMENT OF COMPANY PERFORMANCE

In this part of the report, the researcher reflects on the scholarly debate concerning the use of management score as a proxy for company performance within contemporary management literature. In this study, the researcher used aggregate management score as a measure of company performance. Earlier in this study, the researcher presented some justification through supporting data on the use of management score as proxy for company performance. The use of management score as a proxy for company performance is consistent with the approach used by Bloom and Van Reenen (2007) and Bloom, Sadun and Van Reenen (2009a). The debate on what parameter should be used as a measure for company (organisational) performance arose from the fact that many scholars have sought to find a standard methodology for the measurement of corporate performance which has previously been elusive in extant literature. In fact, several scholars have used various other variables such as sales growth, market share, productivity and profitability to denote company performance (Smith, Guthrie & Chen, 1989; Parnell & Wright, 1993; Thomas & Ramaswamy, 1996; Gimenez, 2000).

The researcher justified the measure of company performance based on management score for the following reasons. First, this research was focused on examining the effect of management on operational performance, and this organisational function did not necessarily include other facets of the business such as sales, market share or the financial performance of a company. Therefore, it would have been improper to use parameters like sales growth and market share as proxy for company performance in this research. Similarly, the study did not necessarily focus on the financial performance but rather on process related efficiency of the company. Hence it would not make theoretical sense to use financial measures such as ROI or profitability to denote company performance. Therefore, it is in this context that this study used management aggregate as a measure of company performance. This criterion was consistent with the approach used by Bloom and Van Reenen (2007) and Bloom, Sadun and Van Reenen (2009a)

to measure the quality and impact of management on company (firm) performance within and across countries.

The second reason for using the management score as a proxy for company performance related to the question of confidentiality. Essentially, most rubber companies in both developing and developed countries alike are private companies which are not listed on the stock exchange. Hence it is difficult to gain insight into such companies' financial sales or price share status, and this makes it almost impossible to use variables such as sales growth, employment levels, share price or profitability as proxy for performance. It is also difficult to obtain such sensitive information or data relating to finance or sales through data collection (face-to-face interviews or self-administered questionnaires) surveys as most companies regard such information as intellectual capital and therefore confidential information (Barnes, 2013). Past research indicates that it is difficult to gather information relating to finance, market intelligence or profitability which is deemed as confidential by most companies (Bloom & Van Reenen, 2007).

In fact, most companies are not willing to part with or give away information of this nature for various reasons. The reasons include the fear of scaring away potential investors, especially when the company's financial status is not very pleasing in times when the company is facing financial constraints. Sometimes companies could be trying to protect their intellectual product information (intellectual property) which may end up at the competitor's desk. To this end, managers in smaller companies may feel too insecure and vulnerable when it comes to making public certain sensitive financial data concerning their companies. Many companies feel that by publicising such information, this may give away their business secrets to competitors in the industry.

The premise underlying the WMS framework (Bloom & Van Reenen, 2007) adopted in this study is that management scores are positively related to productivity, profitability, sales growth and market value while controlling for conventional inputs such as labour, capital, employee education and other covariates such as company age, company size, noise controls, industry, country and year dummies (Bloom, Eifert et al., 2013). Meagher and Strachan (2013) used the Bayesian techniques to analyse Bloom and Van Reenen's (2007) data collected from four countries and established some linear regression between management and company performance. This relationship is consistent with several other studies which indicate complementarity between managerial practices and company performance (Milgrom & Roberts, 1995; Gibbons & Henderson, 2013).

As stated earlier, the concept of organisational performance is a complex theoretical and empirical phenomenon which lacks consistency in measurement. Therefore, there is a need to justify the context in which performance was measured in this study in relation to the wider theoretical literature. Since the measurement of performance is an area which has been characterised by controversy, the researcher found it necessary to review some of the arguments arising from the debates regarding the different forms and methods of measuring company performance. A review of theoretical literature shows that the measurement of company performance presents serious challenges to management scholars and practitioners alike because there is no widely accepted criterion for assessing company performance (Barney, 1997). The measurement of performance is much easier in situations where the measurements are specific and governed by statutory instruments as is the case in accounting with the General Accepted Accounting Principles (GAAP). Prior to the development of quantitative measurements of management such as the WMS which utilises management score as proxy for company performance, researchers used a combination of various financial and market variable measurements to determine company performance (Snow & Hrebiniak, 1980; Smith et al., 1989; Parnell & Wright, 1993; Thomas & Ramaswamy, 1996; Gimenez, 2000).

A review of the literature indicates that although many studies suggest that different companies in different countries adopt different measurements of performance, there is compelling evidence to suggest that financial profitability is the most primary and common measure of company performance in companies that follow Western standards (Doyle, 2008). First, the definition of performance must include both efficiency-related measures, which relate to the input/output relationship, and effectiveness-based measures, which deal with issues relating to business growth and employee satisfaction. Furthermore, performance has also been conceptualised using financial and non-financial measures from both objective and perceptual sources (Ittner & Larcker, 1998, 2000). As mentioned earlier, research indicates that objective measures have always been based on financial measures such as return on assets, ROI, and profit growth. These measures are non-biased and are particularly useful for single-industry studies because of the uniformity in measurement across all companies or organisations (Venkatraman & Ramanujam, 1986). Financial measures enable researchers to construct trend analyses and benchmarking analyses (Drew, 1997).

The second set of performance measurements includes employee evaluations of organisational effectiveness or financial health and their overall level of satisfaction (Ittner & Larcker, 1998, 2000). These subjective assessments of performance are frequently used in organisational

theory to evaluate organisational effectiveness and overall employee satisfaction. Given the increasing pressure on organisations to satisfy multiple stakeholder groups, there is a need for more quantitative measures of company performance which are based on managerial actions and processes-based models such as the five-dimensional framework used in this study. This methodology is consistent with the three-dimensional model developed by Bloom and Van Reenen (2007) and Bloom, Sadun and Van Reenen (2009a).

Though financial measurements are widely used as a proxy for company performance in many respects, Doyle (2008) contends that there are several other measures of corporate performance available, depending on the exact measure of performance required. Doyle (2008) reiterates that there is no best single measure of company performance, but that it all depends on individual companies' objectives and ultimately what one seeks to achieve. However, Hamel and Prahalad (1989) argue that profitability is still the most common measurement of company performance in business studies. Hamel and Prahalad's (1989) claim find support in Nash (1994) who argues that profitability is widely acknowledged as the best indicator of whether a company has met its business objectives (Abu-Jarad, Yusof & Nikbin, 2010). In the final analysis, however, some scholars note that the use of profitability as a single measure of company performance does not give a balanced picture of the company's performance (Neely, 1998). The argument is that there is an over-emphasis on financial criteria, which tends to focus on historical or past performance and that these past performance measures are usually not linked to the strategies and goals of the overall organisation. Arguably, these measures are inward looking and do not capture other aspects of performance necessary to gain and retain customers or build long-term competitive advantage.

To put the issue of performance into perspective, some scholars suggest that there are two major parameters which are associated with the operationalisation of company performance (Venkatraman & Ramanujam, 1986; Griffin, 2005). To explain this perspective, Venkatraman and Ramanujam (1986) cite three aspects of performance: financial performance, business performance and company effectiveness. According to Venkatraman and Ramanujam (1986), the three operational measures provide an indication of the competitive position of the company and its financial performance. Based on Venkatraman and Ramanujam's (1986) assertion, one can, therefore, argue that using a multiple indicator approach to operationalise a company's performance is more effective than using only a single indicator. However, the counter argument to this view is that there is no one measure of company performance that is inherently superior to another. The idea is that the definition that a researcher adopts in terms of what he

or she considers to be the most important aspect of performance determines what form of measure to use (Cameron & Whetten, 1983).

Accordingly, Hofer (1983) argues that different fields of study should use different measures of company performance based on their research questions. Based on the argument that no one of these measures is without flaws (Barney, 1997), the narrower domain of company performance is more useful, and it is potentially easier to make meaningful comparisons across companies (Richard, Devinney, Yip & Johnson, 2009). However, what is evident in literature is that even with a narrower domain, company performance is not a one-dimensional theoretical construct nor is it associated with a single operational measure (Richard, Devinney, Yip & Johnson, 2009). Thus, although the multi-dimensionality of performance is recognised in accounting (Callen, 1991), finance (Henri, 2004) and management literature (Venkatraman & Ramanujam, 1986), empirically the lack of consistency in the measurement of company (organisational) performance in management research remains a grey area which requires standardisation. Against this backdrop, it has been shown that changes in company performance occur at different rates for industry, corporate and business unit factors (McGahan & Porter, 1997). Hence it is critical to use specific variables in measuring company performance within specific contexts.

It was noted earlier that some researchers use financial and non-financial measures of performance, such as profitability and productivity respectively. It may also be said that some scholars use company size and employment growth rate as a measure of company performance (Scarpetta, 2003; Gerba & Macchiarelli, 2016). This criterion has been widely criticised by several scholars as being empirically flawed. Van Reenen (2014) provides a critique of company size and employment levels as measures of performance. Van Reenen's (2014) management technology model highlights the shortcomings of using company size and employment levels in measuring company performance. The argument is that in economies where there are greater socio-economic and political distortions, the covariance between management and company size is relatively lower; hence the use of company size and employment levels is subject to flaws. The argument is that even companies with very high managerial quality hardly grow large in an economy like India when compared to the American situation. This argument suggests that the covariance between management and size is stronger in the US than other countries in Asian, for example (Bloom, Eifert et al., 2013). This view is consistent with the findings of Bartelsman et al.'s (2013) study which reveals that the

covariance between company size and company performance is even stronger in Eastern European countries that have moved towards a market economy than Asian countries.

The second issue with operationalising company performance is related to the data source in the development of the research construct. There are two main sources of data collection: primary data that is obtained through field work, or secondary data from published sources. While financial data from secondary sources may be more accessible for large and public companies, such information is extremely difficult to obtain for small to medium-sized companies (Abu-Jarad et al., 2010). This is because most small companies are privately owned and the business owners are not required by law to publish financial results and, more so, they are usually unwilling to share such information voluntarily with outsiders (Dess & Robinson, 1984; Singh, Darwish & Potocnik, 2016). Besides, financial statements of small companies may be inaccurate since most of these companies are not formally audited. Thus, scholars such as Singh, Darwish and Potocnik (2016) and Dess and Robinson (1984) argue that when objective measures of performance are unavailable, as is usually the case with small companies, subjective measures can represent a reasonable proxy. Similarly, Chandler and Hanks (1993) contend that benchmarking performance relative to competitors, for example, is a relevant concept when measuring a company's performance.

To sum up the debate and arguments concerning the measurement of company performance, the researcher wishes to point out that besides the use of financial indicators as a proxy for evaluating company performance, industry-specific measures of performance such as managerial score are essential and useful (Bloom & Van Reenen, 2007). The use of managerial score in this study provided a non-financial measure of company performance.

This methodology was based on a global research survey undertaken by Bloom and Van Reenen between 2004 and 2012. This criterion also found theoretical support in a wide range of contemporary literature (Kaplan & Norton, 2011). According to Kaplan and Norton (2011), many organisations now focus on non-financial 'intangible' assets such as customer relationships, innovative products and services, high-quality and responsive operating processes more than financial 'tangible' assets as indicators of company performance. Abu-Jarad et al. (2010) point out that changing the nature of value creation requires performance measurement systems to embrace non-financial measures as an effective means of evaluating company performance. Ghalayini and Noble (1996) note that, although traditional financial measures remain vital means of measuring business performance, there is serious need to

consider non-financial measures as well which focus on the operations of the company, such as process improvement, performance evaluation and quality systems, hence the use of management score as proxy for company performance became useful in many research studies such as this one.

## 3.7 THE CONTEXTUALISATION OF MANAGERIAL PRACTICES

A review of theoretical literature indicates that the practice of management was previously regarded as universally applicable across contexts, a view that was strongly supported by scholars such as Simon (1997), Mintzberg (1973), Maguire (2009), Negandhi (1975), Lauter (1969) and Weber (1958). However, it was not until 1980 when the Germany scholar, Hofstede (1980), published the seminal work entitled *Culture's Consequences: International differences in work-related value* that there was a shift in management scholarship from universal to context-based theory in the application of management. It must be mentioned that Hofstede's work is one of the most popular in cross-culture management studies including the cultural frameworks and models developed by scholars such as Trompenaars and Hampden-Turner (2001), Trompenaars (1993) and Schwartz (1999). This brings into perspective the view that managerial practices, and hence company performance, are influenced by context. Fan (1998), Negandhi and Estafen (1965), and Gonzalez and McMillan (1961) were among the first authors to question the universalism theory which suggests that management practice is equally applicable across countries. Studies conducted by Gonzalez and McMillan (1961) indicate that management knowhow is culture-bound, and hence, the Western philosophy of management is not necessarily valid in non-Western nations. This view finds support in Oberg's (1963) culture-bound theory which suggests that cultural differences across countries hinder direct transfer of managerial practices.

It must be reiterated that many independent research studies demonstrate a positive correlation between management and performance and that managerial effectiveness depends to a large extent on the fit between managerial style and context. Hence it is important that managers understand the context within which they operate for enhanced organisational performance (O'Donnell & Boyle, 2008). It must also be realised that in advancing this view on culture, one must take into consideration the impact of globalisation and the influence of cross-culturalisation (Laurent, 1986). Laurent (1986) argues that on the one hand, the world is becoming more homogeneous, and distinctions between national markets are not only fading, but those cultural differences across countries will, undoubtedly, disappear altogether. This

implies that management is now a world-encompassing discipline. However, on the other hand, some scholars (Mafini, Surujlal & Dhurup, 2011; Mafini & Pooe, 2013; Mafini & Dlodlo, 2014) argue that the socio-cultural and ethnic differences (cultural orientations) across countries are far from diminishing.

Therefore, although markets have become global, they remain cross-culturally different. Jariya (2012) argues that the key to marketing is to be aware of and sensitive to the cultural differences, especially in Asian countries where culture and religion form part of life. Though the issue of culture and religion are less sensitive in countries like the USA, in general managers need to take note of the national and socio-cultural variables in the management of people. Consequently, such attitudes affect an individual's motivation and expectations in both job and group relations and ultimately affect the individual's contribution towards productivity and the overall company performance (Mafini et al., 2011; Mafini & Pooe, 2013; Mafini & Dlodlo, 2014).

## 3.8 A REVIEW OF MANAGERIAL PROFILES OF COMPANIES ACROSS COUNTRIES

A global study of managerial practices by Bloom, Sadun et al. (2014) indicates that the US, Germany, Japan and Sweden are ranked highest with the best quality of management, while southern European countries such as Portugal, Spain and Greece, and other emerging economies such as Brazil, China and India have on average a mid-to-low quality of managerial output. Based on the findings of Bloom, Sadun et al.'s (2014) study, a comparison of countries in Africa shows that Kenya and Nigeria outperform other African countries surveyed. Unfortunately, only one country (Mozambique) was surveyed in Southern Africa and, therefore, South Africa was not part of the sample. In general, the study ranked African organisations as generally low in productivity, with poor quality of management. According to Bloom, Sadun and Van Reenen (2012a), Mozambique was the lowest ranked African country, at the bottom of the management index. The analysis shows that, although some companies in Mozambique have high-quality managerial practices, there is a substantial number of companies which are badly managed, which then drags down the country's average management scores (Lemos & Scur, 2014). Again, it must be emphasised that South Africa was not part of the sample in Bloom and Van Reenen's study (ref. Figure 3.3) below. Permission to use some of his literature such as the diagram below was granted by Nick Bloom. Bloom has

also made further input towards this research by allowing the use of his data collection survey instrument in this study.

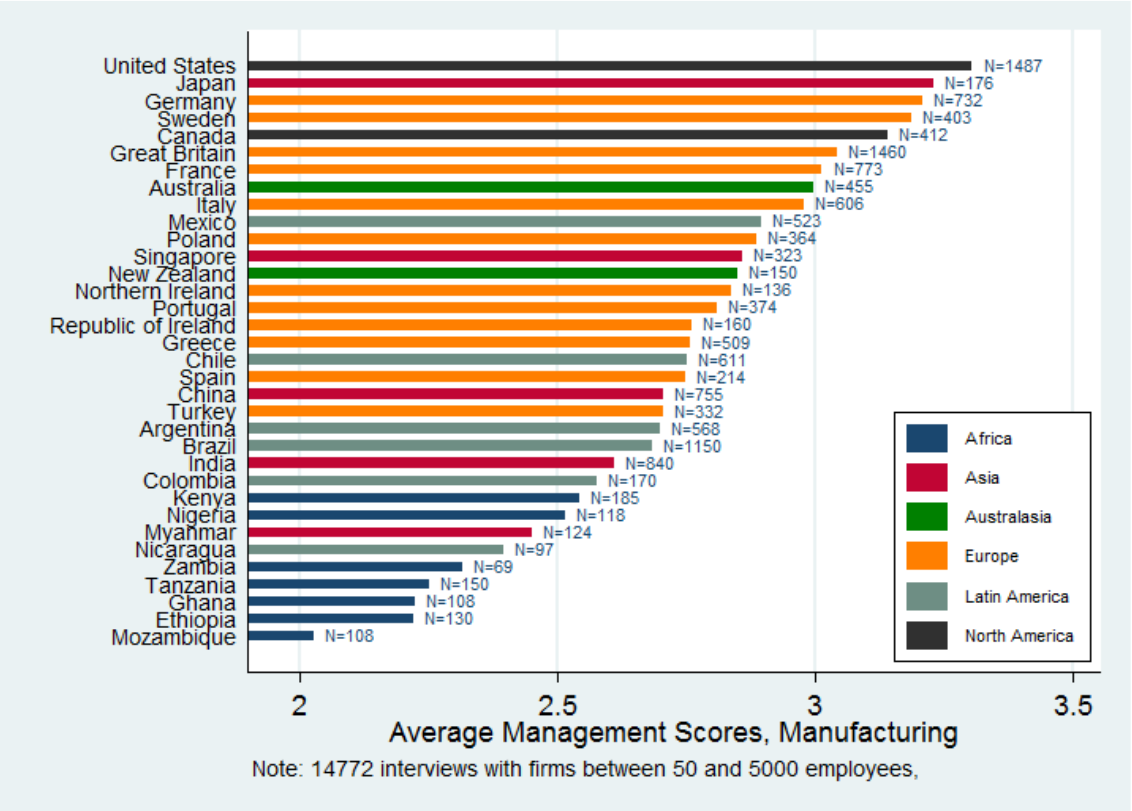



**Figure 3.3: Average management scores by country**

Source: Van Reenen (2017:62).

It is important to compare company profiles across countries in order to understand the variations in size and operation of companies on a global scale. First, a review of theoretical literature suggests that the median company establishment in South Africa is 25 years old, employs an average of 200 plant employees, operates in one site and exports about 20% of its production output (Visser, 2005). According to the statistics derived from Aghion, Dechezlepretre, Hemous, Martin & Van Reenen's (2012) study, the median company in other African countries – South Africa's regional competitors – is 19 years old, employs 106 plant employees, operates in one site and exports a very small portion of its production (3%). For comparison purposes, the researcher looked at the median company establishment in India and in China, which are South Africa's international competitors. Again, Lemos and Scur (2014) provide the following records. In India, the median company is 24 years old, employs 170 plant workers, the firm operates across two plants and exports 15% of its production. In China, the median company is 16 years old, employs 500 plant workers; it operates in only one site and

exports 30% of its production. The median company in the US employs 145 more plant workers than a South African median company.

## 3.9 FACTORS INFLUENCING THE ADOPTION OF MANAGERIAL PRACTICES

Research shows that the adoption of managerial practices within and across companies and industries is influenced by specific factors (Brynjolfsson & Milgrom, 2013). Mol and Birkinshaw (2009) refer to these factors as environmental attributes which constitute what is referred to in this study as context. Bloom, Eifert et al. (2012) looked at the factors that matter in the adoption of managerial practices within countries and came up with a list of three variables: macro-cultural variable (national level), micro-cultural variable (organisational level) and operational variables which comprise a set of physical variables including size of the company (firm), skills level, company ownership, competition, autonomy (trust) of the plant (hiring, decisions on new product introductions, sales and marketing activities) and international presence (production sites abroad and extent of export).

Bloom, Eifert et al. (2012) contend that the physical variables listed above influence the decision of whether to adopt modern managerial practices such as QMS, TQM, JIT, Lean manufacturing systems, and six-sigma in an organisation. Other scholars such as Gibbons and Henderson (2013) and Mol and Birkinshaw (2009) suggest that factors such as centralisation of decision-making, communication, sophistication of managers, size of the company, definition of subunits, financing, and boundaries of organisations have a strong influence on the technical systems and practices an organisation ought to adopt. Gibbons and Henderson (2013) and Mol and Birkinshaw (2009) suggest that there is a positive correlation in decision-making between the status of the factors mentioned above and the adoption of managerial practices in companies. The abovementioned factors are discussed in more detail in the following paragraphs.

### 3.9.1 Company size

In this study, company size was defined in varying terms, both structurally (infrastructural) and also in terms of the labour force (employment levels). The researcher bases his explanation on the former (infrastructural measurement). Research shows that the size of an organisation influences decision-making regarding the adoption of managerial practices. In other words, the size of a company will, to a large extent influence management on whether to adopt modern

managerial practices (Cua et al., 2001; Shah & Ward, 2003; Mol & Birkinshaw, 2009). In general, big companies tend to adopt modern management practices compared to smaller organisations. There are numerous reasons for this, however, the most obvious one is that larger companies tend to have more competitors and are therefore likely to face more challenges as compared to smaller companies. On the other hand, larger companies tend to have more resources, including the knowledge and human resources, to implement good management practices compared to smaller companies (Cua et al., 2001; Mol & Birkinshaw, 2009). Thus, large companies are compelled to adopt modern management practices when compared to smaller companies (Mol & Birkinshaw, 2009) and therefore, larger companies tend to be more successful compared to smaller organisations.

Secondly, research demonstrates that the size of the labour force in an organisation plays an important role in influencing the adoption of managerial practices. This explains the reason why, in some cases, employment size is often used as a proxy in determining the size of a manufacturing plant (Cua et al., 2001; Shah & Ward, 2003; Mol & Birkinshaw, 2009). Along with the number of employees, the internal organisational structure is also an important contextual factor in influencing the adoption of managerial practices in organisations. In general, larger companies tend to be more formalised from an organisational structure perspective (Cua et al., 2001) and this makes it easier to employ modern management practices, while the opposite is true for smaller companies. Studies conducted by Bloom and Van Reenen (2007) and others reveal that management score – which was a measure of company performance in this study – increases proportionately with company size but slows at the employment level of 500 employees. Bloom and Van Reenen (2007) also found that beyond this employment level of 500 employees, companies of similar size showed reduced variation in their management scores. This indicates that the 500-employee level represents a threshold below which the company realises no benefits associated with employment size and beyond which the size of the labour force ceases to optimise the synergies which come with increasing employment size. However, this view is subject to further investigation and validation.

### 3.9.2 Autonomy of the plant

The autonomy of a plant plays an important role in the adoption of managerial practices by an organisation. The argument behind the autonomy of a firm is that when trust is high and decisions are delegated to operational managers, those managers are more likely to make the right decisions towards solving the challenges faced by the factory (Bloom & Van Reenen,

2007). This view is well articulated by Bloom, Sadun and Van Reenen (2012a) who describe the delegation of authority or the empowerment of plant managers as a reflection of good management practice in companies. The argument raised by Bloom, Sadun and Van Reenen (2012b) is that the delegation of authority to plant managers also frees up time for the CEO and COO which enables them to play a more strategic role in organisational growth. This claim finds support in other related literature which suggests that the allocation of decision authority to operational managers has strong motivational effects in organisations. Gibbons and Roberts (2013) explain that the empowerment of operational managers acts as an incentive, and this increases motivation among employees within organisations. Gibbons and Roberts (2013) acknowledge that the organisational architecture, company's sphere of influence, internal structure, hierarchy, authority and decision-making structures within organisations matter significantly in the adoption of good managerial practices.

### 3.9.3 Business ownership

The ownership structure of a company has an influence on the quality of management practice in an organisation. This applies more commonly when family ownership is contrasted with non-family ownership (Bloom, Genakos et al., 2012b; Gibbons & Roberts, 2013). According to Gibbons and Roberts (2013), the ownership structure of a company matters in the adoption of managerial practices by organisations. Bennedsen, Nielsen, Perez-Gonzalez and Wolfenzon (2007) concur with Bloom, Genakos et al. (2012b) and Gibbons and Roberts (2013). Bennedsen et al. (2007) cite an example of how family-owned businesses inhibit the adoption of best practices by suggesting that the appointment of executive management in family-owned businesses is often based more on favouritism than on merit by controlling families. The argument is that the controlling family is more likely to hire a less qualified family member instead of a more qualified non-family member in many instances. Therefore, the chances are that the less qualified family member is likely to underperform, in which case the business is more likely to suffer as a result (Bennedsen et al., 2007). This view links up with Bloom and Van Reenen's (2007) study which indicates that managers with a college or university qualification or those highly exposed to modern manufacturing processes and techniques are more likely to adopt modern managerial practices compared to those with a very low level of education.

Bloom and Van Reenen (2007) warn that when a family member fails the business, the implications may be costly to the company. When a family member is selected to lead the

business, this tends to limit the pool of talent from which management is selected, thus compromising on the quality of management. The other problem with family appointments is that it reduces the size of the pool of potential contenders for senior management positions now that the family hierarchy may have already been determined. As a result, this compromises the quality of management within an organisation (Bloom & Van Reenen, 2007). The major downside to family-owned companies is that the anticipated takeover of senior positions by family heirs in the future usually demoralises other potentially talented employees within the organisation who are not part of the family (Bloom & Van Reenen, 2007). Because family members are assured of their ascension to top positions in the organisation, they tend to keep the status quo and make little effort in developing themselves. Again, when family members get into senior management positions, they tend to shy away from making radical changes in the organisations, such as the adoption of modern managerial practices which are meant to improve the performance of the company, for fear of rocking the boat, thereby impacting negatively on other members of the family.

Bloom and Van Reenen (2007) studied the effect of family ownership on company productivity and concede that even when it is evident to the family that the business is failing and underperforming under family management, family members will compromise on the business and still keep the company in the hands of the family CEO in a bid to protect the legacy for future generations. Indian and Chinese family-owned businesses are good examples of this business ideology. Bloom and Van Reenen (2007) found that management varies substantially according to ownership type and that family ownership is positively associated with poor quality of management, even after controlling for product type, age of company and interviewee characteristics. The main reason why family-managed businesses have high rates of failure is that family CEOs tend to shy away from massive investment projects which are likely to change the face of the business for the better, for such investments may require a high capital injection which would erode the bank balance of family accounts. As noted earlier, the family CEOs would try to avoid rocking the boat because other family members within the business may lose their jobs or get alienated when they failed to perform to expectation.

Similarly, the WMS conducted by Bloom, Genakos et al. (2012a) found that government-owned companies had a lower quality of management when compared to non-government-owned companies. The reason is that government-owned companies fail to attract talented personnel due to poor remuneration, coupled with a system that bases promotion on tenure rather than on performance (Bloom & Van Reenen, 2007). Bloom and Van Reenen (2007) also

found that in government-owned companies, the tolerance towards underperformers is higher than with private equity-owned and multinational companies which are typically well managed. In general, both government and non-profit organisations are characterised by poor managerial practices because those in authority are more often not held accountable for poor performance (Bloom & Van Reenen, 2007).

### 3.9.4 Skills levels

The skills levels of both managers and the shop floor employees measured as a percentage of the workforce with a tertiary qualification is also an important attribute in the adoption of good managerial practices within organisations (Mol & Birkinshaw, 2009). Mol and Birkinshaw (2009) posit that well-qualified employees are more likely to be responsive to modern managerial practices than illiterate managers. The exposure and network of educated employees with the outside world through various means such as strategic alliances or professional bodies is likely to compel them to embrace change in an attempt to keep them in step with the rest of the world in terms of technology and business ideas in general (Mol & Birkinshaw, 2009).

The supposition highlighted by Mol and Birkinshaw (2009) concerning the correlation between education and management quality finds support in Syverson's (2011) study which suggests that the adoption of modern management practices is directly related to the skills levels of those who implement the practices. Bloom and Van Reenen's (2007) research further indicates that companies with higher employee skills and managerial expertise, especially those who have gone through tertiary education, have a significantly better understanding of overall managerial practices compared to those managed by managers without tertiary education. Bloom, Sadun et al. (2014) suggest that having workers who are clever enough to appreciate and act on continuous improvement initiatives is critical to the company's competitive advantage and overall success.

### 3.9.5 International presence

Research reveals that the extent to which a company engages with the outside world through exports or by having multiple sites abroad has an influence on managers' attitudes towards the adoption and implementation of modern management practices (Bloom & Van Reenen, 2007; Mol & Birkinshaw, 2009; Bloom, Genakos et al., 2012a, 2012b). Mol and Birkinshaw (2009) suggest that companies that are internationally inclined are more likely to get exposure to

modern managerial practices based on the fact that the company is exposed to different managerial systems and approaches within different contexts other than the context within which it is currently operating. It is important for an organisation to gain international exposure as the interaction with the outside exposes the company to international standards of management which the organisation may wish to adopt in a bid to compete on the global stage.

Mol and Birkinshaw (2009) explain that the extent to which a company exports its products to other countries compels the company to adopt modern managerial practices to compensate for the disadvantages exporting companies face in foreign countries. Bloom, Genakos et al. (2012a, 2012b) found that in general, multinational companies can adopt good managerial practices compared to indigenous and non-exporting companies which also happen to have lower management scores than exporters. The study by Bloom, Genakos et al. (2012a, 2012b) suggests that multinational companies have the advantage and ability to transfer managerial skills and organisational technology to overseas subsidiaries which make them well managed in most countries in which they operate. It is for this reason that exporting companies exhibit better management practices than local companies serving the domestic market **(**Bloom, Genakos et al., 2012a & 2012b).

### 3.9.6 Competition

In general, more competitive business environments are more likely to compel companies to adopt modern managerial practices than non-competitive settings, in that competition urges companies to strive for better performance in order to survive in a competitive product or service market (Bloom & Van Reenen, 2007). Research reveals that highly competitive business environments force underperforming companies out of business, thereby giving more efficient companies a larger market share (Bloom & Van Reenen, 2007). Bloom and Van Reenen (2007) indicate that competition has an impact on the effort that managers invest in their work in that the higher the level of competition in the environment, the higher the managerial effort due to the fear of being driven out of the market. Similarly, Bloom and Van Reenen's (2007) study reveals that higher management scores were positively and significantly associated with a higher number of competitors a company faces, which suggests that the more rivals a company perceives it faces in the market, the more likely for a better quality of management. In other words, this increased management effort is motivated by the fear of being driven out of business by the more competitive and progressive companies.

## 3.10 THE DISPERSION OF MANAGEMENT PRACTICES ACROSS COMPANIES

As discussed in the previous paragraphs, Mol and Birkinshaw (2009) and Bloom, Eifert, McKenzie and Roberts (2012) noted that there are certain specific factors which influence the adoption of managerial practices across countries. Mol and Birkinshaw's (2009) emphasis is on 'context' while Bloom, Eifert et al. (2012) focus on the dominance of certain practices within countries. Bloom, Eifert et al.'s (2012) finding is an extension of Bloom and Van Reenen's (2010a) study in which they discovered that different countries focus on specific managerial practices. Examples include the US, China and India, which focus more on incentives management, whereas companies in Japan, Sweden and Germany focus more on monitoring and targets. Like what Mol and Birkinshaw (2009) had previously found, Bloom and Van Reenen (2010a) also found that context determines which managerial practices dominate in certain corporate environments.

On the other hand, Ichniowski and Shaw (2013) share a slightly different view concerning the dispersion of managerial practices across countries. According to Ichniowski and Shaw (2013), managerial practices evolve over time, which means that not all managerial practices will necessarily have been adopted by all companies at any given time. Hence, it is expected that there will be differences in managerial practices across companies and countries. The argument is that the decisions concerning the scope of work in a company, propensity to adopt new technology, the magnitude of outsourcing and the extent of exportation are some of the many management policies that result in managerial variations across companies (Ichniowski & Shaw, 2013). Accordingly, industries are populated by differing companies which are not homogenous; hence they are unlikely to have common sets of managerial practices at any given time (Ichniowski & Shaw, 2013).

Brynjolfsson and Milgrom (2013) assert that there are indeed differences in productivity levels between countries and they attribute these variations to differences in either organisational approaches or intangible assets. Such differences are analysed using econometric techniques which measure the disparities in business characteristics across companies. In their study on persistent performance differences among seemingly similar companies, Gibbons and Henderson (2013) developed a theoretical framework which analyses managerial practices across companies. The study by Gibbons and Henderson (2013) provides insights into some of the factors why companies fail to adopt modern management practices. Gibbons and Henderson's (2013) analysis suggests that managers may not be aware of what their companies

are striving to achieve in respect of managerial practices, or they may be aware that their companies are lagging in respect of the quality of management but may simply not know what to do about it. This could either be caused by the lack of motivation to adopt new managerial practices, or they may not know what managerial practices to adopt due to lack of knowledge. It is also possible that managers may indeed have the pre-requisites to implement these modern managerial practices but cannot get it done due to an inability to implement because of lack of skills or expertise (Gibbons & Henderson, 2013).

## 3.11 BARRIERS HINDERING THE ADOPTION OF GOOD MANAGERIAL PRACTICES

A review of management literature indicates that good managerial practices enhance company performance (Huselid, 1995; Bloom, Propper, Seiler & Van Reenen, 2017). Despite this acknowledgement, there are many companies which have not, and which are not even planning to adopt good managerial practices. The term ‘good managerial practice’ is frequently used in this thesis to denote modern or effective practices which improve company performance. It is important at this stage to clearly define the terms ‘good’ and ‘bad’ managerial practices as applied in this study. Bloom and Van Reenen define ‘good management practice’ in terms of management systems which continuously monitor and try to improve their processes, set comprehensive and stretching targets, and promote high-performing employees, dealing with underperforming employees through training, reallocation or exit. Conversely, ‘bad management practice’ depicts a system that fails to track the performance of their employees, has no effective targets and bases promotion on tenure, with no system to address persistent employee underperformance.

Bloom and Van Reenen (2007) point out that the reasons for reluctance or failure by companies to adopt good or modern management practices are due to both static and dynamic reasons. Static factors relate to costs, differences in industry and agency considerations. From a cost perspective, companies need to weigh up the cost of introducing new practices against the benefits that could be gained from such a project, the benefits of which must lead to an increase in profits, commonly known as ROI. An example of a static factor is when a company introduces complex appraisal systems in an organisation with a workforce that is homogenous. There is no perceived benefit likely to be harnessed from such an undertaking. Similarly, consider a case when companies face the challenge of balancing the interest of managers and shareholders, while those managers do not act in the interest of shareholders. The reason could

be, for example, the reluctance to introduce or adopt new managerial practices which managers view as being too much of an effort to undertake (Bloom & Van Reenen, 2007). The second reason for the reluctance or failure by companies to adopt modern management practices relates to dynamic issues. This occurs when managers feel that the implementation of new management practices takes time to operationalise given the time it takes going through the learning process, the change management effort required and the cost of operationalising the new system and practices (Bloom & Van Reenen, 2007).

In addition to the reasons that are based on static and dynamic factors mentioned above, there is a third reason that also hinders companies from adopting modern managerial practices and this relates to what is known as informational constraints. In this case, management is simply not aware that such modern managerial practices exist. In some cases, management may be aware of these modern practices but have no idea or knowledge how to implement them, and management makes no effort to consult external sources of information on how to implement or operationalise such operational requirements (Bloom, Eifert et al., 2013). Mol and Birkinshaw (2009) express similar sentiments by arguing that managers may fail to implement modern management practices simply because they do not make any effort to search for the necessary information through the readily available tools of technology. The argument is that managers lack the will or motivation to search for new knowledge about the implementation of managerial practices internally (through previous experiences) or externally (through information search or by bringing in management consultants) (Mol & Birkinshaw, 2009). As a result, the failure to identify which managerial practices to adopt is a barrier to the implementation of managerial practices in companies.

There are other reasons which could also hinder management from adopting modern management practices in organisations. One reason could be because management had simply not planned to upgrade their managerial capabilities during the good times when business was booming and the company was maximising profits (Bloom, Eifert et al., 2013). In fact, research reveals that many companies fall into this trap and, as a result, they fail to plan for or implement those modern managerial practices at a time when the company has the financial resources to do so (Bloom, Eifert et al., 2013). In their investigation to identify the reasons for the failure by companies to adopt best practices, Bloom and Van Reenen (2010a) found that product market competition, labour regulation, multinational status, ownership and education are important factors which influence the decision on the adoption of managerial practices in companies. Such factors help to explain variations in managerial practices within and across countries (Syverson,

2011). Mol and Birkinshaw (2009) suggest that managers are more likely to implement modern managerial practices based on what their peers or competition have implemented, primarily to be seen to be doing the right things and not necessarily because these practices are appropriate for their respective companies.

Brynjolfsson and Milgrom (2013) explain that situations involving change or transition to new systems are usually difficult and management and workers alike tend to avoid such situations. Gibbons and Henderson (2013) note that difficulties that are associated with the implementation of modern managerial practices may hinder the introduction of these practices in companies. According to Gibbons and Henderson (2013), such difficulties may be related to the lack of knowledge concerning the execution and implementation of new systems, and the time and cost of implementation as cited earlier by Bloom and Van Reenen (2007). It may also relate to unionisation, where the implementation of new ideas and systems within an organisation may be met with resistance by the unions. In highly unionised environments, the implementation of any changes to the way employees work, such as lean manufacturing, may require the engagement and consent of trade unions and this may be an impediment to the adoption of such management practices (Shah & Ward, 2003).

The age and state of the manufacturing plants may also hinder the adoption of modern managerial practices in some cases. This hypothesis suggests that managers in older plants may be reluctant to implement modern managerial practices despite having the necessary knowledge and expertise to do so because management could have invested in skills and processes which would then need to be changed significantly to accommodate the new system (Ichniowski et al., 1995; Cua et al., 2001; Shah & Ward, 2003). Ichniowski et al. (1995) explain that this reluctance on the part of management rarely exists in companies that have new lines of production or where old plants were reopened by new shareholders or owners. The argument is that older plants are characterised by mistrust between the shop floor workers and management and any such changes to the existing systems may simply be met with some resistance from the shop floor (Ichniowski et al., 1995). Shaw and Ward's (2003) study indicates that the longer a company has embraced specific managerial practices, the more difficult it is to replace those practices, even if they are inferior or ineffective in yielding the desired productivity and efficiencies.

## 3.12 A GLOBAL PERSPECTIVE ON MANAGEMENT PRACTICE

A comparative review of theoretical literature indicates wide variations in managerial practices across the three geopolitical regions: West (America and Europe), East (China, India, Japan & Russia) and South (Africa). The West and the South contexts were significant in this study in that the former (West) is where, historically, most management studies originate, whereas the latter (South) was significant in that it encompasses the very context (South Africa) within which this study was conducted (case study). This review is based on a wide range of research studies which have been undertaken by various scholars including Hofstede (1996a, 1996b**,** 1997, 2002, 2005), Philippe D'lribarne (1989), Bloom and Van Reenen (2007), Bloom, Sadun and Van Reenen (2009a), Bloom, Genakos et al. (2012a), Bloom, Mahajan, McKenzie and Roberts (2010), Bloom, Sadun and Van Reenen (2012a), and Bloom, Lemos et al. (2014). The researcher will review the application of managerial practices in selected countries within the West, East and Africa and will then focus on the South African context.

A review of the literature indicates that the application of managerial practices across the world is influenced by formal systems and controls which are based on the history of early societies (Hofstede, 1993a). A study undertaken by Philippe D'lribarne (1989) compares the application of managerial practices across three Western countries: France, the Netherlands and the US. The study was based on an in-depth survey which shows that different countries are characterised by varying managerial practices. The researcher will review the findings of D'lribarne's (1989) research survey concerning the application of human resources practices within the US, France and the Netherlands in the following paragraphs.

D'lribarne's (1989) research analysis indicates that in the United States of America (USA), management practice is, to a large extent, influenced by a labour market of fair contract. A fair contract describes a contractual system in which someone (a worker) sells one's skills to the employer at an agreed 'fair price' in the form of a wage. The American worker attaches more importance to his or her remuneration and benefits, self-development and security of employment. The study shows that the situation is quite different in France. In France managerial practices are rather based on social classes as opposed to the 'fair price' concept in the US. Essentially, in France there is a distinct class difference between the shop floor worker and the manager. D'lribarne's (1989) study also shows that in the Netherlands, managerial practices are based on consensus among stakeholders, neither predetermined by contractual relationships nor by class distinctions but rather on an open-ended exchange of views and

balance of interests. The study reveals that the Dutch worker attaches more importance to freedom to adopt one's own approach to the job, though in consultation with his or her superior (D'lribarne, 1989).

Unlike the West, countries like Germany, Japan, France and China have district individual management systems (House et al., 2004). The absence of literature which highlights the application of managerial practices within the South African industry context has raised some interest among some researchers who are calling for an investigation into management practices particularly in non-Western nations, including South Africa (Denison, Haaland & Goelzer, 2003).

Hofstede (1996a) explains that the situation in the East is different compared to the Western countries. For example, in China, business enterprises lack almost all the characteristics of modern management: they are small, cooperating for essential functions with other small organisations through networks based on personal relations. Most Chinese enterprises are family-owned and there is no clear distinction in ownership as opposed to Western enterprises where one can clearly distinguish between business owners and employees. In China, decision-making is centralised in one dominant family member. D'lribarne (1989) writes that despite the lack of systems and unprofessionalism in Chinese enterprises, the Chinese economy has grown to become one of the leading economies in the world today.

A review of theoretical literature highlights a conflict in theory between the French and American managerial approaches. Hofstede (1993a) provides some insights into this conflict by stating that the disparity between the French and American managerial approaches became apparent in the early 20$^{th}$ century when the great French management pioneer, Henri Fayol (1841-1915) criticised his US colleague Frederick Taylor's (1913) theory. Hofstede (1993a) explains that the difference in opinion between Henri Fayol and Frederick Taylor was influenced by their varying career paths, cultural and historical backgrounds.

According to Hofstede (2005), Fayol was a French engineer whose career as a cadre superior culminated in the position of President-Director-General of a mining company. After his retirement, Fayol formulated his experiences in a ground-breaking text on the organisation in which he focused on the sources of authority. On the other hand, Taylor was an American engineer who started his career in industry as a worker and attained his academic qualifications through evening classes. According to Hofstede (1993a), Taylor rose from being a French

engineer in a steel company to becoming one of the first management consultants of his time; hence he was not concerned with issues of authority but efficiency. Taylor split the job tasks of first-line management into eight specialties, each done by a different person, an idea which eventually led to the concept of 'matrix organisation'.

A global survey undertaken by Hofstede indicates that managerial practices differ across countries based on cultural differences, ideologies and historical backgrounds. Hofstede identifies the main drivers of managerial practices in selected countries as follows: Germany (technical excellence and quality), Japan (teamwork and technical expertise), France (pay-for-performance), Netherlands (achievement and self-actualisation), China (output and job security), India (distinction from others), America (formal training and branding) and the UK (formal systems and internal controls). Hofstede (1996a) acknowledges the fact that the African continent presents complex situations when it comes to exercising managerial function. According to Hofstede (1996a), Africa comprises different countries with diverse languages, cultures, religions, traditions, histories and peoples. Africa's diversity presents problems in that West Africa is highly Islamic, it comprises several francophone countries which are characterised by a history of the Atlantic slave trade, while East Africa is dominated by Sahel cultures. East Africa has only one francophone country, Burundi. In the south-east, Madagascar was settled by South East Asian peoples, in one of the longest, and least known maritime feats, while sub-Saharan countries include Kenya, Mauritius, Seychelles, Malawi, Mozambique, Zambia, Zimbabwe and South Africa which are classified as Anglophone.

Bloom, Mahajan et al. (2010) and Bruhn, Karlan and Schoar's (2010) research studies indicate that the application of managerial practices in developing countries is generally poor, hence the lower levels of productivity compared to developed countries. This assessment is based on the GDP per capita and average company level sales per employee in manufacturing. Bloom, Mahajan et al. (2010) attribute the low productivity in developing countries to three main factors: poor quality of managerial practices, financial limitation and lack of delegation of authority. Bloom, Mahajan et al. (2010) provide some evidence which shows that companies in developing countries are poorly managed and that this is particularly common in small companies consisting of less than 100 employees. The cause of low productivity and low performance of small companies is related to operational complexities such as the lack of skills and coordination, financial and infrastructural constraints in developing countries.

According to Bloom, Mahajan et al. (2010), the inability by management to decentralise decision-making and allow for increased autonomy of business units is one of the most common constraints which contribute to poor performance in developing countries. Research shows that company owners in developing countries make most of the major decisions compared to those in the developed world (Bloom & Van Reenen, 2007). Bloom, Mahajan et al. (2010) explain the reasons for this lack of autonomy in companies by attributing this to the law of non-enforcement of employment laws where business owners fear that in the event their managers steal from them, they have no recourse to hold managers accountable for the theft which may see them lose out on their investment.

### 3.12.1 The Western perspective of management practice

The application of management within the Western context is very different when compared to East and African situations. Research indicates that managerial practices are driven by formal systems and controls which are based on the history of early societies, which comprised migrant workers in Western countries. These migrants (Africans, Latin Americans, Europeans and Indians) came from different parts of the world with diverse cultures and backgrounds, hence the need for formal systems to regulate the relationships between landlords and workers during the slave trade (Hofstede, 1993a). The legacy of the slave trade left some footprints which are still visible in many organisations in the West. However, not all Western countries are characterised by diverse cultures. The situation is very different in countries like Germany, Japan, France and China where managerial systems are more homogenous compared to the UK and the US (Denison et al., 2003; House et al., 2004).

The formal structures that characterise many Western companies determine managerial practices within Western companies (Nonaka, 1988). Traditionally, Western companies are characterised by tall and heavy top-to-bottom management structures with each manager focusing exclusively on the core functions of his or her job (Nonaka, 1988). This exclusive focus on individual job function is presumably influenced by both the Western culture of individualism and self-progression and by labour regulations which discourage flexibility and multi-skilling in many Western organisations (Nonaka, 1988). Furthermore, there are a host of factors such as business ownership, product market competition, managerial expertise and industry cluster which contribute to determining managerial practices and company performance within the Western context (Bloom & Van Reenen, 2007).

Ronelda Visser (2005) refers to Havilland's (1993) and Maslow's (1943) studies and notes that, traditionally, Western culture is driven by the desire for individual achievement, with strong emphasis on reward, promotion and competitiveness as opposed to the culture of collective approach found in the East (Asia) and South (African). The role played by American business corporate heroes such as Henry Ford, Lee Iacocca and, more recently Bill Gates, who have achieved great business success as individuals have had a strong influence on the development of business leadership models which emphasise self-achievement and self-actualisation. In a more related matter, Maslow (1943) speaks about self-achievement and self-actualisation in his hierarchy of needs concept. The highly unionised labour system in Western countries makes it difficult for managers to manage the shop floor outside the prescripts of formal job descriptions (McNair, 2010). This lack of flexibility in job function is due to rigid labour laws and the power accorded to labour unions in many Western countries results in the high cost of labour, production and product (McNair, 2010).

The availability of resources, coupled with the advancement of technology and high rate of literacy in many Western countries, favour the Western culture of individualism, where everyone in the organisation strives to excel and thus puts more effort into one's job, thus contributing to high management scores. Many Western companies have high management scores; an indication that Western companies are well managed (Bloom & Van Reenen, 2010a). Essentially, it is much easier to maximise profits in the Western world as compared to other non-Western countries, based on high skills levels, high technology and hence improved efficiency and the economies of scale. Increasingly though, research indicates a gradual shift in the Western culture from a self-centred and individual achievement to a collective approach in response to the economic success of Asian countries like Japan, China and India in recent years.

Visser (2005) suggests that American organisations are gradually copying some of the management philosophies and techniques inherent in Japanese and Chinese management systems. The Japanese strategic management techniques such as process re-engineering, JIT, TQM and organisational redesign have had a strong influence on both the Western and African contexts. Hesselbein, Goldsmith and Beckhard (1997) note that the Japanese process techniques have, as a result, influenced companies within the Western context to adopt horizontal (flatter) management structures (Kotter, 1995), team building and group assignments and employee commitment and loyalty to their companies. Thus, American tertiary institutions such as the College of Business Administration at the University of Tennessee have reviewed the MBA

programmes based on this Japanese philosophy of collective approach (teamwork) (Tomasko, 1993).

The desire of Western companies to match Chinese and Japanese companies has not been easy. It has been noted that many American companies find it difficult to adopt Eastern (Chinese, Japanese and Indian) management systems because Western corporate culture places great emphasis on individual performance and the right and freedom of employees and this does not fit in with the collective approach associated with the East. The differentiation in culture explains the reasons why American organisations find it difficult to successfully implement Eastern management techniques (Maital, 2005). As a result, it has widely been noted that American organisations are faced with great pressure to adopt innovative management systems which characterise Eastern companies to compete with these emerging economies (Prusak, 1997). Unlike the West, the success of Japanese and Chinese organisations is attributed to efficient knowledge management that fits in well with the spirit of teamwork associated with the Eastern and African cultures (Prusak, 1997).

#### *3.12.1.1 Factors influencing managerial practices and company performance within the Western context*

Several factors influence managerial practices and company performance within the Western industry context. In a global study undertaken by Bloom and Van Reenen (2007), several factors were identified, which impacts on management practice. These include business ownership, product market competition, level of education and industry cluster. Bloom and Van Reenen's research findings show that generally family companies are poorly managed when compared to firms owned by multiple shareholders. This view was confirmed by Bloom, Genakos et al. (2012a), whose study reveals that companies that are owned and managed by family members are usually poorly managed and as a result they tend to underperform.

An example of this type of ownership and how it impacts on corporate performance is found in the UK, where the government supports small business entities through the provision of tax laws and small business subsidies (Bloom & Van Reenen, 2007). In fact, the UK central government provides tax-free subsidies for family-owned businesses, and these companies get estate tax exemption for family inherited business assets. This means that family-owned companies have less debt owing to tax subsidies and therefore such companies are not driven by product market competition since they have little or no debt. As a result, such companies are

not obliged to cover both operating costs (salaries and wages) and capital costs (rental or equipment). One can safely say that in the UK, family-owned companies have the luxury to generate positive cash flow while making economic losses given the fact that these companies get subsidised through 'cheap' government capital.

In general, private equity-owned companies are generally better managed when compared to family and government-owned enterprises (Lichtenberg & Siegel, 2002; Harris, Siegel & Wright, 2003; Cumming, Jensen, Siegel & Wright, 2007; Siegel, Simons & Lindstrom, 2007). This explains why, in recent years, private equity companies have been increasingly acquiring companies which were previously family- and government-owned. Therefore, private equity transactions in both the US and the UK result in substantial increases in productivity (Bloom, Sadun & Reenen, 2009a). The study undertaken by Bloom, Sadun and Reenen (2009a) suggests that management quality tends to improve with increasing product market competition, such that companies faced with more intense product competition adopt better management practices than those operating in less competitive business environments. However, the irony is that in a country like the US where there is massive competition, well-managed companies drive badly managed rival companies out of business with a view to reducing competition (Bloom, Propper et al., 2010).

Research indicates that companies operating within competitive markets such as the European markets are associated with better management practices (Nelson & Winter, 1982). Empirical evidence also shows that labour market regulations have an influence on the managers' ability to hire, remunerate, fire and promote employees (Bloom, Sadun & Van Reenen, 2009a). Complex and unfavourable labour regulations are negatively correlated with the management of incentives. The US and the UK provide some typical examples of work environments which are highly unionised and therefore are often dominated by incentive management practice that is aimed at motivating employees into applying themselves fully and giving maximum effort and this, in turn, improves efficiencies and productivity (McNair, 2010).

Research also indicates that the level of education among managers and workers alike is significantly related to the quality of management (Bloom, Sadun & Van Reenen, 2009a). Bloom and Van Reenen (2011) suggest that managers with a college degree understand the benefits of applying modern management practices. This is particularly true in Western countries like the US, the UK and Germany, where many managers have college degrees (Bloom, Sadun & Van Reenen, 2009a). Similarly, transformational leadership is the dominant

management style in Western countries (Bloom, Sadun & Van Reenen, 2009a). This is because of the high levels of literacy and management expertise in developed countries when compared to under-developed countries in Africa (Awamleh & Al-Dmour, 2004).

#### *3.12.1.2 An assessment of managerial systems and practices in European countries*

The consensus among scholars is that European Union (EU) countries have a high quality of managerial practices, high productivity and superior company performance when compared to non-EU countries (Bloom, Sadun & Van Reenen, 2009a). Perhaps this is the reason why many researchers classify the EU as economically viable with a more unified institutional context (Pudelko & Harzing, 2007) relative to the rest of Europe. Despite being a unified context, profound national differences do exist within and across the EU (Pudelko & Harzing, 2007). Therefore, there are unique socio-economic and political forces within the respective EU countries which influence managerial practices from the most abstract (culture) to the most concrete (management functions) in both the European Union and non-European Union members (Pudelko & Harzing, 2007). Several studies have attempted to investigate the differences in societal culture across European countries and the impact these cultural differences have on company performance (Rösch & Segler, 1987; Hofstede, 2002).

Essentially, various studies have examined the disparities in societal culture in European countries and found profound differences in cultural characters and managerial profiles. Hofstede (1980, 2002) found that the highest degree of individualism in Europe is found in the UK and the lowest in Portugal. The studies also found that there are certain clusters of management systems across European countries, including the Latin, Nordic and Germanic countries (Hofstede, 1980, 2002). These clusters include the French dirigiste model (requiring managers to keep in close contact with politicians and elite bureaucrats), the British laissez-faire model (leaving managerial concerns rather undisturbed by government) and the German model of social market economy (necessitating managers to seek consensus with unions, work councils and political decision makers on federal, state and local levels) (Gordon, 1995; Randlesome & Myers, 1995; Hancké, 2002).

Research shows that the legal system in Europe has a great influence on management practice. For example, in the UK, mergers and acquisitions (including unfriendly takeovers and takeovers by foreign companies) are a part of the old practice, and this allows for a much quicker reallocation of company assets and the maximisation of shareholder value (Bloom & Van

Reenen, 2007). On the other hand, in countries like Germany and France, mergers and acquisitions are much more restricted (they allowed for friendly takeovers and those by foreign companies), to protect the independence of domestic companies (Randlesome, 2002; Vitols, 2001).

Research also indicates that the level of education plays an influential role in determining managerial practices in Europe in which different educational traditions within the different countries determine the type of managerial practice in the respective countries. Pudelko and Harzing (2007) cite an example of the more comprehensive curricula and degree programmes in Germany which are focused on process and product engineering expertise compared to British education which is focused on meeting established process and technical standards.

The dominance of certain types of industries also influences managerial practices in Europe in which different countries exhibit different strengths. For example, the strength of Germany is in manufacturing, process engineering and product quality, while the UK is more inclined to the service industry (Pudelko & Harzing, 2007). Similarly, some countries have a relatively large proportion of multinational corporations (MNCs) such as the UK while other countries like Italy focus more on SMEs. As a result, different countries tend to have different patterns of corporate cultures (Pudelko & Harzing, 2007) which influence managerial practices.

It is also important to note that the industrial relations systems of some countries are highly regulated (Germany) compared to others, such as the UK and Ireland. Similarly, different countries within Europe have different backgrounds (industrial relations) which shape managerial practices in those countries. For instance, in Scandinavian countries and Germany, wage negotiations are resolved harmoniously, while in other countries such as France and Italy, industrial relations issues are resolved through confrontational means (Thelen, 2001; Wood, Wallace, Zeffane, Schermerhorn, Hunt & Osborn, 2001). However, one must hasten to point out that these patterns are slowly changing over time in line with transformation in the legal and political landscape brought about by international laws and economic circumstances.

Research also shows that the various management functions within organisations such as finance, accounting and human resource management (HRM) illustrate national differences in management practice (Pudelko & Harzing, 2007). For example, in Germany, corporate finance is based more on bank credits, while in the UK, corporate finance is based on equity markets. Given these differences in corporate finance structures, accounting practices can be highly

prudent, protecting the interest of creditors, as is the case in Germany, or geared towards representing the current value of the company as realistically as possible in the interest of shareholders, as is the situation in the UK (Vitols, 2001).

Similarly, in France, the human resources (HR) recruitment process includes the use of graphologues. Graphology is the analysis of physical characteristics and patterns of handwriting, claiming to be able to identify the writer, indicating the psychological state at the time of writing, or evaluating personality characteristics. Though these tendencies have since taken new paths post-1990, it shows how companies in Europe were confronted with substantial differences in their respective domestic environments (Pudelko & Harzing, 2007).

The general character and profile of managerial practices in Europe have taken a new look post-1990. Most European countries have, as a result of globalisation, switched in favour of the more open American model with its socio-cultural predisposition for more radical technical, managerial and organisational changes, compared to the more shielded European and socialistic Japanese models (Pudelko & Harzing, 2007). Pudelko and Harzing (2007) reiterate that, because of this convergence process, today there is less diversity among most European countries in relation to the socio-cultural context of management and managerial practices. According to Pudelko and Harzing (2007), the only resilient contextual factor which differentiates managerial practices across European countries is the aspect of culture (cultural values).

### 3.12.2 The Eastern perspective of management practice

In this part of the thesis, the researcher discusses the application of managerial practices within Eastern countries. In general, Asian companies are characterised by flat organisational structures with short hierarchies and chain of command (Nonaka, 1988). The typical flat hierarchical structures are a key cultural feature of most Eastern companies, including Japan, China, India and Korea. Nonaka (1988) notes that horizontal hierarchical structures which are characteristic of Asian companies promote free flow of information throughout the organisation and thus increase organisational efficiency and performance.

Asian companies resemble socially cohesive units where managers concentrate more on interdepartmental co-operation and team building rather than individual efforts (Tomasko, 1993). As a result, most companies emphasise group commitment rather than individual

performance (Kincaid, 1987; Sommer, Bae & Luthans, 1996). Picken (1987) indicates that a critical organisational philosophy of Asian culture is the mutual long-term commitment between the company and its employees rather than short-term productivity. In countries like China, Japan and Vietnam, managers make use of Chinese geomancy which promotes employee well-being and business prosperity (Schmitt & Pan, 1994).

Lincoln and Nakata (1997) reckon the Asian culture is in sharp contrast to Western culture, and this explains the differences in management approach between the two geopolitical blocs. It can be argued, however, that there have been some noticeable changes in the character of some Asian companies in response to international human resource related laws and reforms in the global legal framework. Some companies in countries like Japan evaluate and reconsider indigenous and traditional management philosophies such as permanent employment, seniority grading and enterprise unions which were previously regarded as the pillars of the Japanese system in favour of the Western managerial philosophies (Lincoln & Nakata, 1997).

While companies have introduced new human resources (HR) reforms such as early retirement and intercompany transferrals, many Japanese companies are still entrenched in the old fundamental principles of permanent employment (*The Economist*, 1997). Despite the fact that some companies are still engraved in the old traditional HR principles in some Eastern countries, changes in global markets are slowly pushing companies to embrace social change in response to modern business philosophies and practices (Lincoln & Nakata, 1997).

#### *3.12.2.1 Factors influencing managerial practices and company performance within the Eastern context*

The East Asia and Western cultural contexts are very different; the West is more homogenous, while the East comprises very distinct social, cultural and business ethics. Given the complexity in the cultural context of Asian countries, the researcher has segmented this region into individual countries for simplicity and ease of analysis. The researcher examines managerial practices in three specific countries (Japan, China and India) for several reasons. First, the three countries were significant in this study for the following reasons: the size, population and economic activity relative to other countries of the East. Secondly, China, India and Japan account for over 60% of Asia's population and over 50% of global exports in monetary terms (Selvarajan, George, Kumar & Dkhar, 2013).

### *(i). Management systems and practice in Japan*

The culture of Japanese management is well known for its uniqueness and for excellent process control, consistency, improvement and product quality. According to Kopp (2012), Ala and Cordeiro (1999) and Kippenberger (2002), the Japanese culture places great emphasis on process monitoring, reporting and evaluation, collaboration and information flow. The focus is getting every employee, including senior management, to participate in the identification and resolution of problems or challenges in the plant (Ala & Cordeiro, 1999; Kippenberger, 2002; Kopp, 2012). Japan has popularised a decision-making process called 'ringiseido' which promotes equal opportunities for equal ranking managers or employees within the company to participate in ideas brought forward by any member of the team (Ala & Cordeiro, 1999). This system fosters teamwork and provides an environment of support and agreement for a decision once this has been reviewed and accepted by the responsible senior manager (Ala & Cordeiro, 1999; Kippenberger, 2002; Kopp, 2012).

It should be noted, however, that corporate policy is not clearly defined in Japanese companies and, as a result, middle-level managers raise their concerns or non-routine decisions to the next management level (Kopp, 2012). Once the next level senior manager accepts the decision and endorses it, the idea is supported and implemented by all concerned. Tony Kippenberger (2002) describes the leadership values that are deeply rooted in the Japanese business culture as unifying and progressive. Konosuke Matsushita, a prominent entrepreneur of Matsushita's Electric Company, is credited for having authored these leadership values based on the following seven guiding principles: service to the public, fairness and honesty, teamwork for the common cause, uniting effort for improvement, courtesy and humility, accordance with natural laws, and gratitude for blessings. To this end, Matsushita is well known and respected for having created a company that prospered in the great depression of 1933.

In recent years, however, globalisation is slowly changing management systems in Japan. As a result, local companies are being forced to change their traditional management system, which had worked very well post-World War II and became the envy of many countries in the 1970s and 1980s. Post-1990s, Japanese management systems lost popularity and became somewhat dysfunctional owing to the changing global economic environment (Ala & Cordeiro, 1999; Kippenberger, 2002; Kopp, 2012). As a consequence, Japanese companies and workers were forced to respond to changing trends (Ala & Cordeiro, 1999; Kippenberger, 2002; Kopp, 2012).

Kopp (2012), Ala and Cordeiro (1999) and Kippenberger (2002) contend that the fortunes of the traditional management system in Japan were overturned by a combination of factors post-1900, and these include the maturing economy, slowing economic growth, deregulation of the economy, economic recession, increasing labour costs which resulted in a decline in sales and profits of corporate demographics, modernisation of the Japanese society, ageing population, global economic recession, the depreciation of the Japanese yen, increased competition from abroad as a result of information technology coupled with the speed of information, and the ultimate collapse of the economy.

As a result of these changes, Japanese companies experienced major declines in corporate profits and increased the cost of production (Ala & Cordeiro, 1999; Kippenberger, 2002; Kopp, 2012). Consequently, Japanese companies were forced to cut down on operating costs such as labour costs which, unfortunately, affected worker morale and motivation. Many Japanese companies had to resort to cost reduction by cutting down on labour and other production costs through various means including toll manufacturing whereby companies would move their production facilities abroad to countries like the US and Europe. As a result, many Japanese companies were compelled to reassess their traditional managerial practices of lifetime employment, seniority and enterprise unions in response to the dictates of globalisation (Firkola, 2006).

***(ii). Management systems and practice in India***

A review of the literature indicates that, historically, India was a closed economy until the 1990s. The general perception was that once the economy opened up, it would be taken over by large multinationals from the West (Sinha, 2010). Instead, the opposite happened, whereby Indian businesses reacted differently to the opening of the economy in the early 2000s. The companies responded by restructuring, improving their capital structures, applying best managerial practices, upgrading their managerial skills, professionalising their management styles and globalising their businesses to keep in step with international business trends (Sinha, 2010).

In India, the shareholding structure is very different compared to other countries like the US. Indian companies are largely led by family promoters, and the general practice is that an Indian entrepreneur tends to stay with his business until the next generation takes over. It is the norm in India for the promoters' descendants to take over the business after the founder passes on; as

opposed to the situation in Western countries. In fact, the question of legacy is much stronger in India than any other country in the world (Sinha, 2010). Even after the Indian economy opened up to the rest of the world in the 2000s, Indian promoters maintained the status quo, and all they did was to recognise the need for change by upgrading their management styles along professional lines. Today, India has a balanced approach to business management whereby companies have both business promoters and professional managers working seamlessly with each other.

This balance of management practice, which was described as a 'double approach' in this study, is clearly visible in family-promoted Indian conglomerates such as Tata, Birla and Mittal (Sinha, 2010). This mix of organisational capabilities, management practice and company culture distinguish Indian business enterprises from companies in other countries. Sinha (2010) describes Indian businesses as being characterised by employee engagement, an ability to improvise, manage costs effectively and efficiently, creatively deliver value to customers and ensure the accomplishment of business missions which extend beyond mere delivering shareholder value.

Increasingly, Indian companies are receiving educated young managers who are working together with older experienced managers to create a managerial cadre with diverse skill sets that meet the local (India) and international business challenges (Sinha, 2010). In India, the business environment is quite unique. The dexterity required to operate a business is extremely different to the Western way of managing a business, and Indian managers are inherently more creative for they find themselves faced with complex and, more often, a volatile business environment that is characterised by red tape. The situation in India is such that managers need to deal with a constantly changing and evolving policy framework, poor quality infrastructure, tight financial capital, massive corruption, bureaucratic procedures that increase transaction costs and dishonesty in price negotiations (Sinha, 2010).

As a result, Indian managers are used to finding ways around obstacles, including lack of resources and job insecurity. Sinha (2010) describes the business situation in India as a mindset captured by the Hindi word 'jugaad', which refers to a willingness to persistently improvise creative solutions in order to survive. While there is a benefit to 'jugaad', the downside is that it often leads to unsustainable, short-sighted and poor solutions which do not create lasting improvements (Sinha, 2010). It can be acknowledged that the Indian management system is not

as clear-cut as that of other Asian countries like Japan which is well known for concepts such as TQM and JIT (Sinha, 2010).

The Indian management system is driven by pragmatism, flexibility, creativity, innovation and the ability to work in a difficult operating environment, with an open-minded approach and an ability to work in mixed environments with promoters and other interested parties (stakeholders). Sinha (2010) explains that these are the important facets in the Indian corporate environment, which influence the practice of management and impact on company performance. India and China share similar business conditions, and this explains the two countries' economic successes in recent years where they have become global economic powers. Consequently, China overtook the then Asian economic powerhouse, Japan, in 2010 as the world's second largest economy (Sinha, 2010).

It must be acknowledged though that China's trade and financial activities and India's emergence as a technology and innovation hub and the two countries' commerce and investment interactions with other developing regional blocs such as Africa, Latin America and other emerging Asian countries, have become evident in recent years (Sinha, 2010). Sinha (2010) notes that today China and India have become economic and political drivers of the international economy in global governance; they influence global economic and political dynamics and can provide alternative sources of development assistance for developing countries (UNU-WIDER, 2010).

### *(iii). Management systems and practice in China*

The Chinese economy, like the Japanese economy, has experienced major changes in recent years since 2000. The economy has undergone a fundamental transformation from a central command to a market economy (Fan, 1998). At its 14$^{th}$ congress in 1992, the Chinese Communist Party agreed to move away from the orthodox Marxist economic theory in favour of the Western style of a free market economy (Fan, 1998). The shift to a free market economy meant that state-owned enterprises (SOEs) had to be transformed from government-owned production plants to independent and private entities.

The development of the market system in China went through three stages (Fan, 1998). The first stage occurred between 1949 and 1979, during which China practised a rigid central-command economy (Joy, 2013). The second stage started in 1980 when urban industrial reform

was adopted (Fan, 1998). The third stage began when China adopted the Socialist Market Economy in 1991 (Naughton, 1996; Fan, 1998**)**. It is important to discuss these stages of economic changes as they influenced management systems and practices in Chinese organisations. The three economic stages are further discussed in the paragraphs below.

In the period between 1949 and 1979, China practised a rigid central-command economy (Joy, 2013) which meant that all strategic decisions concerning the means of production, products, pricing and distribution channels were made by the central government bureau (Fan, 1998). China only started importing foreign technology (modernisation) at the end of the Cultural Revolution in the middle of the 1970s (Fan, 1998). The state set production targets for each enterprise, distributed its products, allocated supplies and equipment, assigned personnel, took charge of profits and covered losses (Fan, 1998). In other words, all SOE controlled production units were centrally controlled with the objective of supplying the state with the necessary national output and needs (Mun, 1983; Holton, 1985; Lockett, 1988).

As a result, there was no need for a 'market' in such a planned economy and the marketing concept was, in economic terms, seen as luxurious and non-critical in financial terms (Fan, 1998). Despite a decade of several setbacks and resistance towards 'Westernisation', the economic development had gradually stabilised in China which made it easier for the adoption of Western management knowledge by Chinese companies, though under certain cultural conditions (Fan, 1998). Post-1980, the central-command economy gave way to yet another economic phase, with the introduction of urban industrial reforms. This time, the adoption of the industrial reforms exposed many other problems associated with the planned system. Hence the government started to loosen its control over the economy by reducing mandatory plans and replacing them with guidance plans (Fan, 1998).

As a result, SOEs were granted more autonomy over market-mix decision-making (Joy, 2013). During this period, emerging forces of the non-state sector (rural township and village enterprises as well as private enterprises) and foreign-funded enterprises increased in prominence, though the ongoing central-planning system remained partly under government control (Fan, 1998). Post-1990, the centrally controlled system started to lose its significance and shift towards a free market system.

In 1992 China adopted the Socialist Market Economy which marked the third economic phase in which a series of major reforms were adopted involving the following: the separation of

government bureau from the control of enterprises. Therefore, SOEs could become independent economic entities. This led to the development of new markets including those dealing in commodities, finance and capital, labour, technology and pricing regulation (Naughton, 1996; Fan, 1998; Sinha, 2010). During this period, major economic changes had taken place since 1992, and although the economy was still dominated by SOEs, the output from non-state sectors accounted for more than half of the Gross National Product (GNP) (Fan, 1998).

Subsequently, SOEs were slowly transforming and changing from production-oriented to market responsive enterprises. Fan (1998) mentions that there were no clear-cut boundaries between the three economic stages discussed above and the market economy in China is still in the very early stage of evolution. Therefore, the changes for the third period (socialist market economy) are still not fully realised or matured to date, and there exist great variations between different regions and industrial sectors.

Despite the transitional changes that are taking place in the Chinese business landscape, however, there is compelling empirical evidence which suggests that the Chinese management system differs sharply from the Western management approach based on a number of factors. As stated previously, Chinese companies are characterised by flat and loose organisational structures which promote the smooth flow of information, flexible and responsive to new opportunities on the market (Hout & Michael, 2014). Historically, the Chinese have learnt to cope with turbulent business environments and therefore have developed management capabilities based on responsiveness, improvisation, flexibility and speed.

Though many Chinese SOEs are regulated by the government, they are experimenting with Western managerial practices, yet they have developed so much that they now offer better managerial lessons than do most other Western countries (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014). Although private companies in China are not pioneering any new radical managerial systems and techniques any more – as did Toyota and other Japanese companies 50 years ago with TQM, continuous improvement and JIT systems – they, however, build capabilities which give them competitive advantages which other companies elsewhere find difficult to copy or emulate (Qiao & Siu, 2011; Hout & Michael, 2014).

The changing market trends favour loosely structured management systems which characterise Chinese companies for ease of information flow and quick response to new market demands

(Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014). More importantly, culturally, Chinese managers see the members of their organisations as their family who give allegiance to their employers. Most Chinese companies build alliances with industry leaders with the objective of developing new products and venturing into new business lines. Chinese business leaders create their own ecosystems in which the founder-manager believes in building almost everything from the basic skills in recruits, suppliers, government ties to capital sources (Hout & Michael, 2014). The reason for creating their own ecosystems dates to the period when the Chinese Communist Party barely tolerated private companies, and therefore start-ups had no standing. Therefore, Chinese businesspeople had no access to conventional sources of raw materials, talent and finance (Hout & Michael, 2014).

Chinese businesspeople still must pay officials to get licences to operate, lease space, find workers, import materials and raise capital. Many entrepreneurs fail in China, but those who survive become resourceful, flexible, and fierce competitors among themselves (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014). They also strive to create external markets by using their competitive advantage globally (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014). China's business leaders are notorious for controlling companies from the top, but what is less well known is how much they decentralise, which helps them respond to market shifts and rapidly add new business lines (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014).

In China, the need for adaptation is constant and it involves keeping pace with the market. Chinese companies create structures that give business units total autonomy. Most of the major product lines operate as independent businesses rather than as parts of a larger matrixed organisation (Goleman & Senge, 2014; Haas & Mortensen, 2014). Each business has a leader who is responsible for his or her own business unit and is given the authority to build a sales force, line up suppliers and retailers, and construct factories where the best incentives are available. The notion of synergies across units has become the focus of business in China (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014).

Chinese companies produce more in-house and pay employees less than their Western counterparts, so Chinese enterprises can afford to employ more people. In a country with little business infrastructure, that is, a lack of logistics providers, distributors, and retail chains, companies need a lot of manpower to grow (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014). There are in-house cost centres in most Chinese companies; even the

finance department functions independently, providing financing and advisory services at a cost. Western companies believe that multiple reporting lines protect them from risks such as non-standard products (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014). This is opposite to Chinese managers who chase top line growth at any cost and believe in structures that support rapid expansion. Chinese entrepreneurs are good improvisers, they move with uttermost speed when it comes to business decisions and they capitalise on low costs driven by economies of scale to create considerable competitive advantage inside and outside of China (Goleman & Senge, 2014; Haas & Mortensen, 2014; Hout & Michael, 2014). Companies in China operate towards executing today's business while preparing to double in size in the next three to five years. This involves not just adding resources but incubating new business models and launching new brands.

### 3.12.3 The African perspective of management practice

Kiggundu (1991) describes the African management system as characterised by low productivity, managed by incompetent and unskilled managers, lack of incentives and initiatives, risk-aversion, close supervision of subordinates with little delegation, inefficient operations, high cost with low productivity, underutilisation of capacity, poor remuneration and low employee motivation. Kiggundu (1991) echoes Western sentiments which suggest that, as a result of the shortcomings of African management practice, senior management is more likely to be overworked while reluctant to delegate work due to the lack of managerial skills at the middle management level. This view is not without criticism; Jackson (2004) explains that some Western scholars associate the African organisational scenario with McGregor's (1960) theory X style of management. Theory X mistrusts human nature and has a need to impose controls on workers and limits worker initiatives. April, Blass and Theimann (2006) note that the so-called theory X style of management was imposed onto African society, originally by White colonial powers, and perpetuated long after political independence for reasons aimed at maintaining White supremacy over Africans and partly because of the way managers were trained and indoctrinated during the colonial era.

April et al. (2006) argues that the implementation of Western managerial practices within the African context leads to a lack of motivation and alienation of the African worker in the workplace, resulting in low productivity and labour strife. In post-instrument management systems, subordinates prefer considerate and understanding managers rather than overly dynamic and productive but demanding managers. In cases like that, there is no basis to suggest

that subordinates are lazy and that they require close supervision and control as suggested by some Western scholars. Webber (1993) explains that there is an opportunity for a cross-vergence hybrid model in which African managers and practitioners can selectively adopt some useful Western management knowledge and expertise and blend it with the best of the African practices in a mutual and complementary way (April et al., 2006).

Nevertheless, a review of the literature shows that developments in management theory and practice tend to reflect business circumstances in developed country contexts when compared to the African context (Aosa, 1992). Against this background, there is, however, sufficient evidence to suggest that managerial context in Africa is different from that of the developed world (Sharpe, 1986). As Haines (1988) points out, the foremost thinking in management reflects business circumstances in developed countries. Increasingly, research focusing on African management systems acknowledges the importance of situating managerial practices within socio-cultural contexts of individual countries (Hofstede, 1996a; Denison, 2005). While much of the work is still embedded in theories of an earlier period by Western scholars, present and future studies focus on investigating managerial practices which are suited to the African context (Sharpe, 1986). Although the Western management concepts and writings have dominated the thinking of academics and practitioners in Africa for a long time (Gbadamosi, 2003), their work has not taken into account the African cultural considerations, with the assumption that Western managerial practices are equally effective within the African context.

Research indicates that the African thought system was once side-lined and eventually eroded through the entrenchment of Western management theories and practices in African countries (Oghojafor, George & Idowu, 2012). The African management system is based on the principle of humanism and collectiveness as opposed to the Western management system, which is characterised by individualism and self-satisfaction (Oghojafor, George & Idowu, 2012). At the core of the African management system is the ideology of Ubuntu, a cultural aspect which advances the rhetoric of African humanism and peculiarity by favouring harmony of interest instead of secluded intervention (Mbigi, 2002).

The Ubuntu philosophy is based on the traditional understanding and perception that individuals are human beings who are what they are because of the community that they live in (Khoza, 2006). Essentially, the term ‘Ubuntu’ is derived from the Nguni group of languages, which is translated in English as ‘humanness or being human’ (Khoza, 2006). Ubuntu is a symbol of an African common lifeworld, and the concept has different terms across African

countries. Khoza (2006) provides some insights into the popularity of Ubuntu in Sub-Saharan Africa by revealing that in West Africa, and in particular in Senegal, the concept of 'Teranga' reflects a similar spirit of collective hospitality between people while in Zimbabwe, this concept of *ubukhosi* also mirrors itself metaphorically in the statement *umuntu ngumuntu ngabantu* which translates to a person is made by the community in which he or she lives.

Research in Eritrea shows how modern HRM practices in large companies are embedded in the tradition of communally shared responsibilities (Ghebregiorgis & Karsten, 2007). There are close similarities between Eritrea's HRM concepts and that of Ubuntu, which reflects an African view on the community (Karsten & Illa, 2004). Shutte (1993) says that Ubuntu can be converted into a modern tool of organisational practice for it expresses the way company members interact and share experiences in an organisation. It also reflects a commitment to the social group and therefore shares similarities with Japanese practices (Glisby & Holden, 2003).

Ubuntu is to Africa and South Africa what TQM is to Japan. Ubuntu promotes employee empowerment, customer service and recognises labour as a human asset (Kinzberg, 1991). Nussbaum (2003) proposes that business practices which are infused with Ubuntu can lead to a new business paradigm in the African context. Jackson (2004) points out that the humanistic nature of Ubuntu may lead to increased motivation, drive, self-belonging and loyalty. Hence it impacts on productivity and company performance.

#### *3.12.3.1 Parallels between African and Eastern managerial systems*

The researcher has previously highlighted similarities in managerial systems and practices between Africa and the East. This view is shared by several scholars such as Sono (1993) who draw parallels between the African and East Asian cultural orientations (Sono, 1993)**.** Sono (1993) tracked the historical connection between Africa and East Asia from 1528 when Portuguese trade ships transported African sailors between Africa and Japan. A review of literature reveals that Jan van Riebeeck was stationed in Nagasaki, Japan, before travelling down to Cape Town to establish a Dutch settlement in 1652. The ties between Africa and East Asia remained strong over the years, and it is not surprising that Japan became South Africa's biggest trading partner between 1988 and 1989 (Sono, 1993). Evidently, East Asian organisations have maintained their social (indigenous) status even after having been exposed to Western influence.

Hofstede (2000) maintains that national cultures are embedded in the history, social development and national values of host countries. Japan is one of the Asian countries that have received international recognition for maintaining their traditional customer-oriented approaches to business. Jackson, Louw and Zhao (2011) acknowledge the growing presence of Chinese management knowledge in Africa, more specifically in the sub-Saharan region; though at the same time acknowledging and conceding that much of this knowledge transfer only occurs at the top level, involving government-to-government trade agreements.

The lack of knowledge transfer at an organisational (corporate) level is seen as a hindrance to a collaborative South-South cross-cultural relationship (Jackson, 2012**).** This relationship is significant especially for the South African economy in that China needs Africa for its resources, while Africa needs China for the transfer of knowledge and business expertise (Gill, Huang & Morrison, 2007). However, such resource-oriented investment has sparked some debates as to whether this could result in Africa being exploited by foreign multinational companies from the Asian countries. A counter argument to this view is that such relations are likely to have a positive effect on the development of African countries in terms of the transfer or importation of technical expertise from the more reputable Chinese, Japanese and Indian companies (Jackson, Louw, Zhao, 2013). Gelb (2005) takes the debate further by arguing that the South-South resource investments often embody business models that are less corporatised and less formal than Western models. Such models would favour African companies owing to the close similarities in cultures between East Asian and African countries.

Trade between China and Africa, for example, has grown over the years in the mineral resources (mining) sector involving oil, gas, iron and steel, among others. Statistics show that in 2006 there were over 800 Chinese enterprises operating in Africa and about 84.25% of these were SOEs (Alden & Davies, 2006). It may also be argued that China's interest in Africa goes beyond the continent's natural resources, in that the world's second biggest economy also shares a political and diplomatic interest with Africa (Gill et al., 2007).

In comparison, the African context is closely related to the East Asian cultural context, and therefore many African companies regard China as a model of modernisation that is more responsive to African needs compared to the West (Maru, 2013). It is in this context that managers operating within African organisations need to understand the geopolitical dynamics views underlying the theories involving international processes such as the cultural cross-vergence and divergence perspectives (Ralston, Giacalone & Terpstra, 1994). The cross-

vergence theory reference suggests that two nations can benefit from each other by complementing their strengths, hence Africa and the East (China, India and Japan), for example, can also benefit from synergies derived from both sides. In fact, major economies like China have, for instance, transformed themselves through an industrialisation and modernisation process in a way that may be a model for African countries (Matunhu, 2011).

Empirical evidence from India (Jackson, 2002a), China and Japan (April et al., 2006) suggests that the combination of two differing management systems like the West (instrumental) and African (humanistic) orientations require investigation in order to ascertain the net effect of the two systems. April et al. (2006) argue that though the East Asian management approach to management appears likely to fit within the African context, the multi-variable contextual framework identified by Budhwar and Debrah (2001) and the integrative framework of De Cieri, Cox and Fenwick (1998) still require empirical testing in a comparative Afro-Asian context (Horwitz, Kamoche & Chew, 2002).

#### *3.12.3.2 Factors influencing managerial practices within the African context*

So far, the review of literature has focused on the practice of management on a global scale by covering the three geopolitical regions (West, East and South) and the key factors which influence company performance within those three cultural contexts. The review presented earlier provides evidence that culture accounts for the disparity in managerial practices across the three geopolitical blocs (West, East and Africa). In view of the acknowledgement that culture impacts on management practice and corporate performance, the most important question which still needs to be answered is: How does culture influence managerial practices and company performance within the African context?

Culturally, it is hard to characterise African culture, considering that each country on the continent has its own unique cultural context. To make it even more complex, there are also cultural differences within each country (Zuva & Work, 2016). This is because Africa comprises different countries with diverse cultures, languages, religions, traditions, histories and peoples (Visser, 2005). Research suggests that approximately 30% of the South African population is Christian (Moerdyk & Coldwell, 1990). Therefore, it can be assumed that while globalisation continues to necessitate cultural convergence, more attention still needs to be paid to the individual national contexts in the adoption and application of Western managerial practices within the African contexts (Hofstede, 2002).

The complexity of the African context brings to the fore a unique socio-cultural phenomenon which is referred to in this study as 'double culture'. Though this phenomenon is not a new one, very little has been said about it in contemporary management. Despite the dearth of such theoretical literature, the phenomenon of double culture is evident in different parts of Africa where a mixture of African and Western (British) cultures exist in Sub-Saharan Africa, and a mixture of African and French cultures are found in West Africa (Weir, 2000). A review of management literature indicates that before Europe colonised Africa, managerial practices in Africa were driven by the indigenous African management thoughts and cultural influences (Mangaliso, 2006; Littrell, 2011; Wanasika, Howell & Dorfman, 2011). The disruption of African peoples' thought processes and cultures were disrupted, changed and dominated by Western management systems and practices with the colonisation of the continent (Adeoti et al., 2013).

The challenge is finding the right balance between the two-opposing cultural (African and Western) orientations that accommodates both the Black (African) worker and the White (European) Western manager. A hybrid culture seems the best option, one which encompasses both ends of the two cultural groups, towards a common culture and at the same time fits in with the business environment (April & Blass, 2010). Therefore, African companies need to embrace both elements of the West and African management principles with a view to meeting the social demands of the African culture and the continued economic dictates of Westernisation (international economic convergence and globalisation) (Agard, 2010).

Culture has proved influential in explaining the character of managerial practices in African organisations, and how it may affect company performance. Culture is important in ensuring the ethnic rifts which characterise most African tribes are managed within the confines of the organisation using management tools such as the code of conduct and human resource policies for the benefit of organisations and business. The paradoxical dilemma for Africa is that while there is a humanistic and communal focus to the African culture, tribal differences may lead to tribal segregation and tensions within the workforce (April & Blass, 2010). Most importantly, however, research demonstrates that culture presents more positive benefits than negative effects; it brings together members of the organisation and promotes teamwork and cohesion for enhanced company performance (Mbigi, 2000).

Oghojafor, George and Idowu (2012) lament the dearth of research focusing on managerial practices in the manufacturing industry in Africa. Those studies that have focused on African

management systems highlight the presence of cultural mix, comprising Eurocentric and Afrocentric approaches within the African corporate environment. Eurocentrism is best explained from the perspective of a Western and, more specifically, a European culture (Singh & Chowdhry, 2007). The term 'Eurocentrism' refers to the traditional Western dominant perspective, which describes a Western management style (Oghojafor, George & Idowu, 2012). On the other hand, the Afrocentric approach relates to an ethnocentric philosophy which emphasises the importance of community, collectiveness and teamwork, where people are treated as a single group and often equated with African culture (Singh & Chowdhry, 2007). The third management system which characterises the internal systems in many African organisations is the dual cultural approach, which comprises a complement of both the Afrocentric and Eurocentric ideologies. This dual cultural concept comprises a mixture of both African (Afrocentric) and Western (Eurocentric) cultural value systems within a single business setting (Lessem, 1993, 1996).

Independent research indicates that South Africa is characterised by a multicultural society, consisting of Africans from a wide ethnic background and White people, mainly dominated by those speaking Afrikaans and English. The corporate environment is dominated by two opposing ethnocentric systems: the one is characterised by a Eurocentric and the other by the Afrocentric ideology (Visser, 2005). Visser (2005) contends that although the Eurocentric system dominates the Afrocentric in many aspects, both systems influence the social structure of various forms of organisations along racial lines. Historically, business is associated with Western culture (Eurocentric) and therefore, more often, African employees tend to assume and assimilate White cultural references in order to fit into the business environment.

#### *3.12.3.3 Factors influencing managerial practices within the South African context*

A review of the literature suggests that environmental and organisational factors, also known as contextual factors, influence the way management is applied in South African companies (Ansoff, 1987; Jones, 1989; Hussey, 1990; Austin, 1991; Kukalis, 1991). Such factors include the socio-cultural, economic, political and legal considerations which make up the organisation's working environment (Jones, 1988; Austin, 1991). These factors are discussed below with reference to the South African context.

The social and cultural influence: The South African context, like most other African societies, is characterised by the prevalence of extended family systems. The dominance of extended

families in African societies impacts on the African worker and, more seriously, on the African manager. As Dia (1991) suggests, the African people are bound together by virtue of their common origin (by birth) and therefore this familial bond impacts the way African people treat each member of their extended family. It is an African norm that individualism is discouraged, and family members fulfil their social and economic obligations, acquiring wealth for the group and not for their individual self. The presence of an authority system within the South African societies further suppresses self-enrichment among African people. As pointed out by Aosa (1992), age is an important source of such authority. Only those individuals who have reached certain age groups have a say in group affairs (Dia, 1991). The way people carry out their activities is partly influenced by this ethnic factor (Mbigi, 2005a, 2005b) which further impacts on managerial practices. What this means is that an African manager is likely to face challenges in how he treats older subordinates or disciplines subordinates who happen to be members of his extended family.

Political and legal factors: Generally, it is the duty of any government to control the economic activity within a country through laws and applicable regulations. Arguably, such regulations can either enhance or inhibit business activity. In other words, governments can intervene in business operations or they can allow the companies a large degree of autonomy (Aosa, 1992). In South Africa, the government controls nearly all public enterprises. Unfortunately, such centralised structures have led to the abuse of power and corruption among government officials and, as a result, there has been massive economic disruption and mismanagement. Government actions can also affect the supply of raw materials. The private sector in South Africa relies on imported raw materials and machinery for its operations. Hence foreign exchange resources are required to acquire these imports. The allocation of such foreign resources is determined by the government, and these tend to change from time to time. The constraints associated with these political and legal requirements in South Africa influence managerial decision-making and hence their practice.

Infrastructural factors: Like many African countries, South Africa experiences many infrastructural issues where the general infrastructural facilities are generally inadequate. The technological infrastructures necessary to produce information required for effective decision-making is still lacking in most companies in South Africa when compared to the developed world (Visser, 2005). Generally, there is a lack of software infrastructure (information) that is required by organisations, and such artificial intelligence software is an input for corporate decision-making models. Therefore, decision-making models are weak, and hence managerial

decisions and practices are inadequate and ineffective when compared to software technology in the developed world.

Technological factors: Like most African countries, South Africa imports most of its technology which has been developed elsewhere. As a result, local companies and managers have little understanding of the value of technology in their operations. Whereas local managers may be able to identify problems in their organisations, most of them cannot match them to specific courses of action using modern technology. Furthermore, when such organisations acquire modern technology for this purpose, they often do not have adequate internal resources to effectively utilise that technology. It should be noted that companies which are more successful are those that have established contact with foreign strategic partners, academic institutions and other strategic alliances with the purpose of acquiring technology as a competitive edge. In conclusion, one can say that the contextual factors discussed above influence managerial processes and practices within local companies.

## 3.13 CHARACTERISATION OF THE SOUTH AFRICAN CONTEXT

It was noted earlier that the African context is characterised by humanism, collectiveness and communism as opposed to the Western approach that is based on individualism and self-satisfaction (Hogg, 2001). It was also noted that many Western countries are ‘high’ on individualism and masculinity and ‘low’ on power distance and uncertainty avoidance (Trompenaars & Hampden-Turner, 2004). This characterisation is the direct opposite of the South African case. Hofstede (1996a, 1997) describes South Africa’s context as characterised by uncertainty avoidance index (UAI), high masculinity index (MAS) and low individualism (IDV) as opposed to the West.

The Western cultural orientation is well articulated by Mbigi (2002) when he explains that the Western management system is associated with philosophies which can best be described as the survival of the fittest, self-interest, individual prosperity, financial returns and the mean and lean organisational paradigms. The argument among many scholars is that a reconciliation of the two opposing cultural approaches is incompatible (Koopman, 1991; Christie, Kwon, Stoeberl & Baumhart, 2003) and therefore, the presence of both the Western and African cultural systems within the South African corporate setting is a problem requiring empirical scrutiny. In the context of this study, a double culture refers to a mixture of two different cultural value systems operating within a single corporate setting.

Although the West has supplied leadership and management ideas, political systems, and economic infrastructures to Africa since colonial times, management studies show that Western management systems and practices have not achieved the desired results within the African context (April et al., 2006). One of the main reasons is that African managers and workers alike, find it difficult to relate to the Western culture, having to sacrifice their authenticity in order to embrace foreign methods (April et al., 2006). April et al. (2006) argue that copying and applying foreign management systems in a culture that values leadership and management differently creates social problems in a host country.

Some scholars acknowledge this mismatch between the Western and the South African social and cultural values (Koopman, 1991; Christie et al., 2003). Lessem (1993) and Christie et al. (2003) argue that South Africa's corporate culture has long been a manifestation of Western influences at the expense of the native Afrocentric management system. Some African scholars have lamented the failure by Western management systems to take into consideration the fact that the American and European societies and organisations are culturally more homogenous compared to African societies. Hence the ethnic variations that exist within South Africa (Koopman, 1991) make it difficult to simply 'cut-and-paste' Western systems into the South African social setting. While African scholars recognise the difficulty of having a purely African management phenomenon many scholars advocate for a South Africa management system that blends the better of the two worlds (Western and African) management systems (Mbigi, 2002).

From a business and economic viewpoint, the South African economy is characterised by large corporations with a relatively underdeveloped but emerging small and medium enterprise sector (Fraser, 2016). Traditionally, South African companies were characterised by pyramid structures which comprised multiple management layers with a strong vertical inclination. However, in recent years, global management trends have forced corporates to assume flat organisational structures with a decentralised decision-making approach (Fraser, 2016). From a social front, South Africa can be characterised as a multiracial nation comprising several racial groupings (Africans, Afrikaners, Europeans, Indian and Chinese) that live side by side though maintaining their identity in what can be traced back to the apartheid policies which segregated people according to their race and colour.

Nonetheless, South Africans do share the common identity of Ubuntu. The Ubuntu philosophy plays a major function in promoting teamwork and social cohesion in organisations (Mbigi,

1997). The indigenous South African is highly collective with a high priority towards family and extended family (Fraser, 2016). This concept was popularised as a new management ideology after the attainment of democracy in 1994 by the then President, Nelson Mandela (Lascaris & Lipkin, 1993; Mbigi & Maree, 1995). Micklethwait and Woodridge (1996) suggest that Ubuntu is at the core of the African culture and this was initiated with a view to bringing together people of all racial groupings in South Africa, hence the term 'Rainbow Nation' which describes a nation comprising people of different races.

### 3.13.1 Management systems in post-apartheid South Africa

Research suggests that management structures in South African companies are in favour of the White employee. Most senior managers in executive positions with decision-making power are Whites, followed by Indians in middle hierarchies and Africans (Black) in lower positions waiting to move up the corporate ladder over time (Singh & Chowdhry, 2007). As a result, South African companies depict three hierarchical levels. The senior management level is occupied mainly by White expatriates and local managers who have largely been brought up under the Western culture and so subscribe to Western values and attitudes. The middle management level is occupied mainly by a mixture of White and African locals who have been trained under the Western value system and are familiar with Western behaviour patterns but at the same time belong to their local communities. Lastly, the lower levels of the organisation comprise local South African Black people who have been brought up locally and have had very little contact with Western values (Visser, 2005).

South Africa, like most other African countries, has accepted and embraced Western educational systems (Visser, 2005). Many African people continue to receive Western education, and therefore they have developed some understanding of and embraced Western value systems. Because of this adoption, many South African companies have embraced Western managerial practices. The mix of Western and African cultural systems and values is reflected directly in many modem organisations across South Africa (Visser, 2005). However, Aosa (1992) warns that this mixture of people from different backgrounds can potentially create problems in managing organisations, hence the need for one to understand the dynamics that come with such racial interactions.

Visser (2005) notes that in the post-apartheid era (post-1994) South Africa has witnessed change following the opening of the economy and the exposure to international business and

global markets. The question that still needs to be answered is, how do these changes influence managerial structures and practices in the new South Africa? The rigid and structured hierarchies in local companies which were in favour of the White minority have given way to a young generation of Indian and African graduates. The marginalised African race started to emerge and be proactively involved in decision-making within company structures. Singh and Chowdhry (2007, 2011) concur that the biggest change to have emerged in the post-apartheid era has been the introduction of a new cadre of Black professionals into the middle management level in most companies. The introduction of the affirmative action programme, popularly known as the Broad-Based Black Economic Empowerment (BBBEE) in democratic South Africa has seen the active engagement of a new breed of managers in corporate business.

The motive of the affirmative action programme (BBBEE) is seen by many as a noble idea as it seeks to develop and provide a full representation of racially diverse management teams in corporate South Africa. However, such policies have not been universally well received, especially amongst the White community, many of whom see it as a discriminatory policy that is aimed at side-lining the White race. The argument is that employment opportunities are not necessarily based on ability, knowledge or aptitude, but colour, and therefore this is meant to deny and deprive White people of career opportunities, promotions and advancement (Coetzee, 2006). Many scholars view the policy of affirmative action as a major flashpoint in modern South Africa.

Considering this controversy, Louw (2001) cautions that the idea of BBBEE requires further scrutiny in the spirit of Ubuntu which seeks to harmonise the relationship between different races in South Africa. Essentially, the BBBEE policy is perceived as an obstacle and hindrance to organisational harmony in the post-apartheid era (Louw, 2001; Coetzee, 2006).

### 3.13.2 The application of the Ubuntu concept in corporate South Africa

The general view shared by many South African researchers is that the concept of Ubuntu has the potential to contribute towards the development of African management principles that are based on a blend of social and cultural ideas into a collective ideology towards collectivism, unity and togetherness (Micklethwait & Woodridge, 1996). Mangaliso (2001) relates that the concept was crafted with the aim of building a democratic country with a non-racial and non-sexist system of government. As a starting point, Ubuntu was proposed as a way to promote social transformation and interconnectedness among South Africans (Nussbaum, 2003).

Eventually, Ubuntu was adopted as a new management concept to improve the coordination of personnel in organisations and to catalyse business transformation in South Africa.

The philosophy of Ubuntu was first popularised by the former president of South Africa, Nelson Rolihlahla Mandela, post-democracy (1994) when he described it as a philosophy that underpins the African society (Nussbaum, 2003; Mandela, 2006). It is in this context that Ubuntu is seen as a social binder that unlocks the potential and capacity of both individuals and group members towards a common goal (Nussbaum, 2003; Poovan, Du Toit & Engelbrecht, 2006). Essentially, the Ubuntu philosophy underpins any grouping within the African context, and this includes any formal organisation that operates within society (Khomba, 2011).

Mbigi (2002) explains that, while acknowledging the contribution of Western management theories and practices to the improvement of South African business performance, Western practices have to some extent been overly expressed to the detriment of the indigenous cultural heritage and organisational success. By nature, the African culture is non-individualistic (traditionalism, communalism and teamwork) as opposed to the Western (Eurocentrism, individualism and modernity) cultural value system. In this regard, the communalistic nature of the African culture should not be treated as necessarily subordinating an individual to a group, as was the case with Marxist collectivism, but instead it provides the support necessary for each member of the organisation, community or society to contribute meaningfully to organisational performance (David, 2009).

Several scholars acknowledge that Ubuntu advances the rhetoric of African humanism and promotes harmony of interest towards the advancement of corporate performance (Mbigi, 2002; Nussbaum, 2003; April & Ephraim, 2010). The concept is based on the premise that ‘Unity is strength’ among the African people and thus Mbigi concurs that Ubuntu is self-embracing, promotes respect for the dignity of others, enhances group solidarity and teamwork, provides services to others in the spirit of harmony and encourages interdependence among the group or organisational members. In summary, Ubuntu promotes solidarity by building a culture of empowerment and teamwork and improves the efficient and effective operations of workplaces in the South African context (Mbigi, 1997).

### 3.13.3 The significance of Ubuntu in South African organisations

A review of theoretical literature demonstrates that Ubuntu, which characterises the socio-cultural and business environment in South Africa and indeed within Sub-Saharan Africa, influences managerial systems and hence enhances company performance through its impact on teamwork and social cohesion in organisations (Mbigi, 1997). Essentially, Ubuntu is critical in ensuring cohesiveness in African societies in which people work together as a social group towards a common purpose and where any achievement or failure is treated as a group obligation (Mbigi & Maree, 1995; Mangaliso, 2001; Khoza, 2006; Khomba, 2011). Khomba (2011) indicates that the traditional heritage in most African countries reflects the cultural norms of working together with a sense of co-operation, harmony and prosperity. Therefore, it is imperative for companies operating within the African context to conceptualise this sense of co-operation as an intangible liability that represents the non-monetary obligation that companies should acknowledge in order to avoid the depreciation of its intellectual capital and knowledge (Khomba, 2011). It plays an important role in enhancing company performance for organisations in South Africa and the African corporate environment in general (Mangaliso, 2001; Khomba, 2011).

The question often asked by many relates to how culture influences company performance. The 'how' culture influences performance is based on the premise that social linkages that are engraved in African culture determine the success of organisations (Mbigi & Maree, 1995; Mangaliso, 2001; Broodryk, 2005; Karsten & Illa, 2005; Khoza, 2006). In this regard, the cultural aspect of Ubuntu, which promotes social cohesion and collectiveness among members of an organisation, plays a significant role in influencing the organisational outcome (Mbigi, 2000). Some scholars who have researched organisational theory in Africa concede that efficiency and competitiveness of companies can be realised through emphasis on social well-being rather than purely on technical rationality (Ponelis, 2009, 2015). The question which many have asked about Ubuntu is its significance in enhancing organisational effectiveness and therefore company performance in South African companies (Hampden-Turner & Trompenaars, 1993; Mbigi & Maree, 1995; Prinsloo, 2000; Mangaliso, 2001).

Mbigi and Maree (1995) explain that companies can build co-operation and competitive strategies by allowing teamwork arising from the Ubuntu principles to permeate the organisation. Ubuntu provides a high sense of solidarity which supports co-operation and competitiveness amongst teams by allowing individuals to give their best efforts towards team

setting, which consequently enhances corporate performance. Furthermore, community-based approaches help in building synergies where group effort is more effective and beneficial than the sum of individual contribution (Prinsloo, 2000; Mangaliso, 2001).

Scholars such as Hampden-Turner and Trompenaars (1993) argue that, given the social synergies derived from Ubuntu, companies that embrace this philosophy are likely to gain competitive advantages on the basis of effective human relationships with fellow employees in terms of interpersonal relations, team work, productivity enhancement, leadership style and cultural beliefs. This view finds support in Cohen, Ledford and Spreitzer's (1996) research work which suggests that group cohesion and teamwork gives an organisation the competitive edge it requires to succeed and grow in a business environment. Overall, the culture and stakeholder relationships are some of the strategic themes of corporate performance that need to align with the precepts of the Ubuntu philosophy in order to enhance company performance (Khomba, 2011).

Success stories of Ubuntu have been recorded in the business literature, showing that the adoption of Ubuntu has produced positive results in some companies in South Africa. Some of the companies that have recorded successes using Ubuntu include Durban Metrorail, which adopted Ubuntu as one of its guiding principles and made the company one of the progressive companies in KwaZulu-Natal. Other examples where Ubuntu has enhanced corporate performance include Cashbuild, which uses the various dimensions of Ubuntu with great success (Patricia & Scheraga, 1998) and CS Holdings which managed to improve its management process and performance by integrating the Ubuntu guidelines into its routine and daily managerial practices (Mbigi, 1997).

## 3.14 REVIEW SUMMARY

A review of the literature indicates that management theory has evolved over time, beginning from the early classical theories and scientific management theory of the early 20$^{th}$ century to the most recent cultural theory (Bartol & Martin, 1991; Bateman & Zeithaml, 1993; Wren, 1994; Kreitner, 1995; Griffin, 2005). Though Western management concepts and writings have transformed the African management system over the last century, such thought processes have not taken into consideration the importance of culture in influencing managerial practice (Gbadamosi, 2003) within the African context. A review of literature indicates that studies focusing on managerial practices and their impact on performance have widely been

investigated within Western contexts (America and Europe) (Farashahi et al., 2005; Oghojafor, George & Idowu, 2012). While acknowledging the presence of such empirical knowledge in theoretical literature, the researcher recognises the dearth of management research within the African industry contexts and more specifically, within the South African rubber industry context, hence the significance of this research.

Recent developments in management theory and practice have motivated the pursuit of this study. These developments have changed the perceptions on the practice of management in contrast to earlier theories which advocated for the universality theory (Mintzberg, 1973). The universality hypothesis suggests that managerial practices are equally effective across countries irrespective of differences in their cultural contexts (Mintzberg, 1973; Simon, 1997). However, the new generation of theoretical literature demonstrates that the replication of managerial practices across different contexts presents some problems (Hofstede, 1997; Denison, 2005; Mbigi, 2005a, 2005b; April et al., 2006). Emerging research evidence suggests that indiscriminate adoption of Western management systems and practices in non-Western nations have not yielded positive outcomes (Montgomery, 1985; Ahiauzu, 1999). Several scholars have, as a result of this realisation, argued that the application of management within African companies should be considered within local contexts for enhanced organisational performance (Gopalan & Stahl, 2001). It is worth noting that this study built on what has been learnt from previous studies of similar focus in other parts of the world (D'lribarne, 1989; Hofstede, 2001; Bloom & Van Reenen, 2007).

This study also reviewed theoretical literature on managerial practices across the three regional blocs, also known as the North, East and South geopolitical regions. In comparison, the review suggests that the African context is characterised by humanism, collectiveness and communism as opposed to the West, which is based on individualism and self-satisfaction (Hogg, 2001). It was also noted that many Western countries are 'high' on individualism and masculinity and 'low' on power distance and uncertainty avoidance (Trompenaars & Hampden-Turner, 2004) while the South African context is characterised by socially UAI, high masculinity index (MAS) and lowest individualism (IDV) as opposed to the West (Hofstede, 1996a, 1997).

A review of the literature indicates that although Western management concepts and writings have dominated the thinking of academics and practitioners in Africa for a long time, their positions did not acknowledge the impact of culture on managerial practice and corporate performance (Gbadamosi, 2003) within the African context. It was only within the last three

decades that management scholars took cognisance of contextual influence on management (Denison, 1990; Fashoyin, 2005; Hofstede, 2005). Denison (1990) made his first proposal that culture is an important but often neglected variable in influencing managerial practice. This hypothesis was later supported by Gordon and DiTomaso (1992) who demonstrated that a strong culture is essential in determining long-term corporate performance. While the concept of context (culture) has been widely acknowledged by many scholars in recent years, others have, however, critiqued the view that context impacts management practice (Pudelko & Harzing, 2007). Despite such criticism, there is compelling evidence to suggest that contextual factors such as culture enhance company performance beyond mere managerial knowledge (Hofstede, 2005). The aspect of culture features more significantly within the African and indeed the South African context with specific reference to the aspect of Ubuntu (Mbigi, 2002; Visser, 2005).

Many scholars acknowledge that Ubuntu advances the rhetoric of African humanism and promotes harmony of interest towards the advancement of business performance (Mbigi, 2002; Nussbaum, 2003; April & Ephraim, 2010). Mbigi (2002) acknowledges that Ubuntu is self-embracing, enhances group solidarity and teamwork and encourages interdependence among the group or organisational members. It is imperative, therefore, for companies operating within the African context, and South African context, in particular, to conceptualise this sense of co-operation as an intangible liability which represents the non-monetary obligation that companies should promote Ubuntu's intellectual capital and knowledge for enhanced company performance (Mangaliso, 2001; Khomba, 2011). Scholars such as Hampden-Turner and Trompenaars (1993) and Cohen et al. (1996) argue that given the social synergies derived from Ubuntu, companies that embrace this philosophy are likely to gain competitive advantages on the basis of effective human relationships with fellow employees in terms of interpersonal relations, team work, productivity enhancement, leadership style and cultural beliefs. Mbigi and Maree (1995) explain that companies can build co-operation and competitive strategies by allowing teamwork arising from the Ubuntu principles to permeate the organisation.

While focusing on the aspect of culture, some scholars acknowledge the mismatch between the Western and the South African socio-cultural values in local companies (Koopman, 1991). Some scholars argue that the South African corporate culture has long been a manifestation of Western influence; however, such practices have not taken into consideration the African value systems (Koopman, 1991). Mbigi (2002) explains that while acknowledging the contribution of Western management theories and practices to the benefit of South African business

performance, Western practices have been overly expressed, to the detriment of the indigenous cultural heritage and organisational success. To sum up the debate on the significance of culture in the application of management, some scholars have argued that effective management depends on the fit between management and context (O'Donnell & Boyle, 2008).

The second highlight of the literature review relates to the measurement of company performance. In this study, company performance was measured based on management score. A review of the literature indicated that in general financial measures such as profitability are used as a proxy for company performance. However, some scholars share a different view which suggests that there is no best single measure of company performance because different organisations adopt different objectives and measurements for company performance (Doyle, 1994, 2008). Hofer (1983) argues that different fields of study should use different measures of company performance based on their research questions. Barney (1997) argues that none of these measures is without flaws; but that the narrower domain of company performance is more useful and potentially easier to make meaningful comparisons across companies (Richard et al., 2009).

The next chapter (Chapter Four) deals with the research methodology. It reflects on the research strategy and methodology employed in this study. The chapter offers some insights into the research design, sampling, data collection and analysis for the two research surveys (face-to-face interviews and self-administered questionnaires) based on what the researcher deemed suitable to answer the research questions, fulfil the hypothetical requirements and meet the research objectives. The adoption of a sequential mixed method approach and the rationale for the triangulation of the different datasets (quantitative and qualitative data) are discussed.

# CHAPTER FOUR

# RESEARCH METHODOLOGY

## 4.1 INTRODUCTION

This chapter comprises two sections, section A and B and these cover quantitative and qualitative methods, respectively. This has been done because the study utilised a sequential mixed method approach, as discussed later in this chapter. The qualitative and quantitative data collection methods are presented separately for the purpose of clarity. The chapter provides some insights into the research design, sampling, data collection and analysis for the two research surveys based on what the researcher deemed suitable to answer the research questions, fulfil the hypothetical requirements and meet the research objectives as outlined in the introduction to this report. It is also imperative to note that the adoption of a triangulated approach in this study is expected to achieve a deeper understanding of the managerial phenomenon and, therefore, determine whether the predictive generalisations of Bloom and Van Reenen's (2007, 2006) theory on managerial effectiveness holds true in the South African context. Essentially, the quantitative data tests the hypotheses and provides explanations that are causally valid, while the qualitative data delivers explanations that are adequate at the level of meaning (Weber, 1964). By achieving explanations that are both causally adequate and valid at the level of meaning makes a fundamental contribution to knowledge. However, as noted in the introduction (Chapter One), the statistical analyses used in the study cannot indicate a formal causal relationship because such an analysis is unable to establish whether A comes before B, whether A and B are involved in a constant conjunction, and whether all potential third variables have been eliminated.

The chapter covers the following details: population, sampling design, criteria for selection of the sample, data collection method and procedure for data analysis and interpretation. The study adopted the WMS framework developed by Bloom and Van Reenen in 2004 to measure management practices. The WMS framework (Bloom & Van Reenen, 2006) measures the quality of management practice in quantitative terms based on three areas: target setting, process monitoring and incentive management, and sometimes four areas of analysis including operations management. In this study, quantitative measures of management practices, which were presented as management scores provided a measure of company performance. This

method of using management score as proxy for company performance is consistent with WMS methodology (Bloom & Van Reenen, 2007). This research framework offers a standard measure of management practice that allows for a meaningful comparison of management scores across companies, institutions and countries. It must be noted that this study differed from other studies of similar focus in that it used a mixed method approach to investigate the research problem. A review of literature indicates that most studies of similar focus have a single research method – either a qualitative or a quantitative method.

The author conducted a mixed methods study comprising both qualitative (face-to-face interviews) and quantitative (self-completion questionnaires) data collection instruments. In both cases (qualitative and quantitative), the survey questions revolved around the five areas of analysis: target setting, process monitoring, performance monitoring, performance evaluation and incentive management. The study also utilised secondary sources of data which related to the contextualisation of management practice and company performance measurement including the key texts from global research surveys conducted by Bloom, Van Reenen and others (2004-2014), Hofstede (1993-2010) and Denison (2000-2005).

### 4.1.1 Rationale for adopting a mixed method approach

This study adopted a sequential mixed method approach. A mixed method research is an approach that combines both quantitative and qualitative research methods in the same research inquiry (Ridenour & Newman, 2008). The rationale for using a mixed method approach was based on several reasons and benefits. The reason for using both qualitative and quantitative methods in this study was to maximise the data collection process (Cooper & Schindler, 2011). The use of an in-depth qualitative approach in this study offered a great opportunity to obtain adequate explanations on the level of meaning (Weber, 1964).

By using multiple approaches, methods or empirical literature, researchers can overcome the weaknesses or intrinsic biases and the problems that come from a single method (Cohen et al., 2000). In the social sciences such as management and psychology, triangulation is often used to validate data through cross-verification from two or more sources. It can be used as an additional assessment tool for the reliability and validity of specific findings. Essentially, the purpose of triangulation in qualitative research is to increase the credibility and validity of the results. The use of two different data collection techniques (mixed methods approach) and the triangulation was expected to play a critical role in achieving explanations that are both

adequately causally and valid at the meaning of adequacy. Essentially, quantitative data assists in testing the hypotheses while qualitative data helps in determining whether the predictive generalisations of Bloom and Van Reenen's (2007) theory on managerial effectiveness holds true in the South African industry context.

In general, a cross-country survey test assists in gauging the extent of measurement error at the question level (Bloom & Van Reenen, 2010a). This can be achieved either by interviewing different interviewees within the same company or obtaining more than two questionnaires from different people within the same organisation. In their cross-country surveys conducted overseas, Bloom and Van Reenen (2010a) found that the question level scores were correlated at 0.502 and the management average score at 0.734. In this study, the researcher sought to achieve triangulation by using a combination of two different survey instruments and comparing the results of the interview outcome against those derived from the questionnaire obtained from the same company. The author compared the general findings of the qualitative survey (interviews) with those of the quantitative survey (questionnaires) and see if there was any congruence in the findings of the two methods.

In other words, the one method informs the other, thus making the analysis robust and rigorous (Greene, Caracelli & Graham, 1989; Tashakkori & Teddlie, 2009). In so doing, the analysis minimises the problem associated with a single method. The scoring mechanism used can create bias, where the respondent provides answers that they believe to be correct, what the interviewer wants to hear or that they deem to be attracting a more positive score (Bloom & Van Reenen, 2007). The respondent is also compelled to answer only the item indicated in the questionnaire and this may distort the validity of the findings. Thirdly, the use of a mixed methods approach is useful to capture the best of both qualitative and quantitative approaches and provides data that is useful in the comparison of findings of more than one study. For example, the correlation and regression analysis in this study can help in testing the appropriateness of Bloom and Van Reenen's model in the South African rubber industry context. Compared to a single method, a complement of the two different types of data sources provides a richer analysis and more diverse perspectives.

Such work can help develop rich insights into various phenomena of interest that cannot be fully understood using either of the two methods. It can also be mentioned that mixed method research has been termed the third methodological movement (paradigm), with quantitative and qualitative methods representing the first and second movements (paradigms) respectively

(Ridenour & Newman, 2008; Teddlie & Tashakkori, 2009). The argument is that although proponents of mixed method research have suggested areas in which a mixed methods approach is potentially superior to a single method design, there has been intense debate regarding whether or not it is even appropriate to combine multiple methods that are often based on radically different paradigmatic assumptions (Mingers, 1992, 2001; Ridenour & Newman, 2008; Teddlie & Tashakkori, 2009; Denzin & Lincoln (1994). Despite the several challenges associated with methodological pluralism based on the notion of the incompatibility of these two approaches, several scholars acknowledge that it is feasible to conduct research that cuts across multiple methodologies and paradigms (Mingers, 1992, 2001; Ridenour & Newman, 2008; Teddlie & Tashakkori, 2009).

Some authors have even called for a combination of research methods for the purpose of triangulation of qualitative and quantitative data, to develop a deeper understanding of a phenomenon (Richardt & Rallis, 1994; Mingers, 2001). The argument is that if a researcher can overcome the cognitive and practical barriers associated with conducting mixed methods research, then one should undertake such research without much consideration of paradigmatic or cultural incommensurability. In fact, it has been empirically proven that mixed methods research provides rich insights into various phenomena and develops novel theoretical perspectives in many research projects although the emphasis is that the decision to conduct mixed methods research should hinge on the research question, purpose, and context (Hackney, Dear & Crocker, 2007). In this study, a qualitative study was used to gain additional insights into the findings from a quantitative study. The reason for using a mixed methods approach was to obtain rich explanations of the findings from the quantitative data and analysis. A qualitative study was used to expand and elaborate on the findings, while the quantitative analysis was used to test the hypotheses (Kiel, Magaziner & Zimmerman, 2007). In other words, the findings from one study (quantitative) could be expanded or elaborated upon by examining the findings obtained from the qualitative analysis.

### 4.1.2 Research procedure

As stated above, two research instruments were used to collect the data. For the qualitative survey, the researcher drew up a list of potential interviewees comprising company executives (general managers, directors, managing directors and chief executive managers) from the list of rubber companies making up the sample. Invitations were then sent out to potential participants electronically via emails requesting interviews with the author. Copies of the self-

administered questionnaire were either emailed or hard copies distributed by being handed out to the potential respondents. It was easy to send the questionnaires through email to those respondents with computers whereas for those without, one had to reach physically, in person and hand them hard copies of the questionnaire.

In both the qualitative and quantitative surveys, a covering letter was sent out detailing the reason for the requested interview, the purpose of the study and that the prospective interviewee's anonymity and confidentiality would be assured. To increase the response rate, the potential interviewees were told that they would get copies of the final thesis in exchange for their participation. The collection of the qualitative and quantitative data covered a period of just over eight months, starting in June 2016 and ending in March 2017. Emails were continually sent out as reminders to encourage participation during this period.

### 4.1.3 Ethical considerations

The researcher took into consideration ethical issues relating to validity of the research, harms and benefits, confidentiality and anonymity. Respondents were asked to sign a consent form to participate in the study in order to ensure they do not suffer adverse consequences from the research. The researcher undertook not to put pressure or provide any form of inducement in an attempt to encourage participants take part in the research. It must be stated that the search instrument was submitted to the University ethics committee and approved by it.

Anonymity: The respondent's participation in this research was strictly voluntary and his or her personal details remained anonymous throughout this research study as well as in the final thesis report. The respondent could choose not to answer any questions which made him or her uncomfortable with and was also feel free to withdraw from this study at any point of the research process. The respondent participated in the research process voluntarily; he or she did not receive payment of any form as a result of his or her participation.

Confidentiality: The researcher undertook to adhere to strict moral standards in ensuring that the information provided through the data collection process was treated in the strictest confidence and the interviewee's right to privacy was protected. Participation was voluntary and anonymous. The collected data would be made available to the University as part of the research material and not any other parties. The participant's identies would not appear in the final product (the written doctoral thesis) to be submitted to the University.

## 4.2 QUANTITATIVE METHODOLOGY

### 4.2.1 The research framework

#### *4.2.1.1 Population*

The rubber industry consists of 202 rubber companies in South Africa (IOM3, 2013). These companies employ between 5 and 3 000 employees; however, the majority of these companies employ between 20 and 2 000 people (IOM3, 2013). Most rubber companies are situated in Gauteng, followed by KwaZulu Natal (KZN) and the Eastern Cape (EC), respectively. Though the province has fewer companies than Gauteng and KZN, most of the big companies, which include tyre multinationals, are in the Eastern Cape. These companies employ the greatest number of people owing to their proximity to the automotive industry which is the largest consumer of rubber (tyres) in the country.

**Table 4.1: Distribution of rubber companies in South Africa**

| **Province** | **Estimated population of rubber companies** |
|---|---|
| Gauteng | 114 |
| Eastern Cape | 15 |
| KwaZulu-Natal | 22 |
| Western Cape | 12 |
| Northern Cape | 8 |
| Free State | 12 |
| North West | 9 |
| Mpumalanga | 6 |
| Limpopo | 4 |
| **Estimated total rubber companies** | **202** |

Source: (IOM3, 2013)

#### *4.2.1.2 Criterion sampling*

Criterion sampling involves selecting cases that meet some predetermined criterion of importance (Patton, 2001:238). The research targeted rubber companies which employ between 20 and 2000 employees across the nine provinces in South Africa.

**Table 4.1.1: Distribution of rubber companies with workforce of between 20 and 2000**

| **Province** | **Estimated population of rubber companies employing between 20 and 2 000 employees** |
|---|---|
| Gauteng | 107 |
| Eastern Cape | 10 |
| KwaZulu-Natal | 11 |
| Western Cape | 7 |
| Northern Cape | 4 |
| Free State | 7 |
| North West | 3 |
| Mpumalanga | 2 |
| Limpopo | 1 |
| **Estimated total rubber companies** | **152** |

Source: (IOM3, 2013)

The reason for targeting middle management personnel was that these are the people who are involved with day-to-day production and operation and hence they have the necessary knowledge about the company's shop floor operation and management practices. Measuring management practices and determining their effect on company performance in companies of this size range (20 to 5 000 employees) is convenient in that these companies are big enough (>20 employees) to benefit from structured management practices that need to be measured, but not too large (<5 000 employees) to present challenges of accessing and processing the required data. In this industry, a medium size company employs an average of 250 employees. The small companies are mainly those engaged in the manufacture of handmade products such as rubber lining and hose manufacture to moulded products, while big companies include the tyre and belting manufacturers.

#### *4.2.1.3 Sample size determination*

In this study, a sample size of 152 was used based on the Bartlett, Kotrlik and Higgins's (2001:48) guiding rule (ref. Table 4.2: Sample size values - categorical data). It was noted in clause 4.2.1.1 (Population) that there are approximately 202 companies in South Africa (ref. Table 4.1). Given the fact that the population was found to be 202, then a sample size of between 132 and 154 was identified on Table 4.2. (ref. a p=0.50 and t=2.58: categorical data). Based on the discussion concerning sample size in 4.2.1.2 (Criterion sampling) meets Bartlett,

Kotrlik and Higgins's criterion (2001:48), it may be argued that the sample size of 152 used in this study is adequate for regression and factor analysis.

In addition to adopting Bartlett, Kotrlik and Higgins's (2001:48)'s guidelines on sample size, the author is using multiple regression analysis based on the ratio of observations to independent variables which suggests that this ratio should not fall below five (Hair, Anderson, Tatham, & Black, 1995:105; Bartlett, Kotrlik & Higgins, 2001). As a "rule of thumb" regarding recommended sample size, a sample of 152 as identified in 4.2.1.2 is **deemed** appropriate and adequate for running factor analysis and regression. In this study, the sample size was further guided by previous research practice (Delfgaauw et al., 2011; Homkes, 2011; McConnell, Hoffman, Quanbeck & McCarty, 2009; McConnell et al., 2009; Rasul & Rogger, 2013). These research studies comprised of sample sizes of between 120 and 200.

Table 4.2 below provides a guide on sample size values for both continuous and categorical data assuming alpha levels of 0.10, 0.05, or 0.01. The table presents margins of error of 0.03 for continuous data and 0.05 for categorical data.

**Table 4.2: Sample size values (Continuous and categorical data)**

| DETERMINING MINIMUM RETURNED SAMPLE SIZE FOR A GIVEN POPULATION SIZE FOR CONTINUOUS & CATEGORICAL DATA | | | | | | |
|---|---|---|---|---|---|---|
| POPULATION SIZE | SAMPLE SIZE | | | | | |
| | CONTINUOUS DATA (MARGIN OF ERROR: 0.03) | | | CATEGORICAL DATA (MARGIN OF ERROR: 0.05) | | |
| | ALPHA=0.10 t=1.65 | ALPHA=0.05 t=1.96 | ALPHA=0.01 t=2.58 | P=0.05 t=1.65 | P=0.50 t=1.96 | P=0.50 t=2.58 |
| 100 | 46 | 55 | 68 | 74 | 80 | 87 |
| **200** | **59** | **75** | **102** | **116** | **132** | **154** |
| 300 | 65 | 85 | 123 | 143 | 169 | 207 |
| 400 | 69 | 92 | 137 | 162 | 196 | 250 |
| 500 | 72 | 96 | 147 | 176 | 218 | 286 |
| 600 | 73 | 100 | 155 | 187 | 235 | 316 |
| 700 | 75 | 102 | 161 | 196 | 249 | 341 |
| 800 | 76 | 104 | 166 | 203 | 260 | 363 |
| 900 | 76 | 105 | 170 | 209 | 270 | 382 |
| 1000 | 77 | 106 | 173 | 213 | 278 | 399 |
| 1500 | 79 | 110 | 183 | 230 | 306 | 461 |
| 2000 | 83 | 112 | 189 | 239 | 323 | 499 |
| 4000 | 83 | 119 | 198 | 254 | 351 | 570 |
| 6000 | 83 | 119 | 209 | 259 | 362 | 598 |
| 8000 | 83 | 119 | 209 | 209 | 367 | 613 |
| 10000 | 83 | 119 | 209 | 264 | 370 | 623 |

Source: Bartlett, Kotrlik and Higgins, 2001:48

The theory relating to sample size has always been debatable and many scholars argue that an appropriate sample size in any research depends on the type of analysis used. Hair, Black, Basin and Anderson (2010) provide a guideline on the sample size by highlighting that the size should preferably be more than 100 for factor analysis to proceed (Child, 2006). Other scholars such as Flynn and Pearcy (2001) consider it prudent, using a rule of thumb, to have ten subjects per item in scale development.

Scholars such as Hair, Hult, Ringle and Sarstedt (2014) and Bentler and Chou (1987) explain that if data does not meet the assumptions for multivariate normality, then the number of respondents per estimated parameter should increase from 10 to 15. Bartlett, Kotrlik and Higgins (2001) argue that when using Smart PLS, for example, and assuming the analysis is based on variance-based SEM, the sample size is determined by either ten times the largest number of formative indicators used to measure a single construct, or ten times the largest number of structural paths directed at a particular construct in the structural model (Hair, Hult, Ringle & Sarstedt, 2013).

Cohen (1992, 1988) indicates that the sample size depends on the number of constructs and the number of indicators per construct. The argument around sample size remains inconclusive with a wide spectrum of views ranging from five subjects per variable (Bentler & Chou, 1987), ten cases per indicator (Chin, 1998), ten times per the largest number of paths from independent variables (IVs) going into a dependent variable (DV) (Chin, 1998) to 20 subjects per variable (Costello & Osborne, 2005). It is, however, generally accepted that larger sample sizes tend to produce more reliable and robust results.

The identification of a sample size in any research study is paramount, given the fact that inappropriate or inadequate sample sizes influence the quality and cost accuracy of research (Cochran, 1977). Cochran's (1977) formula uses the type 1 error and type 2 error to determine sample size: the risk that the researcher is willing to accept in the research, also known as the margin of error or the alpha level. A type 1 error is accepting a hypothesis that is, in fact, false, and the risk of this diminishes with increasing sample size, whereas a type 2 error is rejecting a hypothesis that is, in fact, true, and the risk of this increases with reduced sample size.
Some scholars suggest that a conservative sample ratio of ten observations per each independent variable is deemed optimal (Halinski & Feldt, 1970; Leech, Barrett & Morgan, 2008). These ratios are especially critical in using regression analyses with continuous data in that sample sizes for continuous data are typically much smaller compared to sample sizes for categorical

data. It should be noted that if the researcher plans to use factor analysis in a study, the same ratio considerations discussed herewith may be used, subject to one additional criterion, that factor analysis should not have less than 100 observations. It should be noted, however, that an increase in sample size will decrease the level at which an item loading on a factor is significant (Hair et al., 1995; Bartlett et al., 2001).

### 4.2.3 Measurement of managerial practices

The methodology used in this study defined a badly managed organisation as one that fails to track performance, has no effective targets, fails to motivate employees and has no system to address underperformance (Bloom & Van Reenen, 2007). On the other hand, the instrument defined a well-managed organisation as one that continuously monitors and tries to improve its processes, sets comprehensive and stretching targets, promotes high-performing employees, and fixes through training or dismissal underperforming employees. The method has also been used with great success in various disciplines in social sciences and management and has been validated as credible in both theory and in practice.

The instrument used a management scoring grid system on a Likert-type scale with three multiple choice answers, from 1 to 3. The first choice answer carried 1 point – 'poor performance', the second answer carried 2 points – 'satisfactory' and third answer carried 3 points – 'best performance' (Likert, 1931; Churchill & Peter, 1984; Malhotra, 1993; Feldman, 1995; Bloom, Genakos, Sadun & Van Reenen, 2012a). The Likert-type scale was used because it was convenient, reliable and had a greater volume of data collection than most other scales (Cooper & Schindler, 2011). Moreover, this scale (Likert-type) allowed direct comparison with the findings of the global research survey conducted by Bloom and Van Reenen (2010, 2009a, 2009b, 2007, 2006).

### 4.2.4 Measurement of company performance

In this study, company performance was measured based on the sum of five independent variables (target setting, process evaluation, performance monitoring, performance evaluation and incentive management). This was consistent with other performance measurements of company performance in other similar studies (Bloom & Van Reenen, 2007). Van Reenen (2014) explains that, while there is no unit of measurement for management practice and

company performance, the WMS offers a cardinal measure of management practice across organisations.

The study measured company performance based on the quantification of management practices which translated into measurable scores. The premise underlying the WMS framework adopted in this study was that management practice scores were directly related to productivity, organisational size, profitability, sales growth, market value, labour, capital, employee education and other covariates such as company age, noise controls, industry, country and year regression dummies (Bloom & Van Reenen, 2007; Bloom, Eifert et al., 2013).

Meagher and Strachan (2013) used Bayesian techniques to show that company performance can be quantitatively measured as a sum of management scores. This is consistent with several other studies which have measured the effectiveness of management against performance (Milgrom & Roberts, 1995; Gibbons & Henderson, 2013). The main reasons for measuring management effect on performance was that, unlike the situation in most developed economies, most rubber companies in South Africa are not listed on the Johannesburg Stock Exchange (JSE), hence it is difficult to gain insight into their financial and/or sales growth and thus it is hard to determine their performance status using sales or profit figures. Equally difficult to obtain is the financial information of companies through data collection (interviews or questionnaires) as most companies regard such data as company secrets (Barnes, 2013). This study adopted this method of measuring performance as the aggregate of management scores based on two reasons: that it was going to be difficult if not impossible to obtain financial and sales data from the local companies and, more importantly, that previous studies that have used this methodology have proved to be robust and successful.

### 4.2.5 Development and structure of the survey instruments

A self-administered research questionnaire (ref. Appendix A, p. 275) was drawn up based on the global research framework (WMS) developed by Bloom, Propper, Seiler and Van Reenen (2015, 2012), though with minor adjustments to the questionnaire to suit this study and fit the South African context. The WMS framework has been widely used by researchers to measure the quality of management practice in both private companies and public institutions with great success (Bloom & Van Reenen, 2010a; Bartelsman, Haltiwanger & Scarpetta, 2013). Bloom and Van Reenen's (2010, 2009a, 2009b, 2007, 2006) study measured three (target setting process monitoring and incentive management) of the five constructs used in this research.

The WMS framework has been utilised with great success in both qualitative and quantitative studies, more particularly in social science and management empirical research. Many researchers have used this method successfully. Delfgaauw et al. (2011) studied 200 nursing homes; Homkes (2011) studied 200 global public-private partnerships; and McConnell, Hoffman, Quanbeck and McCarty (2009) studied 147 substance abusers in clinics. Bloom, Genakos, Sadun and Van Reenen (2012a) studied management practices across various companies, in America, Europe and parts of Asia. McConnell et al. (2009) examined UK university departments, and Rasul and Rogger (2013) studied civil servants in Nigeria. The qualitative and quantitative research instruments used in this study were also consistent with other data collection and evaluation instruments used by Becker and Huselid (1998) and Huselid and Becker (1996). Finally, the use of a mixed methods approach (qualitative and quantitative) provided a high probability of obtaining empirical data that was reliable, conclusive and useful in the examination of the impact of managerial practices on company performance.

The questions covered, among others, the five main areas of management practices (target setting, process monitoring, performance monitoring, performance evaluation and incentive management). The self-administered questionnaire was divided into four parts and the questions covered managerial practices; general information (history of company and company size), demographic issues (gender and educational levels) and product competition.

#### *4.2.5.1 The structure of the questionnaire*

- ***Choosing appropriate respondents***

Many scholars share the view that, when conducting interviews or requesting data through self-completion questionnaires, it is important to direct the survey to the right audience, people with a thorough knowledge of the organisation and, more specifically, the area within which data or information is being sought (Bloom & Van Reenen, 2010a). In this study, the self-administered questionnaire was targeted at middle managers.

### 4.2.6 Data collection

The collection of primary data involved both qualitative data collection with face-to-face interviews which were conducted with company executives, and self-administered

questionnaires, which were targeted at middle-level operational managers across the rubber industry.

#### *4.2.6.1 Primary data*

Primary data refers to data that was collected directly from respondents through the questionnaire survey on management practices, business ownership and general company data. Primary data is data collected for the purpose of the research to be undertaken and collected directly from sources (Saunders et al., 2012). This study adopted a data collection instrument known as the WMS as explained in the introduction (Bloom Van Reenen in 2004). The evaluation tool was statistically tested and found to be robust and reliable. In this study, the instrument was also tested for purpose and suitability using Cronbach's alpha and found suitable.

Data was collected on managerial practices (target setting, process monitoring, performance monitoring, performance evaluation and incentive management). Briefly explained, process monitoring relates to the adoption and implementation of lean production techniques and the formalisation of continuous improvement efforts. Process monitoring and target setting relate to tracking of the process and planning respectively, while performance evaluation and monitoring track individual and group performance and monitor the achievement of corporate objectives. The incentive management focuses on how individuals are promoted in the company, reward systems and their talent attraction and retention strategies.

#### *4.2.6.2 Secondary data*

Secondary data is data that was originally collected through another study for a different purpose (Saunders et al., 2012). This study utilised secondary data from various key sources from contemporary literature such as the WMS global studies by Bloom and Van Reenen (2006, 2007), Bloom et al. (2009a, 2010), Bloom, Genakos, Sadun and Van Reenen (2012), Bloom, Sadun and Van Reenen (2012a, 2012b), Bloom, Eifert, Mahajan, McKenzie and Roberts (2013), Bloom, Lemos, Sadun, Scur and Van Reenen (2014), Hofstede (1993a, 1997, 2001, 2005), Denison and Sorenson (1990), Denison (2005), Denison and Neale (2005), D'lribarne (1989), and Bloom, Van Reenen, Dorgan and Dowdy (2007).

The research sought to collect data from companies in the last decade relating to the application of management practices within and across countries and how these practices influence firm performance. Much of the literature derived from Hofstede (1997, 1998a, 1998b), Denison and Neale (2005), Denison (2005), and D'lribarne's (1989) research studies and were related to the concepts of culture and context, and how the contextualisation of management practices impacts on corporate performance.

### 4.2.7 Research process

In this study, the research process followed a two-step approach. First, a database of all rubber companies was put together using existing secondary sources of information which included the Institute of Materials (IOM3) – which is a professional body which co-ordinates the social and business activities of rubber companies in South Africa – and Statistics South Africa (StatsSA, 2013). A list of rubber companies was compiled from the various online and offline databases. The questionnaires were targeted at plant managers who were involved in production with full knowledge of the day-to-day running of the plant and those who had been in their positions with the company for a minimum of one year. The argument was that these managers were likely to have an overview of the organisation's overall management practices without being detached from its day-to-day operations (Lemos & Scur, 2014).

The second step of the process involved the emailing and, in some special cases, the hand delivery of the questionnaire to potential respondents within the industry. The use of an email survey was convenient and cost effective, bearing in mind that the questionnaire was sent to different respondents across the nine provinces of the country. The respondents were asked to complete the questionnaire and email back the completed questionnaire.

The questionnaire was accompanied by a covering letter explaining the purpose of the study and general instructions on the completion thereof. Contact details were provided on the covering letter offering the respondent the opportunity to contact the researcher in the event of any queries. The researcher telephonically contacted potential respondents a week before and after emailing the questionnaire to remind the recipient to complete and return the completed questionnaire.

#### *4.2.7.1 Peripheral independent control variables*

Data on the other independent peripheral variables were gathered, which focused on the following contextual variables: size of company – number of employees, company ownership, academic qualifications or skills levels, international presence (whether the company exported to other countries), product competition and unionisation. These variables were contextual factors and were assessed in as far as they influence management practice and ultimately company performance (Cua et al., 2001). The analyses of these variables are reported in Chapter Five (item 5.4.1: A review of the quantitative findings).

#### *4.2.7.2 Measures to counter statistical errors in this study*

Measures were taken to counter statistical errors in this study. We start by looking at the type of errors likely to occur in a research such as this one. Fisher (1935) explains that in statistical test theory, the notion of statistical error (type I & type II) is an integral part of hypothesis testing. A type I error is the rejection of a true null hypothesis, also known as a "false positive" finding, while a type II error is failing to reject a false null hypothesis, known as a "false negative" finding. The case is that if the researcher fails to reject the null hypothesis when in fact there is a difference between variables, there is a chance of creating what is known as a type II error.

In this study, the researcher took some measures which are aimed at minimising statistical errors by taking the following steps:

- To reduce the risk of committing type II error, a large sample of 152 was used with enough power to detect a practical difference in the data, should there be any such error.

- The testing of null hypotheses (Ho1, Ho2, Ho3, Ho4 & Ho5) using a p-value was also used with a view to establish a relationship between variables. This analysis assists in detecting and establishing the kind of relationship that exists between the variables – whether it is truly a "false positive" or "false negative". More importantly, the use of a mixed methods approach in this research assists in data triangulation, in which the findings of the quantitative data are informed by the qualitative data. In this case, the qualitative data provides an in-depth insight and perception into the application of

managerial practices within the South African rubber industry context beyond mere quantitative data.

Cohen (1988) emphasises the importance of checking for possible errors such as either type I error (also known as alpha) or type II error (also known as beta) in a study beforehand hence in this study, the author ensured a large sample with enough power was used so an error could be detected should there be any (Cohen, 1988). Cohen (1988) reiterates that too small a sample increases the chance of committing a type II error while on the opposite, too large a sample increases the chance for a type 1 error. This is because the p-value depends on the size of the sample, but the alpha level of significance is fixed. The Chi-square statistic is commonly used for testing relationships between categorical variables; hence, the second measure taken by the author was to ensure that the null hypothesis of the Chi-square test on the categorical variables in the population proves that the variables are independent of each other. This explains the premise that a null hypothesis is one that says that there is no statistical significance between the two variables and hence it is usually the hypothesis the researcher would attempt to disprove or discredit.

Cohen (1988) explains that the Chi-square test is intended to test how likely it is that an observed distribution is due to chance. It is also called a "goodness of fit" statistic because it measures how well the observed distribution of data fits with the distribution that is expected if the variables are independent (Cohen, 1988). Therefore, an alpha of 0.05 is usually used as the cut-off point for significance. This implies that it is acceptable to have a 5% probability of incorrectly rejecting the null hypothesis. Consequently, if the p-value is less than 0.05, the researcher rejects the null hypothesis based on the assumption that that there's no difference between the means and conclude that a significant difference does exist.

### 4.2.8 Analysis of quantitative data

Quantitative data was analysed using a computer-aided statistical analysis technique, SPSS version 27 (Creswell & Maietta, 2003; Kirkpatrick & Feeney, 2012). The analysis comprised two phases. The first phase measured the descriptive statistics (measures of mean, dispersion, the interquartile range, variation and standard deviation) while the second phase measured the inferential statistics, reliability analysis, Chi-square tests, T-test, analysis of variance (ANOVA) at a significant level of 5%, bi-variance and multi-variance, factor analysis (factor loading, correlation and regression analysis). It is, however, important to briefly discuss how the author

dealt with the reliability and validity of data to ensure the accuracy and consistency of the measure in this study. The following section discusses these key terms; 'validity' and 'reliability'.

#### *4.2.8.1 Reliability*

Reliability relates to the consistency of a measure. Therefore, reliability of a scale indicates how free the measuring instrument (questionnaire) is from random error. For instance, a participant completing an instrument meant to measure a particular variable such as target setting should have approximately the same responses each time the test is completed. Consideration must be given not only to the results of the study but also the rigour of the research. Rigour refers to the extent to which the researchers worked to enhance the quality of the studies. In quantitative research, this is achieved through measurement of the validity and reliability. Although it is not possible to give an exact calculation of reliability, an estimate of reliability can be achieved through different measures (Heale & Twycross, 2015). In this study Cronbach's alpha was used to determine the internal consistency of the instrument. Cronbach's alpha is the most commonly used test to determine the internal consistency of an instrument. The Cronbach's alpha is a number between 0 and 1. An acceptable reliability score is one that is 0.7 and higher (Heale & Twycross, 2015; George & Mallery, 2003). In this study, the reliability test was carried out to establish the consistency of the measures across the five constructs being investigated.

#### *4.2.8.2 Validity*

Validity is defined as the extent to which a concept is accurately measured in a quantitative study. For example, a survey designed to explore depression, but which actually measures anxiety would not be considered valid. Scholars sometimes confuse validity with reliability. Reliability is different in that is relates to the accuracy of an instrument. In other words, the extent to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions. A simple example of validity and reliability is an alarm clock that rings at 7:00 each morning, but is set for 6:30. It is very reliable (it consistently rings the same time each day), but is not valid (it is not ringing at the desired time). It is important to consider validity and reliability of the data collection tools (instruments) when either conducting or critiquing research (Heale & Twycross, 2015). In this study, validity was carried out to establish if indeed the instrument accurately measures the specific variables (target

setting, process evaluation, process monitoring, performance evaluation, performance monitoring and company performance).

#### *4.2.8.3 Causal adequacy*

Max Weber (1968, 2003) discusses reliability and validity in the social sciences as being attained only in explanations of social behaviour that are both adequate and adequate on the level of meaning. Weber's work is heavily quoted in Turner and Factor's (1986) work (in reference to Max Weber's 1904 theory of causal explanation). The concept of adequacy helps explain the question of data validation which is a process that ensures the delivery of clean and clear data to the programmes, applications and services using it. Causal adequacy helps in ensuring the integrity and validity of data that is imputed to different software and its components. Data validation ensures that the data complies with the requirements and quality benchmarks. For research data to be of value and of use, it must be both reliable and valid. Reliability refers to the repeatability of findings and, if the experiment or a study is done the second time, the findings must be same for one to claim that the data is reliable.

Similarly, in the case of a social science such as psychology, for example, IQ tests should not give different results over time (as intelligence is assumed to be a stable characteristic). In other words, validity refers to the credibility of the research. There are two aspects of validity: internal validity, in which the instruments used in the research measure what is intended to be measured; and external validity, in which the results can be generalised beyond the immediate study. In other words, the claim should apply to circumstances beyond the same sample in the study. Both internal and external validity are very important in analysing the appropriateness, meaningfulness and usefulness of a research study. In this study, the researcher focused on internal validity because this study focused on management and performance at the organisational and industry level.

There are four main types of validity used when assessing internal validity (Gravetter & Forzano, 2009, 2015) in a research. The study views validity from a different perspective and evaluates different relationships between measurements. The first type of validity is face validity which refers to whether a technique looks as if it should measure the variable it intends to measure (Hardesty & Bearden, 2004). The second type of validity is concurrent validity which compares the results from a new measurement technique to those of a more established technique that claims to measure the same variable to see if they are related (Shuttleworth,

2009). Thirdly, predictive validity occurs when the results obtained from measuring a construct can be accurately used to predict behaviour (Van Ijzendoorn, 1995). The fourth type of validity is construct validity which ascertains whether the measurements of a variable in a study behave in the same way as the variable has been measured to behave in other analyses using the same construct and involves examining past research regarding different aspects of the same variable (Cronbach & Meehl, 1955). In the paragraph below, the author proposes a step-by-step approach to be followed in the analysis of quantitative data. A detailed explanation and analysis of both the descriptive and inferential statistical analysis are given in Chapter Five (5.1).

### 4.2.9 Step-by-step approach to quantitative data analysis

The analysis used a data set of completed questionnaires focusing on managerial practices and company performance. The first step in data analysis is to ensure the data is free from errors and correctly coded.

i. *Data cleaning:* This process consists of sorting of data, coding, editing and checking for missing values. Essentially, the purpose of data cleaning is aimed at improving the quality of data by correcting inaccurate records from a record set. The term specifically refers to detecting and modifying, replacing, or deleting incomplete, incorrect, improperly formatted, duplicated, or irrelevant records, otherwise referred to as 'dirty data', within a database. Data cleaning also includes removing duplicated data within a database. The sorting of data, coding, editing and checking for missing values process was carried out using the guidelines provided by Heale and Twycross (2015), as follows:

- Backing up the data before starting your data cleaning process.
- Creating a list of all variables, variable labels and variable codes.
- Deciding on which variables are crucial to the analysis and must have values for the responses to be complete. More often, survey responses will come back with missing data for certain questions and variables. If this appears on a crucial variable, the data from that survey will not be useful.
- Checking for coding errors.
- Something like gender will have in most cases the possible codes of 1 = male, 2 = female, 0 = missing, and so in this case a code of 12 would be an error.
- Other errors might include missing data values.

- A frequency test can help to identify errors.
- Checking for outliers.
- Outliers can hide or create statistical significance and are important to identify.
- Creating a bar graph or similar is one way to quickly identify outliers.
- Checking for logical consistency of answers.
- Cross-tabulating pairs of variables is one way of rooting out inconsistencies.
- Deciding on how to deal with incorrect or missing values. Some options are:
- Removing responses with missing or incorrect values
- Correcting missing or incorrect data if the correct value is known
- Going back to the data source and filling in the missing data variables
- Setting values to an average or other statistical value.

After the cleaning of data, the next step was to summarise the information about the variables in the dataset using averages, mean, frequencies and charts.

*ii. Data analysis using mean, average, frequency and charts***:** The analysis of descriptive data using mean, average, frequency and charts is useful. The variability of data can be assessed by examining the mean and average values. For example, the more the individual data points differ from the mean, the larger the standard deviation. Conversely, if there is a great deal of similarity between data points, the standard deviation will be quite small. Examining differences in variability could be useful for anticipating further analyses. However, for categorical data, it is even more useful to investigate the numbers using a frequency option which allows for examination of variables with a category, hence the importance of frequency tables. Similarly, the charts allowed the author in this study to graphically examine the data in several formats.

*iii. T-tests:* This test is a useful technique for comparing mean values of two sets of numbers. The comparison provides a statistic for evaluating whether the difference between two mean values is statistically significant. In this study, this test is useful in examining if there is any significance between any two independent variables or an independent variable and the dependent variable. With inferential statistics, the assumption is that the dependent variable (company performance) fits a normal distribution. When a normal distribution exists, the assumption is that one can identify the probability of a particular outcome.

*iv. Chi-Square test:* This test was also conducted with a view to test for independence, that is, to investigate if the observed pattern in the data is statistically different from the pattern expected due to change. More specifically, the test was to examine the Chi-Square statistic and its significance level (p value) and establish if there was any independence between variables, for example, in this study, one would wish to establish if there was any relationship between an independent variable (target setting) and performance (management score). The null hypothesis of the Chi-Square test is that if no relationship exists on the categorical variables in the population, they are independent.

*v. Mahalanobis distance:* This test was also determined with the view to measuring the effect of two groups of research participants on the dependent variable. Like other multivariate statistics, it can take into account the inter-correlation of variables.

*vi. Multi-collinearity:* This test was conducted in this study with a view to establish if one predictor variable in a multiple regression model can be linearly predicted from the others with substantial degree of accuracy.

*vii. Correlation coefficient:* This test was also conducted in this study to measure the degree to which changes to the value of one of the five variables predict change to the value of another. There are five variables in this research namely, target setting, process evaluation, process monitoring, performance evaluation and performance monitoring. The expectation is that if a positive correlation exists between variables, the value of each increases or decreases in tandem.

*viii. Factor analysis:* This test was conducted through factor loading of each variable. Factor analysis (FA) is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. In this study, the use of this technique was to establish if the relevant set of variables would show a systematic inter-dependence and the objective was to find out if the latent factors create a commonality. Factor analysis is closely related to principal component analysis (PCA). PCA was also conducted in this research with the view to reduce the dimensionality of the set of data.

*ix. Exploratory factor analysis:* Two measures of exploratory factor analysis were carried out in order to assess the feasibility of this study. The measure of sampling adequacy was done using Kaiser-Meyer-Olkin: KMO and the Bartlett's Test of Sphericity. A correlation analysis

(Pearson's correlation coefficient and the p-value) was also determined to establish the direction and strength of the linear relationship between the variables in this study.

*x. Variance:* This test was conducted in this study with a view to measuring the spread between numbers in a dataset. In other words, variance measures how far each number in the set is from the mean and therefore from every other number in the set. Furthermore, the author went on to use the Standard Deviation to establish how individual numbers within the data set of each construct relate to each other. A further test called ANOVA (analysis of variance) was done with a view to understanding and comparing variances between and among the five independent variables and dependent variable. It was noted in (iii) that a T-test was used to compare differences between mean values of any two mean values of one construct. Now, because it was not feasible to compare mean values of three or more independent variables, ANOVA was used instead. Both one-way ANOVA and two-way ANOVA were done. The one-way ANOVA compared mean values of three or more groups within one independent variable while a two-way ANOVA was used to compare mean values of three or more groups between two independent variables.

*xi. Explained variance:* Explained variance (EV) tests for a measure of the extent to which the factor measures what it is intended to measure. The explained variance (EV) was determined on the five variables mentioned in the above paragraph. These were analysed separately because it was not possible to analyse the constructs together, at once. Similarly, total variance explained was determined based on the Eigenvalue test.

*xii. The R-Squared:* This is a statistical measure which is defined by the proportion of variance in the dependent variable that can be explained from independent variables. In other words, it shows how well the data fit the regression model and can take any value between 0 and 1. In this study, the R-Squared was used to show how well the data fit the regression model. Generally, a higher r-squared indicates a better ir for the model, though it is not always the case as in some cases the r-squared depends on other factors.

*xiii. Correlation analysis:* This is one of the most common forms of analysis because it underlies many other analyses. In this study, correlation analysis was undertaken with a view to assist in determining both the form and degree of the relationship between the independent variables (target setting, process evaluation, process monitoring, performance evaluation and performance monitoring) and the dependent variable (company performance). It is also critical

to assess both the strength of the relationship and the level of statistical significance between two variables. In this study, the specific set of management practices (target setting, process monitoring, performance monitoring, and performance evaluation) were tested against each other and, more importantly, against company performance.

*xiv. Regression analysis:* In this study, the regression analysis was used to investigate the effect of the five predictor variables on a dependent variable (company performance). The reasoning behind this analysis was to allow the author to be able to deduct or make statements about how well each of the five independent variables (target setting, process evaluation, process monitoring, performance evaluation and performance monitoring) would predict the value of the dependent variable (company performance).

The investigation into whether good management practices drive company performance was done through regressions. Five more regressions were computed, and in each regression, a variable was added to the model in order to test if the relationship between management practice and management score was affected by the control variables other than other management practices. An explanation for this is that more efficiently managed companies gain higher market share over time. Another explanation is that managing big companies is quite complex, hence, better structured management is required. Therefore, it can be argued that there may also be some fixed costs which are associated with adopting some high cost management practices, and only larger companies are likely to commit their resources towards the implementation of such financial expenditure (Bloom, Eifert et al., 2013).

### 4.2.10 The research hypothesis

The study assumed that management (as measured by five specific variables) is positively related to company performance (management score) (Bloom & Van Reenen, 2007) and that context (culture) influences managerial effectiveness (Grant, 1991; Barney, 1997; Naor et al., 2013). The overall expectation of the study was that the outcome of the analysis would support the findings and hypotheses of earlier studies.

The following hypotheses (H1 to H5) were based on the relationship between the five managerial practices against performance. These hypotheses tests were based on data collected through a quantitative survey and hence they were tested using correlation and regression analysis. These hypotheses (H1 to H5) were tested using regression analysis. On the other hand,

hypothesis H6 was related to the association between culture and managerial practice. Hypothesis Ho6 is based on data collected through a qualitative (face-to-face interviews) survey. This hypothesis (Ho6) was analysed using content analysis.

Ho1: There is no relationship between target setting and company performance.

Ho2: There is no relationship between process monitoring and company performance.

Ho3: There is no relationship between performance monitoring and company performance.

Ho4: There is no relationship between performance evaluation and company performance.

Ho5: There is no relationship between incentive management and company performance.

Ho6: There is no relationship between culture and managerial practice.

## 4.3 QUALITATIVE METHODOLOGY

This study differed from most other research works. Unlike in other studies of similar focus, including the global research survey undertaken by Bloom and Van Reenen (2007), this study adopts a mixed method approach with particular interest on the qualitative data and the reason being that the researcher seeks to achieve and attain causal explanations beyond mere quantitative methodology. According to Weber (1964), verstehen can be both observational and explanatory. Observational understanding is obtained by viewing an action or behaviour in a specific context, while explanatory understanding is obtained by comprehending action in terms of its subjectively determined meaning (Coldwell, 2007). As Weber (1964:95) explains: "Thus we understand the chopping of wood or aiming of a gun in terms of the motive if we know that the wood chopper is working for a wage or is chopping a supply of firewood for his own use or is possibly doing it for recreation. But he might also be working off a fit of rage, an irrational case". Weber's main concern is to build mental constructs which must conform to two basic criteria: they should be causally adequate and adequate on the level of meaning. Henceforth, in this study, the researcher sought to attain causally adequate explanation and explanation adequate on the level of meaning beyond mere replication of Bloom and Van Reenen (2007)'s WMS global study using the South African data.

### 4.3.1 Qualitative sample size

A convenience sample size of 30 company executives was selected for the qualitative survey from the 152 companies which formed the quantitative sample (companies with a workforce of between 20 and 2 000, ref. 4.2.1.4 Sample size determination). The main reason for opting for a convenience sample size was based on three cardinal factors: convenience, cost and, most importantly, saturation level (Morse, 1995a, 1995b; Strauss & Corbin, 2007). The sample size of 30 was arrived at based on the guidelines proposed by Patton (2002, 1990). According to Patton (2002, 1990), there are no ground rules for sample size in qualitative inquiry. Patton (2002, 1990) reiterates that a qualitative sample depends on what the researcher seeks to examine, the purpose of the investigation, and what would contribute to useful and credible information, given the available time and resources.

The sample size of 30 was deemed to be representative of the rubber industry and, more essentially, where data saturation was likely to be achieved or reached. According to Morse (1995a), data saturation occurs when no new data about a phenomenon is being collected by the interviewer (Strauss & Corbin, 2007). The use of a mixed method approach and further, the selection of a qualitative sample of 30 company executives from a quantitative sample of 152 companies made it possible to compare the responses from the self-administered questionnaire (shop floor operations or line manager responses) and the interview survey (executive responses) from the same company.

### 4.3.2 Exploring sample size in qualitative studies

The question pertaining to sample size in qualitative research remains a typical topic of debate in social sciences. Van Rijnsoever (2017) reveals that qualitative research is increasingly becoming a prominent way to conduct scientific research in business, management, and organisational studies; hence the many questions that are asked with regard to what may be considered a dependable and credible size of a sample that ensures theoretical saturation. Briefly explained, saturation is defined by many as the point at which the data collection process no longer offers any new or relevant data (Zucker, 2002). In other words, saturation defines a point at which no new codes, concepts or patterns emerge from the data analysis. It signifies a point at which all the relevant information that is needed to gain complete insight into a topic has been found. Some scholars give tentative indications of sample sizes that often lie between

20 and 30 and are usually below 50, but the theoretical mechanism on which these estimates are based is unknown (Van Rijnsoever, 2017).

**Table 4.4: Guidelines on sampling size for qualitative methods**

| ***Research design / method*** | ***Minimum sample size*** |
|---|---|
| *Case study* | *3 – 5 participants (Creswell, 2008)* |
| *Phenomenology* | *12 – 18 interviews (Creswell, 1998)* |
| *Grounded theory* | *20 – 30 (Creswell, 2014)* |
| *Ethnography* | *1 group, 30 – 50 interviews (Morse, 1994)* |
| *Focus group* | *3 – 6 groups (Onwuegbuzie, 2003)* |

*Source: Onwuegbuzie and Collins, 2007:288-289.*

Mark Mason (2010) indicates that, while these numbers are offered as guidance, the authors do not present empirical arguments for their proposed numbers. The discussion presented in the above paragraphs provides some insights into some debates concerning sample size in qualitative studies.

A review of the literature indicates that several researchers argue that determining whether theoretical saturation has been reached remains at the discretion of the researcher, who uses his/her own judgement and experience. Patton (2002) reckons that there are no rules for sample size in qualitative inquiry and thus the guidelines for judging the sample size are often implicit. The reason for this is that most qualitative research is largely interpretive and therefore requires flexible creative thinking, experience, and tacit knowledge. However not all researchers have the required experience to assess intuitively to establish whether theoretical saturation has been reached. It is in this context that several debates have emerged over the last decade concerning what sample size provides full insights into the theoretical meaning of the research data. As a result, some scholars have called for an assessment criterion which sets some guidelines on the minimum size of a qualitative sample (Crouch & McKenzie, 2006).

In regards the notion of a guideline on the size of a qualitative sample, the consensus among experts is that numerous factors determine what may be deemed a conservative sample. These factors include the quality of data, the scope of the study, the nature of the topic, the amount of useful information obtained from each participant, the use of shadowed data, and the qualitative method and research design (Morse, 2000; Zucker, 2002). In general, samples for qualitative studies are generally much smaller compared to quantitative studies (Ritchie & Lewis, 2003). Ritchie and Lewis (2003) contend that qualitative samples must be large enough to assure all the necessary perceptions are uncovered; however, if the sample is too large, then data becomes

repetitive and eventually superfluous. In the final analysis, Glaser and Strauss (1967) acknowledge that, while there are several other factors that determine sample size in qualitative studies, the use of saturation as a guiding principle provides a useful benchmark on sample size in qualitative studies.

### 4.3.3 Data collection through interviews

Invitations were sent to prospective respondents in various ways, from telephone calls to electronic means (email). Ahead of the interview date, a covering letter seeking formal consent of participants and a copy of the interview guide were sent to potential respondents in order to prepare respondents for the interviews. The interviews were manually transcribed; the researcher could not digitally record the interviews because most potential interviewees expressed discomfort at being recorded. As a result, no interview was audio recorded. This is one of the shortcomings of this study is that the researcher does not have any backup or recorded information to refer to the interview should there be any need after the interview period or date. All interviews were conducted in English, which is the official language of business in South Africa.

#### *4.3.3.1 Interview and interviewee characteristics*

As already mentioned, the interview questionnaire consisted of both management related questions and those that were focused on the interviewee (position of the interviewee, number of years interviewee in position), the time the company had been in existence, its geographical location and the interview process itself (date of interview). These and other related information assisted in determining whether there were other such factors apart from managerial practices which affected company performance. Such variables would indirectly generate measurement error in the calculation of management score. Such variables increase the ‘noise’ levels in the analysis of data and hence need to be ‘controlled’ in order to improve and enhance the robustness of the measurement to ensure authenticity of the analysis.

#### *4.3.3.2 Interview questions*

The qualitative dimension of this study employed the method of structured interviews. The questionnaire comprised ten open-ended questions split into three sections covering various areas of analysis: target setting, process monitoring, performance evaluation, monitoring and

improvement to lean manufacturing, incentives management, management in context, management attributes and economic issues which impact on management practice. The survey replicated Bloom and Van Reenen's (2007) global research survey which was based on the principles of continuous monitoring, evaluation and improvement, and lean manufacturing (Womack, Jones & Roos, 1990). The survey took about 30 to 60 minutes to complete, depending on the rate of response of the interviewee to questions.

The questions on setting targets and process monitoring focused on the necessity of implementing QMS in organisations, the performance inquired about the evaluation, monitoring and improvement of individual and group performance, while the incentives management asked about financial and non-financial incentives and their impact on performance. The last section of the questionnaire gathered management perceptions on the impact of culture and economic development on management practice and company performance, including the challenges facing present and future management.

#### *4.3.3.3 Pre-testing the interview instrument*

The researcher conducted a pilot test of the survey with five executive managers with vast managerial experience from within the researcher's group of companies with a view to ascertaining the suitability and applicability of the instrument prior to embarking on a full-scale interview process (Boermans & Kattenberg, 2011). (The researcher works for one of the leading rubber group of companies within the rubber industry.) The feedback from the pilot interview showed the relevance of each item, the clarity of the questions, the structure of the survey and gave an indication of how long the interview would take. Their insights contributed to ensuring that the questions were clear and likely to elicit accurate information to measure what the survey intended to. On average, the interviews took an average of 45 minutes to complete.

#### *4.3.3.4 Minimising survey bias*

Bloom et al. (2010) write that a key challenge in conducting field surveys is to obtain unbiased responses to questions. In this study, a series of steps were taken to reduce the bias of both the respondent (company executives) and the interviewer (researcher) as outlined below.

### *(i). Calibration: ensuring consistency in interview responses*

There is a general view which suggests that when interviewing people there is a tendency to score them subtly differently even though they give similar responses. To reduce this so-called bias or variation, the researcher first conducted pilot interviews with five different people within his own organisation to ensure consistency in the way one interpreted the response from different respondents. This is part of the way to maintain consistency, commonly known as calibration.

### *(ii). Blind surveying*

The research recorded details of the interviewee (not the actual name, to ensure confidentiality), the position in the company, period of tenure with the company, number of years with the organisation and work experience before the interview. No prior research was done on the company by the researcher in order to minimise bias and to avoid having preconceptions of the company before conducting the interview.

### *(iii). Use of open-ended questions*

Open-ended questions were employed in the qualitative survey to allow respondents to share much more detailed contextual information, including their feelings, attitudes and understanding of the subject and demographic information such as current employment, age, and gender, among other factors (Angen, 2000; Cooper & Schindler, 2011).

Bloom and Van Reenen (2010a) explain that the use of 'open questions' in interviews assists in avoiding biasing respondents. Open-ended questions are those types of questions with no fixed set of responses. According to Bloom and Van Reenen (2010a), using open-ended questions allows the interviewer to ask a set of questions that feels like a conversation without any strong direction, as opposed to closed questions which permit only a limited set of responses. The problem with closed questions is that they can lead the respondents in a certain direction which makes the interviewee 'falsely' respond positively.

In this study, the researcher employed open-ended questions in a qualitative survey comprising 30 face-to-face interviews. As explained in the introduction to this chapter, the reason for using open-ended questions was that they allow for a free conversation with the interviewee which then draws out the inner sentiments of the respondent as much as possible (Bloom & Van

Reenen, 2010a, 2010b). Open-ended questions also allow respondents to give away much more detailed contextual information including the feelings, attitudes and understanding of the subject and demographic information (issues related to employment, age, gender, etc) (Bloom & Van Reenen, 2010a, 2010b).

***(iv). Controlling for context***

Research has also shown that the context of the interview itself can cause a bias (Kahneman, Krueger, Schkade, Schwarz & Stone, 2004). The argument is that the moods of respondents vary during the day. Bloom and Van Reenen (2010a) suggest that it is helpful to record the time of day, day of the week, and the duration of the interview. In their survey conducted overseas, Bloom and Van Reenen found that responders were more likely to give higher responses in the morning and towards the end of the week compared to the afternoons or early in the week.

#### *4.3.3.5 Evaluating survey bias*

In the above section, the researcher presented some steps taken to minimise survey bias by using blind surveying technique, calibration method, adopting open-ended questions and controlling for context. Research has also shown that it is equally important to provide validation results to demonstrate that the survey measured real company differences across the industry (Bloom, Genakos, Sadun & Van Reenen, 2012).

#### *4.3.3.6 Getting potential interviewees to respond*

The experience shared by researchers such as Bloom and Van Reenen (2007, 2009a) is that getting respondents to agree to an interview is not easy, especially in the absence of incentives. Actually, the hardest part is getting an interview scheduled in the first place. First, many people are reluctant to talk about their organisations to outsiders or talk about management practices within their companies. Secondly, many people have tight work schedules and find it difficult to get a slot to accommodate an interview which many may see as a waste of their time. The question is, how does one request time for an interview with ever busy company executives? Firstly, the researcher used the strategy of cutting out the middle person, the Pas (personal assistants), and asked to speak directly to the executives.

Secondly, the researcher, who is a member of the IOM3, a body which co-ordinates rubber companies, used on his involvement with the institute to get the support of the executives. Lastly, the researcher used the tactic of 'persistence is a virtue'. The responder persistently made phone calls and follow-ups, which meant extending the data collection exercise over several months.

To get positive feedback, the researcher sent an electronic copy of the survey to the potential respondent in order to assure the interviewee that no sensitive questions would be asked which pertained to financial information, for example. Financial information can be sensitive and very few people are keen to part with such information. Lastly, the survey itself contained open-ended questions which encouraged a conversation rather than just being a data extraction exercise.

#### *4.3.3.7 The interview survey*

This qualitative research was undertaken between June 2016 and January 2017 and comprised 30 face-to-face interviews with senior company executives (CEOs, Managing Directors and General Managers) from companies within the rubber industry. The researcher opted to use semi-structured interviews to conduct the survey because they suited the inductive nature of this type of research. To do this, an interview guide (questionnaire) was drawn up, covering various aspects of management practices such as target setting, process monitoring, performance evaluation and monitoring, and incentive management. As noted previously, the questionnaire was consistent with the WMS framework used by Bloom and Van Reenen (2007, 2009a).

The reason for using a qualitative survey (face-to-face interviews) was because it is suited and was considered appropriate for this study. The advantage of employing face-to-face interviews (semi-structured questions) is that they do not limit the respondent to a fixed set of responses but allow for a free conversation with the interviewee which then brings out the inner sentiments of the respondent as much as possible (Bloom & Van Reenen, 2007, 2009a). Face-to-face interviews also give respondents the opportunity to comment if they do not understand the question or do not have an opinion on an issue. This may yield more candid information and unique insights for researchers as respondents may find the open-ended questions less threatening than scaled questions (Angen, 2000; Cooper & Schindler, 2011).

It should be noted that the researcher did not record the live interviews because most interviewees were not comfortable with being recorded. As a result, the responses to the interviews were only manually captured on paper. During the interviews, the researcher made every effort to focus on the subject matter and disregard the emotional content and subjective interpretations. In addition to the field data gathered through the interview survey, other sources of information such as general company document derived from websites and publicly published databases were utilised also to complement the primary data.

The complementary use of data from different sources added a richer analysis and more diverse perspectives to the research. The data collection method involved: (1) note-taking during interviews; (2) revision of notes after the interviews; and (3) compiling of documents and other reports offered by the person interviewed. Each interview lasted for approximately one hour, and the interview process and line of questioning were guided by questionnaire. The structure of the questionnaire and process approach allowed for flexibility to the interview process. Since the questionnaire was based on the WMS framework, permission was sought from the core-author, Nicholas Bloom (2007) to adopt this data collection survey instrument.

#### *4.3.3.8 Analysis of qualitative data*

This research utilised ATLAS.ti to analyse the qualitative data. The transcript was coded and the data categorised systematically in a transparent and trustworthy manner in accordance with the methodological norms of qualitative research. The advantage of using ATLAS.ti is that it allows for the integration of data and the tracing of the overall patterns of the empirical reports (Friese, 2014). Descriptive codes were created and drafted in a pre-cycle and then clustered into structural codes based on the themes of the questions (ref. Figure 3.4: Code-to-theory model, Saldaña, 2013:6). Figure 3.4 traces the logic that was used to present the data and describes how the analysis was interwoven with theoretical positions suggested by the data. The transcript was then loaded using a Computer Assisted Qualitative Data Analysis Software (CAQDAS), ATLAS.ti.

**Figure 3.4:** Code-to-theory model

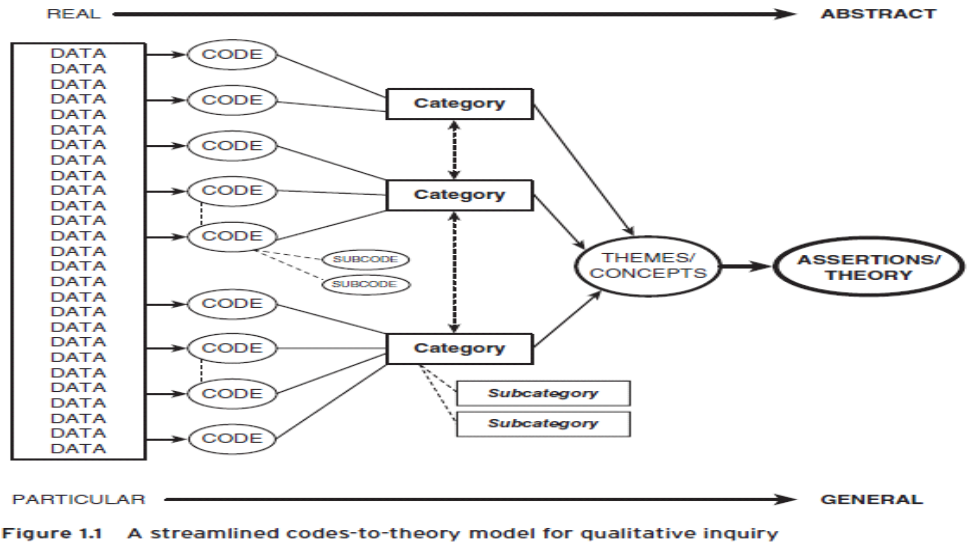


Figure 1.1 A streamlined codes-to-theory model for qualitative inquiry

**(**Saldaña, 2013:6)

### *4.3.3.9 Coding of qualitative data*

The data was arranged in a summarised format; each question was headed with the question's main theme, and the responses from 30 participants were grouped under the relevant question. Each heading comprised of the ten questions and was organised into a codebook (Hruschka et al., 2004). The interviews were transcribed question by question with consolidated data provided across ten respondents per question. The data was subsequently uploaded into ATLAS.ti version 7 to integrate and systematise the analysis as well as to demonstrate the transparency of the analysis process (Silver & Lewins, 2014). The coding was done in a two-stage process; the first cycle comprised sense-making of the data and the second cycle allowed for interpretation of the data (Saldaña, 2013). The notion of multiple coding is well articulated by Barbour (2001) and Hruschka, Schwartz, St John, Picone-Decaro, Jenkins and Carey (2004).

The structural codes were delineated through prefixes of codes (Friese, 2014), based on the headings of the transcript summary and according to the interview schedule of the ten questions. These prefixes were subsequently linked to interpretative views (the text source) of the respondents (Friese, 2014; Saldaña, 2013). All codes for each question were grouped together, using the ATLAS.ti family/group function. In ATLAS.ti, these codes were held in the Family Manager, from where the co-coder then formed network views. Network views are visual representations of the categories of codes (Friese, 2014; Saldaña, 2013). Network views allow

for a heightened analytical depiction of codes in that codes are grouped under headings and then analysed as a cluster. Essentially, clusters were based on (i) the reading of the primary data and then (ii) a broad working knowledge of the theoretical field. The explicatory heading is an interpretation of the field data and brings levels of management theory into the workings of the data. ATLAS.ti reads the cluster heading by default as codes, and therefore the # is used and the upper-case headings. These codes will have no numerical value as they are not linked to any text but serve only as cluster appellations (Friese, 2014).

The network views and the value of the visual exemplification of the data and elements of the theory were analysed and written up in the form of explanatory memos for each question, giving a narrative to the network views. These network views provided a guide in confirming the centrality of the network views and cluster headings against the literature and the theory based on the analysis. The network views and the explanatory memos were carried over into Microsoft Word for ease of analysis.

As part of the analysis, any differences in managerial perception between male and female managers were sought, and between White and Black respondents. In other words, it was assessed if gender and the cultural background of managers influence the way they view management practice or not. The codes were linked to each interview response to denote the following: the first figure stands for question number, q stands for question followed by part question number, M or F stands for male or female respondent respectively, and W or B stands for a White or Black (African, Indian and Coloured) respondent.

### 4.3.4 Adoption and significance of a triangulated approach in this research

This study built on Bloom and Van Reenen's (2010, 2009a, 2009b, 2007, 2006) global research. While this study adopted Bloom and Van Reenen's (2007) WMS framework, it additionally and uniquely incorporated a triangulated approach. The idea of adopting a triangulated technique in this research was aimed at achieving explanations that are causally adequate and adequate on the level of meaning (Weber, 1964), given the fact that the study sought to explore the applicability and the effectiveness of managerial practices within an African industry locality. Essentially, the use of such a methodological validation approach offered a great opportunity to generate intelligible, reliable empirical data towards the understanding of managerial practices and performance relations within a uniquely South African industry

context. In other words, apart from the expected contextual contribution this study offers, the originality of this study also lies within the methodological approach adopted.

As previously stated, the theory on causal adequacy and adequacy on the level of meaning is closely associated with Weber (1964). According to Weber (1964), the concept of explanation suggests that in order to achieve a deeper understanding of a phenomenon, one ought to achieve an explanation that is both causally valid and valid at the level of meaning. Furthermore, Max Weber (1964) explains that for one to fully comprehend a phenomenon of a social nature, there is a need to explain it from three levels of understanding; from an observational, descriptive and explanatory perspective. Briefly, observational adequacy refers to the first level of adequacy, and it describes specific facts. Thus, a theory is considered adequate on an observation level if it covers a given set of data in a theory of common scientific standards, and this may include the construction of an order or even a system of these observations. The second level of understanding refers to descriptive adequacy, which refers to rules of the well-formed constructs (relations) that account for all observed arrangements of the data. The third level of adequacy is explanatory and describes the subjective meaning of a person's action or behaviour. Thus, Weber (1964) can show how the aspect of adequacy is important in a study such as this one in explaining explanations that are causally valid and adequate on the level of meaning.

There are four basic types of triangulation: data triangulation (which involves time, space and persons), investigator triangulation (where multiple researchers are involved in an investigation), theory triangulation (which involves using more than one theoretical scheme in the interpretation of the phenomenon), and methodological triangulation (where more than one method is used to gather data, such as interviews, observations, questionnaires, and documents) (Patton, 1999). Denzin (2010, 2012) also speaks of levels of triangulation, and these include observational adequacy, descriptive adequacy and explanatory adequacy. In observational adequacy, the theory achieves an exhaustive and discrete enumeration of the data points. With descriptive adequacy, the theory formally specifies rules accounting for all observed arrangements of the data. The rules produce all and only the well-formed constructs (relations) of the protocol space; the grammar gives a correct account of the linguistic intuition of the native speaker and specifies the observed data, particularly in terms of significant generalisations that express underlying regularities in the language. With reference to explanatory adequacy, the theory provides a principled choice between competing descriptions; it deals with the uttermost underlying structure, and it has predictive power.

Denzin (1978) explains the theory of adequacy by highlighting that a linguistic theory that aims for explanatory adequacy is concerned with the internal structure of the device (grammar) and aims at providing a principled basis, independent of any particular language, for the selection of the descriptively adequate grammar of each language. Louisa Moon (2000) also contends that the criterion of adequacy is used in evaluating a hypothesis or hypotheses of a claim. Theories which do not achieve the third level of adequacy are said to account for the observations, rather than explaining the observations. Denzin (1978) explains that the second and third levels include the assumption of Ockhamist parsimony. This is related to the Minimalist requirement, which is elaborated as a corollary of the levels, but which is actually employed as an axiom. Denzin (1978) explains the criteria of adequacy by emphasising the fact that the purpose of theories, hypotheses, and explanations in general, is to help us understand something, that is, to enable or help us make reliable predictions about a specific thing. Therefore, the criteria of adequacy help us evaluate whether a suggested explanation has the potential to fulfil this purpose, and therefore an explanation that satisfies all criteria of adequacy is called a proper explanation (Denzin, 1978; Patton, 2001).

According to Agresti and Finlay (1997), a hypothesis: should be testable (a hypothesis is scientific only if it is testable, that is, only if it predicts something more than what is predicted by the background theory alone); should have scope (other things being equal, the best hypothesis is the one that has the greatest scope, that is, that explains and predicts the most diverse phenomena); should be simple (other things being equal, the best hypothesis is the simplest one, that is the one that makes the fewest assumptions); should be conservative (other things being equal, the best hypothesis is the one that is the most conservative, that is, the one that fits best with established beliefs); and should be fruitful (other things being equal, the best hypothesis is the one that is most fruitful, that is, makes the most successful novel predictions).

Weber's (1964) sentiment on the theory of explanations is well supported by Gerhart (2007) and Louisa Moon (2000). Weber (1964) explains that verstehen can be both observational and explanatory. Briefly, the term verstehen is derived from German and means 'to understand'. In fact, when taken in the context of German philosophy and social sciences in general, it refers to an interpretive or participatory examination of social phenomena and is rooted in the analysis of social action. To this end, Coldwell (2007) explains that observational understanding is obtained by viewing an action or behaviour in a specific context, while explanatory understanding is achieved by comprehending action in terms of its subjectively determined meaning. The concept of adequacy is crucial in the current study as its aim was to attain

explanation that is causally adequate and explanation adequate on the level of meaning beyond Bloom and Van Reenen's (2007) quantitative international study through the triangulated analysis of South African data.

The benefits of using triangulation to test the validity of such data are numerous. Triangulation increases confidence in research data, enhances the understanding of a problem, reveals unique findings through the application of different contexts, integrates related theories concepts, and provides a deeper understanding of the phenomenon under investigation (Thurmond, 2001). More importantly, triangulation can be used to test the credibility of the results and for overcoming the weaknesses or intrinsic biases and the problems that come from using a single method (Cohen, Manion & Morrison, 2000; Cohen et al., 2000). Triangulation can also be used to validate data from different sources (Richardt & Rallis, 1994; Mingers, 2001). Furthermore, triangulation can be used to counteract the effects of CMV (Podsakoff, Mackenzie, Lee & Podsakoff, 2003). Therefore, the quantitative data aimed to provide explanations that are casually valid while the qualitative data offered explanations that are adequate on the level of meaning beyond mere replication of Bloom and Van Reenen's (2006, 2007) global study using the South African data.

### 4.3.5 Conclusion

This study adopted a sequential mixed method approach that was aimed at maximising data collection process. The use of an in-depth qualitative approach in this study offers great opportunity of obtaining adequate explanation on the level of meaning (Weber, 1964). The rubber industry consists of 202 rubber companies in South Africa (IOM3, 2013). These companies employ between 5 and 3 000 employees; however, the majority of these companies employ between 20 and 2 000 people. The sample size of 152 was derived from an estimated population of 202 rubber companies in South Africa (ref. Table 4.1). The sample size was determined using Bartlett, Kotrlik and Higgins (2001:48) guiding table (ref. Table 4.2). This study measured management practices utilising the World Management Survey (WMS) framework. The instrument used a management scoring grid system on a Likert-type scale with three multiple choice answers, from 1 to 3. In this study, company performance was measured based on the sum of five independent variables (target setting, process evaluation, performance monitoring, performance evaluation and incentive management). The data was analysed using a computer-aided statistical analysis technique, SPSS (version 27). For the qualitative data, a convenience sample size of 30 company executives was selected from the 152 companies which

formed the quantitative sample (companies with a workforce of between 20 and 2 000 (ref. 4.2.1.4)). The sample size was arrived at based on the guidelines proposed by Patton (2002, 1990). This research utilised ATLAS.ti to analyse the qualitative data. The study adopted a triangulated technique aimed at achieving explanations that are causally adequate and adequate on the level of meaning (Weber, 1964). In the next chapter, Chapter Five, the author discusses the analysis of data and the research findings.

# CHAPTER FIVE

# DATA ANALYSIS AND RESEARCH FINDINGS

This chapter is divided into two sections: the analysis of data and research findings. Section A provides the analysis of both quantitative findings and qualitative findings. Section B presents the research findings followed by a conclusion.

## SECTION A

## 5.1 ANALYSIS OF QUANTITATIVE DATA

### 5.1.1 Introduction

The analysis of primary data was done using a computer-aided statistical analysis technique, IBM SPSS (version 27) for quantitative analysis (Creswell & Maietta, 2003; Kirkpatrick & Feeney, 2012). The initial phase involved sorting of data in which the data was first inspected for acceptability and data reliability testing (Cooper & Schindler, 2011). The author ensured data cleaning, uniform data capturing and identification of duplicates. The data analysis process was performed in the following steps:

- Data cleaning: to check for missing values, test assumptions of normality and identity outliers.
- Presentation of data – through tables and bar charts.
- Reliability testing of the construct and internal consistency.
- Hypothesis testing: Correlation and multiple linear regression techniques were used to test the different hypotheses. Hypothesis H1 to hypothesis H5 were examined independently for a relationship to management score (company performance) using correlation analysis. Hypothesis H6 was tested and analysed and is interpreted in the qualitative analysis section.
- The effect of the independent variables on the dependent variable (management score) was also assessed using the beta coefficient and R-square (percentage contribution) in the build up to the multiple linear equation and model.

- Preliminary analyses were conducted to ensure no violation of the assumptions of multiple regression (normality, linearity, multicollinearity and homoscedasticity).

- A triangulation was carried out to assess the correlation between the quantitative and qualitative data.

### 5.1.2 Response rate

A total of 152 self-administered questionnaires were distributed to operations and line managers across the rubber industry. One questionnaire was sent to a single manager in each company. The number of returned questionnaires was 135 which translated to a response rate of 88.8%.

### 5.1.3 Descriptive and frequency statistical findings

As in the Bloom and Van Reenen (2007, 2009a) studies, the researcher adopted a descriptive approach to present the results of the survey. The researcher gave the frequency distributions of the responses and custom tables which reflected the relationship between variables.

#### *5.1.3.1 Frequencies and percentages charts*

A frequency distribution is a tabular representation of a survey data set used to organise and summarise the data. Specifically, it is a list of either qualitative or quantitative values that a variable takes in a data set and the associated number of times each value occurs. A percentage frequency distribution is a display of data that specifies the percentage of observations that exist for each data point or grouping of data points.

It is a particularly useful method of expressing the relative frequency of survey responses and other data. More often, percentage frequency distributions are displayed as tables or as bar graphs or pie charts. In this study, the researcher has presented the data in tabular form and bar charts for easy understanding of the data.

**Table 5.1: Statistics by province**

| Province | Frequency | Valid Percent |
|---|---|---|
| Gauteng | 97 | 71.9 |
| KZN | 23 | 17.0 |
| Eastern Cape | 12 | 8.9 |
| North West | 2 | 1.5 |
| Free State | 1 | 0.7 |
| **Total** | **135** | **100.0** |

The data displayed in the table above indicates that most rubber companies are situated in three provinces of the country, namely: Gauteng, KwaZulu-Natal and Eastern Cape at 97 (71.9%), 23 (17%) and 12 (8.9%) respectively. This data distribution is consistent with the contents of the IOM3 (2014) database. The IOM3 is a professional body that promotes interaction between rubber and allied companies within countries like South Africa, Zimbabwe and Nigeria in Africa and overseas countries like the UK, among others.

**Table 5.2: Years of companies in operation**

| Years | Frequency | Valid Percent |
|---|---|---|
| < 3 years | 15 | 11.1 |
| 4-6 years | 6 | 4.4 |
| 7-10 years | 5 | 3.7 |
| Above 10 years | 109 | 80.7 |
| **Total** | **135** | **100.0** |

The data above indicates that most rubber companies which made up the sample have been in existence for over ten years (frequency of 109 and percentage of 80.7) compared to those that have come into existence in the last ten years. This statistical finding is consistent with the earlier notion contained in other related but independent literature which suggests that the number of rubber companies has declined over the last 30 years in South Africa (Barnes, 2013; IOM3 database, 2013).

**Table 5.3: Management levels**

| Managerial Levels | Frequency | Valid Percent |
|---|---|---|
| First-line management | 32 | 23.7 |
| Middle Management | 56 | 41.5 |
| Senior management | 47 | 34.8 |
| **Total** | **135** | **100.0** |

The sample used in this study comprised mainly of middle managers, at 41.5% while the first-line and senior management bands contributed 23.7% and 34.8% respectively. This is not surprising since the questionnaire survey was largely targeted at middle operations managers. The reason for targeting the middle management band is that the research was focused on operations-related practices and the researcher sought to obtain as much information and as authentic data as possible from respondents who were senior enough to provide strategic related management practices and also close enough to the process.

**Table 5.4: Work experience of participants**

| Work Experience (Years) | Frequency | Valid Percent |
|---|---|---|
| < 1 | 16 | 11.9 |
| 2-3 | 30 | 22.2 |
| 4-5 | 24 | 17.8 |
| 6-10 | 30 | 22.2 |
| > 10 | 35 | 25.9 |
| **Total** | **135** | **100.0** |

Most respondents have more than ten years' work experience (35, 25.9%), followed jointly by those with six to ten years (30, 22.2%) and two to three years (30, 22.2%).

While the third group of participants (those with two to three years' experience) cannot be explained, the general 'descending' trend whereby those participants with more than 10 years to those with less than one year can be attributed to several factors. As the industry is shrinking, fewer younger people are keen to join this industry, there are fewer people being trained in rubber related programmes with the closing of rubber training institutes, and the general lack of marketing on the part of the IOM3, the rubber professional body in South Africa.

**Table 5.5: Size of company (employment levels)**

| Employee Levels | Frequency | Valid Percent |
|---|---|---|
| 1-50 | 30 | 22.2 |
| 51-100 | 21 | 15.6 |
| 101-500 | 47 | 34.8 |
| 501-1000 | 12 | 8.9 |
| >1001 | 25 | 18.5 |
| **Total** | **135** | **100.0** |

On average many rubber companies in South Africa employ between 101 and 500 employees (47, 34.8%). This statistic confirms the finding of other related but independent research studies which indicate that the average privately owned companies (based on employment levels) in South Africa are small to medium-sized, employing between 250 and 300 employees (Stats SA, 2013). This is followed by two extremes: very small companies which employ between 1 and 50 employees (30, 22.2%) and large corporates (mostly multinationals, tyre and conveyor belting companies) which employ over 1 000 employees (25, 18.5%).

**Table 5.6: Nature of business**

| Nature of Business | Frequency | Valid Percent |
|---|---|---|
| Manufacturing | 96 | 71.1 |
| Rubber chemicals supplier | 11 | 8.1 |
| Allied rubber products | 17 | 12.6 |
| Other | 11 | 8.1 |
| **Total** | **135** | **100.0** |

Most rubber companies in South Africa are engaged in manufacturing of products (96, 71.1%) which produce from the simplest of domestic products to the more complex tyre, conveyor and automotive rubber products which make up over 70% of the national rubber output. This analysis is consistent with the statistics given by Barnes (2013).

The estimated balance of 30% output is shared between the industrial products, rubber chemicals supply chain and allied rubber products. These statistics confirm what has been discussed earlier in the background of this study.

**Table 5.7: Type of company**

| Type of Company | Frequency | Valid Percent |
|---|---|---|
| Private entities | 81 | 60.0 |
| Public entities | 13 | 9.6 |
| Multinationals | 39 | 28.9 |
| Conglomerate/consortium | 2 | 1.5 |
| **Total** | **135** | **100.0** |

The bulk of rubber companies are privately owned (81) and account for over 60% of the industry. These are followed by an approximated 29% of multinationals (39), most of which are tyre and automotive companies. There are very few public owned and conglomerates within

this industry, both of which account for a mere 10% of the total number of companies sampled in this study.

**Table 5.8: Company ownership**

| Company Ownership | Frequency | Valid Percent |
|---|---|---|
| Family-owned | 31 | 23.0 |
| Non-family-owned | 69 | 51.1 |
| Other | 35 | 25.9 |
| **Total** | **135** | **100.0** |

The bulk of rubber companies are non-family-owned, meaning the majority (> 50%) of local rubber companies are not owned by families but are owned by multiple shareholders. Family-owned companies (31) account for 23% of the rubber industry, and these are mainly small firms employing between 1 and 50 and 51 and 100 employees.

**Table 5.9: CEO (Management)**

| Management | Frequency | Valid Percent |
|---|---|---|
| CEO: Family member | 27 | 20.0 |
| CEO: Non-family member | 76 | 56.3 |
| Other | 32 | 23.7 |
| **Total** | **135** | **100.0** |

Many rubber companies in South Africa are headed by non-family CEOs (76) and account for over 56% of the rubber companies. The balance of just over 43% is shared between family (27, 20.0%) and other (32, 23.7%), (not specified) CEOs. These statistics are consistent with the above figures on business ownership which shows that most rubber companies sampled in this study had multiple shareholders as opposed to family businesses.

**Table 5.10: Product market**

| Product Market | Frequency | Valid Percent |
|---|---|---|
| Competitive | 125 | 92.6 |
| Monopolistic | 1 | 0.7 |
| Other | 9 | 6.7 |
| **Total** | **135** | **100.0** |

Statistics indicate that about 92.6% of rubber companies (125) sampled in this study operate within a challenging competitive market. In the background of this study, the researcher

revealed that most rubber companies in South Africa operate within a competitive local market. However, the tyre and conveyor belting companies supply offshore markets, most of which are multinationals and serve markets in countries of their origin.

A study of management practices by Bloom and Van Reenen (2007) demonstrates that a competitive product market is associated with improved managerial practices. Hence the quality of management in this industry should be characterised by 'good' management practices.

**Table 5.11: Education (participants)**

| Level of Education | Frequency | Valid Percent |
|---|---|---|
| Matric | 10 | 7.4 |
| Diploma | 28 | 20.7 |
| Degree | 97 | 71.9 |
| **Total** | **135** | **100.0** |

Statistics show that most respondents (97, 71.9%) are degree holders, followed by diploma holders (28, 20.7%). These statistics are subject to confirmation because the participants' qualifications were not verified; the researcher relied on the feedback obtained through the questionnaires.

The chances of these statistics being true are high, given the increasing number of college and university graduates joining the private sector. The impact of this pattern is enhanced organisational performance in that the level of education or literacy has been found to be positively associated with the quality of management (Bloom, Sadun & Van Reenen, 2009a).

**Table 5.12: Female to male ratio**

| Female to Male Ratio | Frequency | Valid Percent |
|---|---|---|
| (1:1) | 14 | 10.4 |
| (1:2) | 18 | 13.3 |
| (1:3) | 23 | 17.0 |
| (1:4) | 21 | 15.6 |
| (1:5+) | 59 | 43.7 |
| **Total** | **135** | **100.0** |

The ratio of female to male participants in the sample used in this study is in the range of 1 to 5, meaning for every female participant, there are five male participants. Since a random sample

was used in this study, these statistics suggest that there is an imbalance in gender between males and females in the industry at middle management level, in favour of the male gender.

It was noted in Table 5.3 that the composition of the sample was that 41.5% of participants (56 participants) comprised middle management, compared to 23.7% (32) in the first line and 34.8% (47) at senior management levels. This imbalance in the composition of male to female in middle management is largely influenced by the African culture, which favours male dominance (Mbigi, 2002).

**Table 5.13: Local to expatriate ratio**

| Local to Expatriate Ratio | Frequency | Valid Percent |
|---|---|---|
| (1:1) | 19 | 14.1 |
| (2:1) | 15 | 11.1 |
| (3:1) | 33 | 24.4 |
| (4:1) | 15 | 11.1 |
| (5:1) | 53 | 39.3 |
| **Total** | **135** | **100.0** |

There are far more native managers than expatriate managers (for everyone expatriate, there are five native managers) in local rubber companies as reflected in the statistics in the above table. However, these statistics may be misleading in that following the democratic dispensation in 1994, many foreigners (mainly of European, Asian and Australian descent) registered as South African citizens while at the same time retaining their foreign citizen status.

The bulk of respondents who were classified as ‘expatriates’ in this study come from multinational companies, most of which are the tyre companies. It has also been noted that there are many ‘foreign’ technical personnel in this industry, most of them coming from neighbouring countries like Zimbabwe, owing to the shortage of technical skills in South Africa (Stats SA, 2013).

**Table 5.14: Type of labour**

| Type of Labour | Frequency | Valid Percent |
|---|---|---|
| Unionised | 76 | 56.3 |
| Non-unionised labour | 50 | 37.0 |
| Other | 9 | 6.7 |
| **Total** | **135** | **100.0** |

Statistics show that most local rubber companies have unionised labour (76 companies, 56.3%). This country has a history of unionisation that can be traced back to the apartheid system during which there was need for unionised labour to counter the biased labour laws of segregation between and across racial lines (Leibbrandt, Woolard, McEwen & Koep, 2010).

The impact of unionisation has had negative effects on productivity in recent years in both industry and mining sector. This has forced mining companies to automate and downsize the workforce. The general pattern is that small companies have no formal labour unions, while corporates are highly unionised.

### 5.1.4 Factor loading

Factor loading indicates the strength of the correlation between the construct with its items (Zikmund, Babin, Carr & Griffin, 2010:593). In other words, factor loading provides a check on whether a factor measures adequately what it is intended to measure. As a rule of thumb, a factor loading of >0.5 is significant and therefore acceptable, while a factor loading of <0.5 is inadequate and should, therefore, be discarded (Field, 2009:644). Consequently, all those items with a factor loading of <0.5 were discarded, based on Field's (2009:644) hypothesis. Therefore, only those items with factor loading of above 0.5 were retained for each construct or variable. A total of five items were retained on target setting, four items on process improvement, five items for performance monitoring, five items for performance evaluation and eight items for incentive management.

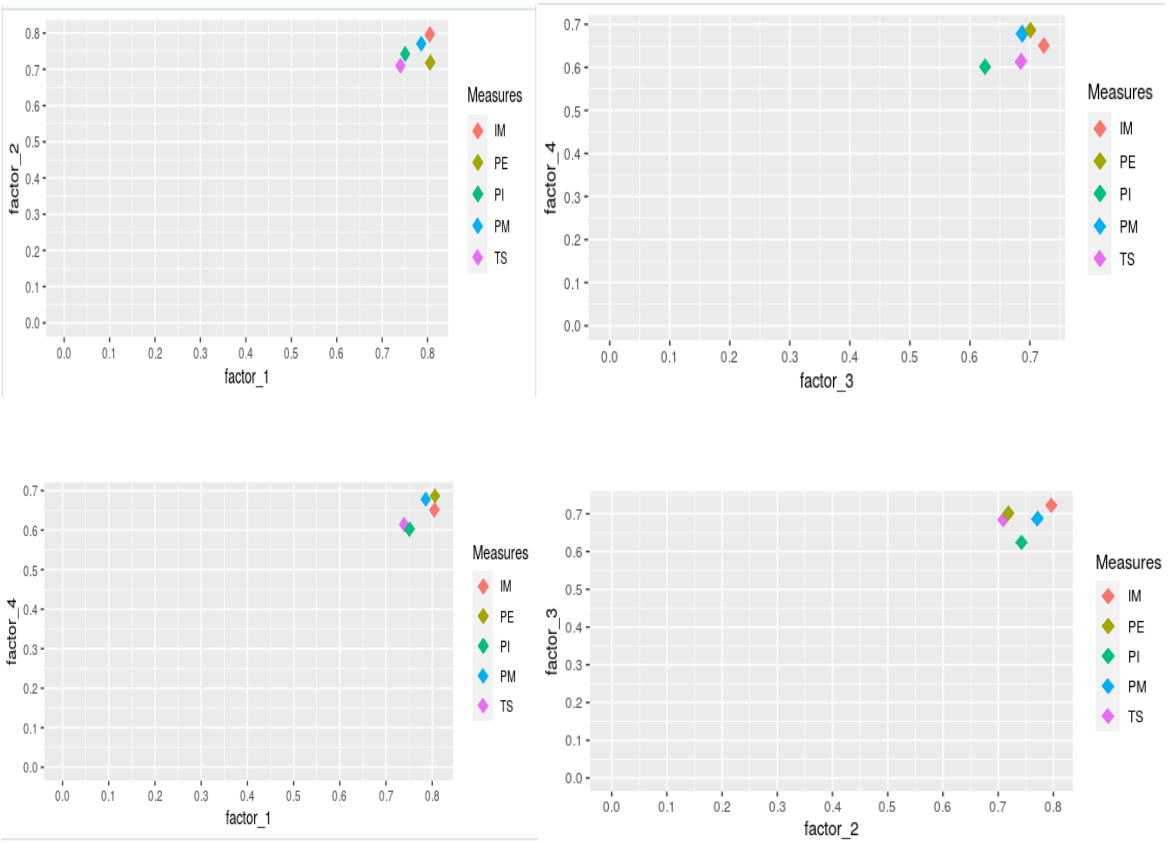
**Table 5.15: Factor loading**

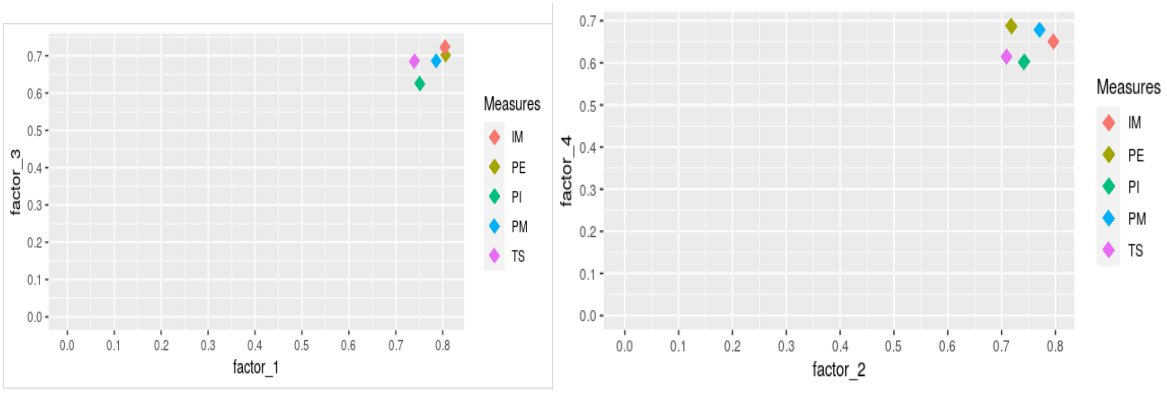
| **Target Setting** | | **Process Improvement** | | **Performance Monitoring** | | **Performance Evaluation** | | **Incentive Management** | |
|---|---|---|---|---|---|---|---|---|---|
| TS3 | 0.740 | P6 | 0.751 | PM2 | 0.786 | PE5 | 0.806 | IM5 | 0.805 |
| TS4 | 0.709 | P4 | 0.742 | PM3 | 0.771 | PE3 | 0.718 | IM4 | 0.796 |
| TS7 | 0.685 | P5 | 0.625 | PM1 | 0.687 | PE4 | 0.701 | IM7 | 0.723 |
| TS2 | 0.614 | P3 | 0.602 | PM4 | 0.678 | PE2 | 0.687 | IM1 | 0.651 |
| TS5 | 0.535 | 00 | 00 | 00 | 0.786 | PE1 | 0.588 | IM2 | 0.645 |
| | | | | | | | | IM8 | 0.641 |
| | | | | | | | | IM3 | 0.622 |
| | | | | | | | | IM6 | 0.574 |
| **No. of items** | **5** | | **4** | | **5** | | **5** | | **8** |

A review of theoretical literature indicates that a rotated component matrix, also known as the loadings, is the key output of principal components analysis which provides estimates of the correlations between each of the variables and the estimated components. Therefore, a factor loading is expressed as the relationship of each variable to the underlying factor in any given research study (Hair, Black et al., 2013; Pallant, 2011).

#### *5.1.4.1 Factor loading: Geometrical representation*

The self-administered questionnaire instrument was subjected to factor analysis. As evidenced by all 6 loading plots where factors 1 to 4 have been compared, it can be concluded that all 5 variables have a strong influence on all factors by approximately the same magnitude as indicated by factors 1 to 4 loading on all 6 plots of factor items. The analysis indicates that the five constructs (target setting, process improvement, performance monitoring, performance evaluation and incentive management) have a very significant influence on corporate performance.






### 5.1.5 Customer table: Standard deviation and mean values

Customer tables were prepared to provide data on the ranking of the items for each variable, the mean and the standard deviation of the data set. As indicated in the table below, no items in the five variables were ranked as 'poor'. This implies that all items across the five variables measure what they are intended to measure (Santos, Scheck & Nakagawa, 2011). It can be pointed out that the mean values across the five constructs (variables) range between (2.10 and 2.87), a difference of 0.77 (less than 1), while the SD across the five constructs (variables) range from (0.518 to 0.849), with a difference of 0.331 (also less than 1).

Since the standard deviation is a measure of the spread of scores within a set of data, a low standard deviation indicates that the data points are tightly clustered and close to the mean (also called the expected value). Most importantly, a low SD implies that the results are quite predictable and reproducible.

**Table 5.16: Customer table**

| Construct (variable) | Number of Items per Construct | Number of Items: (Ranked based on largest percentage) | | | Mean (min-max) | Standard Deviation (min-max) |
|---|---|---|---|---|---|---|
| | | Poor | Satisfactory | Very Good | | |
| Target Setting | 7 | 0 | 2 | 5 | 2.10-2.87 | 0.518-0.849 |
| Process Improvement | 6 | 0 | 1 | 5 | 2.16-2.76 | 0.525-0.800 |
| Performance Evaluation | 5 | 0 | 0 | 5 | 2.56-2.68 | 0.560-0.740 |
| Performance Monitoring | 4 | 0 | 1 | 3 | 2.10-2.52 | 0.609-0.801 |
| Incentive Management | 8 | 0 | 4 | 4 | 2.10-2.46 | 0.631-0.816 |

Since the SD provides some idea on the distribution of scores around the mean, then the smaller the standard deviation, the narrower the range between the lowest and highest scores.

### 5.1.6 Reliability and internal consistency

#### *5.1.6.1 Measuring the internal consistency of the scale*

The internal consistency of the items was measured by using Cronbach's alpha reliability coefficient, which provides a measure of the reliability and internal consistency of a scale (Creswell, 2014). In other words, the reliability of a scale indicates how free the measuring instrument (questionnaire) is from random error. The acceptable Cronbach's alpha reliability coefficient range is between 0 and 1 (George & Mallery, 2003). George and Mallery (2003) provide the following rule of thumb: > 0.9 – excellent, > 0.8 – good, 0.7 acceptable, > 0.6 – questionable, > 0.5 – unacceptable. A higher value of alpha indicates good internal consistency of the items in the scale. The analysis of this study indicates that all the scores of the five constructs tabulated below are within acceptable limits. This shows good internal consistency of the items representing the five constructs in this study.

**Table 5.17: Cronbach's alpha**

| Construct | Cronbach's Alpha | Number of Items | Inter-item Correlations (Variance) | Standard Deviations |
|---|---|---|---|---|
| Target Setting | 0.675 | 5 | 0.007 | 2.258 |
| Process Improvement | 0.650 | 6 | 0.009 | 2.245 |
| Performance Evaluation | 0.745 | 5 | 0.008 | 2.269 |
| Performance Monitoring | 0.704 | 4 | 0.004 | 2.032 |
| Incentive Management | 0.836 | 8 | 0.009 | 3.908 |

Each construct above comprised of 5 or more questions from Section C of the self-administered question; as follows:

- Target setting - questions 9, 8, 10, 11 & 12
- Process improvement - questions 1,2, 13, 16 & 22
- Performance monitoring - questions 6, 7, 15, 17 & 18
- Performance evaluation - questions 3, 4, 5, 19, 20 & 21
- Incentive management - questions 23, 24, 25, 26, 26, 28, 29 & 30

#### *5.1.6.2 Explaining reliability using Cronbach's alpha*

Henson (2001) reveals that, in most empirical studies, the use of Cronbach's alpha is to measure the reliability of a set of question items. Essentially, Cronbach (1951) provides a measure of the internal consistency as the proportion of the test variance that can be attributed to a group of items which measure the reliability coefficient alpha (Boermans & Kattenberg, 2011). A high value of Cronbach's alpha indicates a higher internal consistency of the construct, though it does not imply unidimensionality of X. However, the interpretation of X depends on the dimensionality of the construct validity (Cortina, 1993; Schmitt, 1996).
Boermans and Kattenberg (2011) point out that Cronbach's alpha helps in identifying the biases where some researchers may freely decide on the number and subsets of items to include in scale construction. Thus, certain dimensions of the underlying construct can then be over- or under-presented based on the bias selection of question items by subjective criteria, that is, omitted variable bias or measurement error.

Reliability should not be confused with validity, more often the two terms (reliability and validity) are used interchangeably, and hence the researcher found it necessary to briefly define them for the purpose of this study. Essentially, validity is defined as an indication of how sound a study is in terms of both the design and the methods of the study. In data collection, validity means that the findings truly represent the phenomenon the study claims to be measuring, which in this study is confirmed using exploratory factor analysis (EFA) by principal components analysis (PCA). EFA by PCA was performed in order to establish construct validity of the five constructs (target setting, process evaluation, performance monitoring, performance evaluation and incentive management) used in this study.

More related, but with a different meaning, is the term reliability, which is a measure of the repeatability of data if measured and retested on the sample. A simple explanation goes that a test can be reliable without being valid; however, a test cannot be valid unless it is reliable. In other words, an assessment can provide consistent results, thereby making it reliable, but unless it measures what it is supposed to measure, it is not valid (Potter & Levine-Donnerstein, 2009).

Jollife (2002) discusses the use of factor analysis in data reduction as it aggregates the variation of many variables into a few aggregated dimensions. Factor analysis (FA) can also be used for scale construction of latent variables as it endogenously classifies variables into fewer and manageable latent dimensions (constructs). Boermans and Kattenberg (2011) indicate that in

matrix notation, the FA expresses the variation in the vector (demeaned) items as a linear combination of latent dimensions (factors).

Traditionally, a measure of the reliability coefficient of below 0.5 is seen as unreliable, a measure of between 0.5 and 0.7 is judged as modest, while a measure of above 0.7 indicates an acceptable reliability level (Cronbach, 1951). The outcome of EFA for this study is highlighted in the following paragraph.

### 5.1.7 Exploratory factor analysis

This study was based on a five-dimensional model comprising five independent variables (dimensions of management practices) – target setting, process evaluation, performance monitoring, performance evaluation and incentive management. These independent variables were measured against the dependent variable – company performance. Based on the large number of variables in this study, it was not statistically feasible to conduct a single overall EFA analysis on the five constructs due to the 'small' size of the sample of 135 respondents (Pallant, 2013).

According to Pallant (2013), the sample size is determined by the ratio of participants to items when performing EFA. Pallant (2013) recommends a ratio of five cases for each item, implying that in this study of five constructs, the sample size was supposed to be >150. As a result, separate exploratory factor analyses were conducted for each of the five constructs.

As a prerequisite, two diagnostic measures – namely the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) (Kaiser, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) – were carried out in order to assist in assessing whether FA was feasible for this study. The KMO provides a measure of whether there is enough correlation between items to enable to be able to conduct FA. As a rule of thumb, the KMO value should range from 0 to 1, with 0.6 as the minimum value for a good FA (Tabachnick & Fidell, 2013).

On the other hand, Bartlett's Test of Sphericity tests the null hypothesis that all the items are 'uncorrelated', hence it is imperative to reject this null hypothesis for the appropriateness of FA (Bartlett, 1954). Total EV was also considered for this study in order to assess the variation or variance that each factor explains.

The proportion (percentage) of information (variance) is highlighted in the column of 1% of variance. A 60% cumulative variance is quite commonly accepted (Hair, Black et al., 2010). The retention of factors was decided using Kaiser's eigenvalue of greater than one criterion (Fabrigar et al., 1999). According to Fabrigar et al. (1999), all factors with eigenvalues of >1 are retained for interpretation.

**Table 5.18: Exploratory factor analysis**

| | KMO | Bartlett's Test | Eigenvalues | Explained Variance (%) |
|---|---|---|---|---|
| Target Setting | 0.749 | 0.000 | 2.183 | 43.658 |
| Process Improvement | 0.688 | 0.000 | 1.869 | 46.722 |
| Performance Monitoring | 0.739 | 0.000 | 2.144 | 53.600 |
| Performance Evaluation | 0.765 | 0.000 | 2.474 | 49.488 |
| Incentive Management | 0.865 | 0.000 | 3.772 | 47.156 |

The interpretation of the above table (Table 5.18):

- **Factor loading:** It was also shown in Table 5.15 (p. 163) that all the factor loadings were well above the threshold value of 0.53, indicating that they are significant to the factors they are loading (Field, 2009:644).

- **Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO):** The analysis indicated that the KMO for all five constructs were >0 (the minimum acceptable KMO value), that is, 0.749, 0.688, 0.739, 0.765 and 0.865. The KMO values for the five constructs were >0.6, which indicates a good value for FA. This level of relationship provides enough evidence to suggest a good correlation between items to enable one to conduct FA. As a rule of thumb, the KMO value should range from 0 to 1, and a minimum value of 0.6 signifies a good FA (Tabachnick & Fidell, 2013).

- **Bartlett's test:** In this study, Bartlett's test values for all five constructs were found to be 0.000, which was below the prescribed maximum value of <0.05 (Tabachnick & Fidell, 2013). Bartlett's test is a measure of the p-value, which indicates whether there is a relationship between two or more variables. For example, <0.05 indicates that a relationship exists between two or more variables, whereas >0.05 indicates no relationship exists between variables (Tabachnick & Fidell, 2013).

- **Eigenvalues:** The analysis indicated that in each of the constructs, there was one item with a Kaiser's eigenvalue of greater than one criterion (>1) (Fabrigar et al., 1999).

- **Explained variance (%)**: The EV % shows the extent to which the factor measures what it is intended to determine. In this study, the individual EV % for the individual constructs was as follows: 43.658%, 46.722%, 53.600%, 49.488% and 47.156%.

- **The KMOs** of the individual variables were: 0.749, 0.688, 0.739, 0.765 and 0.865, thereby exceeding the recommended value of 0.60 (Tabachnick & Fidell, 2013) and Bartlett's Test of Sphericity was statistically significant (p-value = 0.000), indicating that the data was suitable for FA.

A reflection on the the explained variance (EV) indicates that the analysis do not meet the accepted criterion. As a "rule of thumb", the explained variance should be above 60% (Hair, Black et al., 2010). In this study, the EV (%) ranged between 40 – 57%, which may be deemed as inadequate (Hair et al., 2010). In general, the EV (%) may be influenced by various factors including sample size, context of the study and environmental factors (Hair, Hult et al., 2013). The most likely cause of the less than satisfactory EV's is the fact that it was not possible to check one single aggregated measure of management performance.

### 5.1.8 The correlation analysis

FA was used to determine correlations among the specific variables (Devore & Peck, 1993). In this study, the researcher used the Pearson correlation coefficient to test the strength of the correlation between specific management practices and company performance (Bloom & van Reenen, 2007). The individual sets of managerial practices included target setting, performance evaluation, process evaluation, incentive management and performance monitoring.

In this study, the analysis demonstrated that the correlation between individual management practices (target setting, process evaluation, performance evaluation, performance monitoring and incentive management) and management score (company performance) is significant at 0.708, 0.764, 0.773, 0.786 and 0.857 respectively.

Similarly, the p-values for each of the variables stated above were all at 0.000, indicating a positive relationship to company performance. The correlation is also judged as 'strong'

between the individual management practices and management score (company performance) based on 'rule of thumb' (> 0.5) suggested by Cohen (1988).

#### *5.1.8.1 Interpretation of correlations - (ref. Table 5.19)*

Target setting and Management score: A statistically positive relationship exists between target setting and management score (company performance) at r= 0.708, that is, -1 and +1. The relationship between target setting and management score (company performance) is positively significant at a p-value of 0.000. Qualification: The correlation between target setting and management score (company performance) is 'strong' based on a correlation value of r= 0.708, which is > 0.5 (Cohen, 1988).

**Table 5.19: Correlations output**

| Correlations | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Target Setting** | **Process Evaluation** | **Performance Evaluation** | **Performance Monitoring** | **Incentive Management** | **Management Score** |
| Target Setting | Pearson Correlation | 1 | 0.525** | 0.548** | 0.421** | 0.511** | 0.708** |
| | Sig. (2-tailed) | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | N (p-value) | | 135 | 135 | 135 | 135 | 135 |
| Process Evaluation | Pearson Correlation | | 1 | 0.552** | 0.639** | 0.614** | 0.764** |
| | Sig. (2-tailed) | | | 0.000 | 0.000 | 0.000 | 0.000 |
| | N (p-value) | | | 135 | 135 | 135 | 135 |
| Performance Evaluation | Pearson Correlation | | | 1 | 0.503** | 0.534** | 0.773** |
| | Sig. (2-tailed) | | | | 0.000 | 0.000 | 0.000 |
| | N (p-value) | | | | 135 | 135 | 135 |
| Performance Monitoring | Pearson Correlation | | | | 1 | 0.717** | 0.786** |
| | Sig. (2-tailed) | | | | | 0.000 | 0.000 |
| | N (p-value) | | | | | 135 | 135 |
| Incentive Management | Pearson Correlation | | | | | 1 | 0.857** |
| | Sig. (2-tailed) | | | | | | 0.000 |
| | N (p-value) | | | | | | 135 |
| Management Score | Pearson Correlation | | | | | | 1 |
| | Sig. (2-tailed) | | | | | | |
| | N (p-value) | | | | | | |
| ** Correlation is significant at the 0.01 level (2-tailed) | | | | | | | |

Process evaluation and Management score: A statistically positive relationship exists between process evaluation and management score (company performance) at r= 0.764, that is, -1 and +1. The relationship between process evaluation and management score (company performance) is positively significant at a p-value of 0.000. Qualification: The correlation between process evaluation and management score (company performance) is 'strong' based on a correlation value (r= 0.764) which is > 0.5 (Cohen, 1988).

Performance evaluation and Management score: A statistically positive relationship exists between performance evaluation and management score (company performance) at r= 0.773, that is, -1 and +1. The relationship between performance evaluation and management score (company performance) is positively significant at a p-value of 0.000. Qualification: The correlation between performance evaluation and management score (company performance) is 'strong' based on a correlation value (r= 0.773) which is > 0.5 (Cohen, 1988).

Performance monitoring and Management score: A statistically positive relationship exists between performance monitoring and management score (company performance) at r= 0.786, that is, -1 and +1. The relationship between performance monitoring and management score (company performance) is positively significant at a p-value of 0.000. Qualification: The correlation between performance monitoring and management score (company performance) is 'strong' based on a correlation value (r= 0.786) which is > 0.5 (Cohen, 1988).

Incentive management and Management score: A statistically positive relationship exists between incentive management and management score (company performance) at r= 0.786, that is, -1 and +1. The relationship between incentive management and management score (company performance) is positively significant at a p-value of 0.000. Qualification: The correlation between incentive management and management score (company performance) is 'strong' based on a correlation value (r= 0.786) which is > 0.5 (Cohen, 1988).

#### *5.1.8.2 Criterion for correlation analysis*

A correlation analysis is used to describe the strength (magnitude) and direction of the linear relationship between two continuous variables (Pallant, 2013). This view is also shared by Zikmund et al. (2010). He explains that the correlation analysis is a statistical method of measuring covariance or the association between two variables such as managerial practice (for example, target setting) and management score (company performance) in this study.

Bryman and Cramer (1990, 2001) also reckon that measures of correlation indicate both strength and direction (that is, + or -) of the relationship between two variables. In other words, the direction between two continuous variables is indicated by either a positive (+) or negative sign (-) in front of the correlation coefficient (rho). Different authors have suggested different interpretations with regard to interpreting values between 0 and 1.

Cohen (1988:79-81) suggests the following guidelines:

- Small (weak); r = 0.10 - 0.29
- Medium (moderate); r = 0.30 - 0.49
- Large (strong); r = 0.50 - 1.00

The correlation analysis assists in determining both the form and degree of the relationship among the critical themes and company performance. It is also critical to assess both the strength of the relationship and the level of statistical significance between any two variables and, in this study, the specific set of management practices (target setting, performance evaluation, performance monitoring, process evaluation and incentive management) and company performance.

The Pearson correlation coefficient indicates the direction of the relationship, and its absolute value indicates the strength, either a strong relationship or a weak relationship, depending on the calculated absolute value. Thus, the Pearson correlation coefficient I vary between -1 and +1. The nearer the value of 'r' to zero, the weaker the relationship, and the closer to unity (- or +), the stronger the relationship (Wegner, 2015).

Based on the analysis of this study, the correlation between the individual management practices (target setting, process evaluation, performance evaluation, performance monitoring and incentive management) and management score (company performance) is significant at 0.708, 0.764, 0.773, 0.786 and 0.857 respectively. Similarly, the p-values for each of the variables stated above were all at 0.000, that is <0.5, which suggests a positive relationship to company performance.

### 5.1.9 Multiple regression analysis

In this study, a regression analysis was conducted on the five independent variables (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) and the dependent variable (company performance). A proposition (Ho6: culture

does not influence managerial practices) was separately evaluated based on the analysis of qualitative data. This clarifies the question regarding the regression analysis and testing of the five null hypotheses as proposed in this study and the analysis of qualitative data using ATLAS-ti software meant to determine whether culture influences managerial practice.

The criterion of measuring company performance using 'management scores' which is a sum of management score of the independent variables) was justified and supported by empirical data in Chapter Three (item 3.6 reviewing the measurement of company performance). This measurement framework is based on the WMS methodology (Bloom, Sadun & Van Reenen, 2009a; Bloom & Van Reenen, 2007). This method of measuring company performance is based on the global research survey undertaken by Bloom, Sadun and Van Reenen (2009a) and Bloom and Van Reenen (2007) and finds theoretical support in a wide range of contemporary literature (Kaplan & Norton, 2011). Kaplan and Norton (2011) explain that in modern business operation, most organisations now focus on non-financial measures of performance.

This view is further supported by Abu-Jarad et al. (2010) who argue that changing the nature of value creation requires performance measurement systems to focus on non-financial measures as an effective means of evaluating company performance. Ghalayini and Noble (1996) note that, although traditional financial measures remain vital means of measuring business performance, there is serious need to consider non-financial measures as well which focus on the operations of the company, such as process improvement, performance evaluation and quality systems, hence the use of management score as a proxy for company performance became useful in many research studies such as this one.

The argument is that it would have been improper to use parameters such as financial performance, sales growth and market share as proxy for company performance in this research. The study did not specifically focus on the financial performance but rather on the process-related measure of the company. Doyle (2008) argues that there is an over-emphasis on financial criteria, which tends to focus on historical or past performance and that these past performance measures are usually not linked to the strategies and goals of the overall organisation. It is in this context that this study used a management aggregate conceptual approach as a measure of company performance.

The regressions were computed using the statistical software BMI SPSS, in which the created samples were imported from Microsoft Excel. Each of the five variables (target setting, process

evaluation, performance evaluation, performance monitoring and incentive management) was examined through a series of cross-sectional regressions, with the first regression focusing just on the relation between each independent variable and management score as the dependent variable. Five more regressions were computed, with each regression holding other independent variables constant and assessing the effect of each variable on management score (company performance). Both correlation and regression analysis were used in this study to test the hypotheses, starting with the first assumption – Good management practices lead to better company performance. The validation that management practice was positively and significantly correlated to management score (company performance) led to the subsequent investigation of data aimed at testing hypotheses 1 to 5 as proposed in this study.

#### *5.1.9.1 Assumptions of multiple linear regressions*

Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity.

Multiple linear regression analysis makes several key assumptions:

- **Multiple linear** regression needs at least two independent variables (nominal, ordinal, or interval/ratio) scale.

- **A linear relationship** between the outcome variable and the independent variables. A plot of the standardised residuals versus the predicted 'Y' values shows whether there is a linear or curvilinear relationship. Ideally, the plot of residual scores must follow a straight line.

- **No multicollinearity**: This assumption assumes that the independent variables are not highly correlated with each other. This assumption is tested by the VIF statistic, which states that the VIF must be > 10.

- **Normality**: A plot of the histogram must show normal distribution.

- **Homoscedasticity:** This assumption requires that the variances of error terms are similar across the independent variables. As with the linear relationship assumption, a plot of the standardised residuals versus the predicted 'Y' values can show whether there is a linear or curvilinear relationship. Ideally, the plot of residual scores must follow a straight line.

First, it is not ideal to have two variables with very high correlations of > 0.8. Secondly, the residuals must be around 0.

The above assumptions (Pallant, 2010, 2011 and 2013) assisted in checking whether the multi-linear model in this study suffered from outliners, in which case it would not have been ideal to use the regression results.

## 5.2 DETAILED ANALYSIS OF QUANTITATIVE DATA

### 5.2.1 Linear relationship

As stated above, the multiple linear regressions need the relationship between the independent and dependent variables to be linear. The p-value (sig. 0,000) in the table (Table 5.20 in the appendix) demonstrates a linear relationship between the independent and dependent variables. As a rule of thumb, the p-value must be < 0.5 in a case where a relationship exists between the two variables.

### 5.2.2 Multicollinearity

Generally, multiple linear regressions assume that there is little or no multicollinearity (correlation between variables) in the data and it occurs when the independent variables are not independent of each other.

There are three key criteria for the correlation matrix. One can assess multicollinearity by examining tolerance, correlation matrix and the VIF as the three collinearity diagnostic factors that can help identify multicollinearity. Tolerance is a measure of collinearity reported by most statistical programmes such as SPSS; the variable's tolerance is 1-R2. The VIF is 1/Tolerance, it is always greater than or equal to one. There is no formal VIF value for determining presence of multicollinearity; however, values of VIF that exceed ten are often regarded as indicating multicollinearity, but in weaker models values above 2.5 may be a cause for concern. Similarly, the correlation coefficients of independent variables should not exceed 0.08 (Pallant, 2013).

#### *5.2.2.1 Correlation matrix*

When computing the matrix of Pearson's Bivariate Correlation among all independent variables, the correlation coefficients need to be smaller than 0.08 (Pallant, 2013). This was achieved as per Table 5.21 (Correlation output), as attached in the Appendix.

#### *5.2.2.2 Tolerance*

Tolerance measures the influence of one independent variable on all other independent variables. In multiple regression, a tolerance test is used as an indicator of multicollinearity. The test is estimated by 1 - $R^2$, where $R^2$ is calculated by regressing the independent variable of interest onto the remaining independent variables included in the multiple regression analysis. In general, most researchers aim for higher levels of tolerance. Research shows that low levels of tolerance are known to adversely affect the results associated with a multiple regression analysis. Most commonly, a value of .10 is recommended as the minimum level of tolerance (Tabachnick & Fidell, 2001). Other scholars suggest a value of between 0.20 (Menard, 1995) and 0.25 (Huber & Stephens, 1993). Some statisticians do it better and recommend a $p < .05$. As a point of interest, tolerance may be said to be the opposite of the coefficient of determination. In other words, a $T < 0.2$ indicates possible multicollinearity in the data, and with $T < 0.01$ there certainly is. The calculated tolerance for the five variables in this study within <0.10 as indicated in Table 5.22 below.

**Table 5.23: Tolerance**

| | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management |
|---|---|---|---|---|---|
| Tolerance | 0.603 | 0.474 | 0.569 | 0.417 | 0.409 |
| | < 0.10 | < 0.10 | < 0.10 | < 0.10 | < 0.10 |

In this research, the tolerance levels suggest that there is no correlation between the five independent variables but that each independent variable is correlated to the dependent variable (company performance). The research question sought to test management impact on performance and the applicability of Western managerial practices within the African industry locality. Given the fact that if the five variables are dependent of each but individually show

positive correlation (regression analysis) to company performance, this confirms that management impacts on performance.

#### *5.2.2.3 Variance Inflation Factor*

One can test the absence of multicollinearity between variables using the VIF statistic, which states that the VIF must be < 10. This VIF of the linear regression is defined as VIF = 1/T. In other words, if VIF is greater than 10 (>10), then there is multicollinearity between the independent variables. The calculated VIF (ref. Table 5.25) averages 1.658 and since this is less than 10, it indicates no multicollinearity between the independent variables.

### 5.2.3 The independence of variables

Stevens (1996:238) explains that the variables (observations) that make up the research data must be independent of one another. In other words, the five variables in this study – target setting, process evaluation, performance monitoring, performance evaluation and incentive management – must not be influenced by each other or any other. Violation of this assumption is deemed inappropriate (Stevens, 1996). This means that there must not be any multicollinearity or bivariate among or between variables.

Three assumptions were met, which demonstrated the absence of multicollinearity or bivariate among or between variables. Using Pearson's Bivariate Correlation, the correlation coefficients for the five variables was < 0.08; the tolerance level was within < 0.10 and VIF for each of the five variables was within the required rule of < 10. Based on the above analysis, it can be said that the multiple linear model does not suffer from multi-correlation.

### 5.2.4 The distribution of data points

The distribution of data points provides insights into the data set: the spread of data points (normality), the drawing of a straight line through the main cluster of points (linearity) and the shape of the cluster (homoscedasticity). In terms of linearity, if a curved line is evident (suggesting a curvilinear relationship), the Pearson correlation should not be used as it assumes a linear relationship.

#### *5.2.4.1 Normality*

The scores on each variable should be normally distributed. This can be checked or confirmed by inspecting the histograms of scores on each variable (ref. Figure 5.1, in the Appendix). The histogram indicates the distribution of scores is approximately normal except for the residual between 0 and 1, which shows a 'peak'.

#### *5.2.4.2 Linearity*

The probability plot (P-P): The relationship between variables should be linear. This means that the scores on the scatterplot should be a straight line (roughly), not a curve (refer to Figure. 5.2) below. In other words, the residual points do lie from the bottom left to top right approximately along the diagonal line.

### 5.2.5 Homoscedasticity

This means that the variability in scores for variable X should be similar at all values of variable Y (refer to Figure 5.3 in the Appendix). The scatterplot, the residual scores are concentrated around the zero mark, indicating that the homoscedasticity assumption was met.

### 5.2.6 Outliers

Outliers are values that are substantially lower or higher than the other values in the data set. They can have a dramatic effect on the correlation coefficient, especially in small research samples. The presence of outliers in a data set is indicated by the Mahalanobis distance. As a rule of thumb, the critical value of Mahalanobis distance should be < 20.52. In the table (Table 5.26 in the Appendix) of the Initial Model, the residual statistic is 22.465. This value is above the maximum critical value of <20.52, indicating the presence of outliers in the model. As a result, case 29 was identified as an outlier, and a Final Model was computed with a critical value of 18.558 as illustrated in the table (Table 5.27 in the Appendix).

In the final model (ref. Table 5.27), case 29 (outlier) was identified and removed, and the Mahalanobis maximum value is now 18.558, below the recommended critical value of <20.52. Hence the model does not suffer from outliers.

### 5.2.7 The beta coefficient

The table (ref. 5.28 in the Appendix) indicates a p-value (sig. = 0.000) which is < 0.05. This implies that all five variables are significant in the model.

### 5.2.8 The R-squared

In this study, the R-squared was calculated as 94.8%. The calculated R-squared was graphically presented (ref. Fig. 5.1 & 5.2 below). This implies that 94.8% of the total variance is explained by the predictors. This is a high score by any standard, and points to a possible good model. In other words, R-squared evaluates the scatter of the data points around the fitted regression line. It is also called the coefficient of multiple determination for multiple regression. For the same data set, a higher R-squared values represent smaller differences between the observed data and the fitted values.

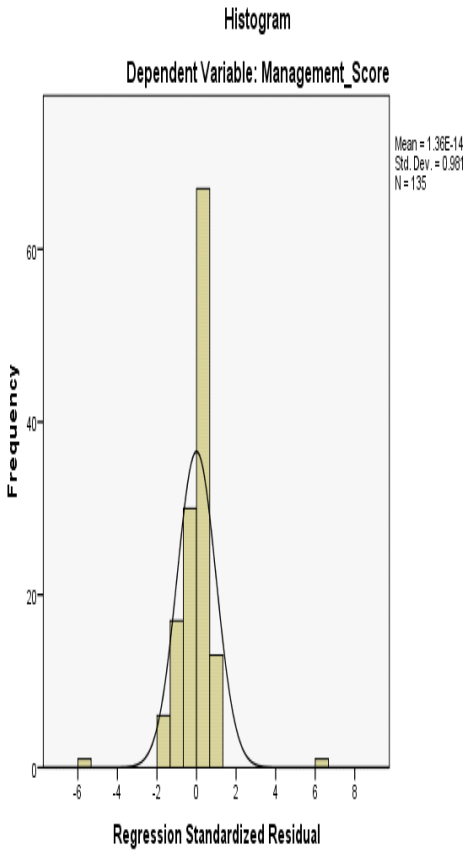



**Figure 5.1: Normality (Histogram)**

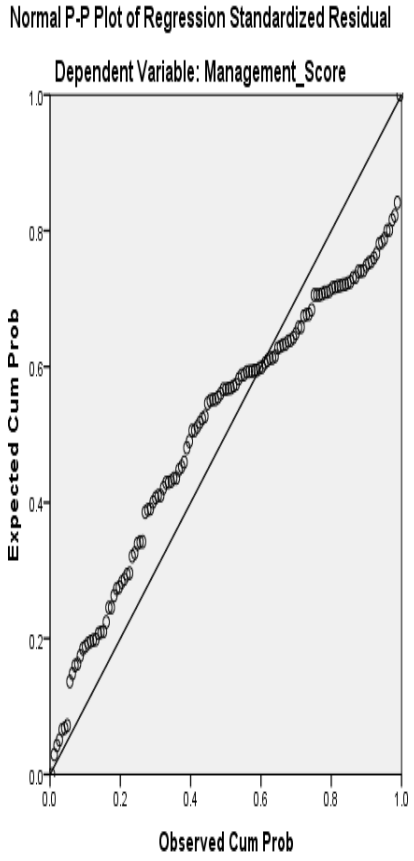



**Figure 5.2: The probability plot (P-P)**

As depicted in Fig. 5.1 and 5.2 above, the R-squared is a statistical measure of how close the data are to the fitted regression line. R-squared is always between 0 and 100%, as explained below:

- 0% indicates that the model explains none of the variability of the response data around its mean.

- 100% indicates that the model explains all the variability of the response data around its mean, though in practice it is rare and uncommon to achieve a 100% value.

In general, the higher the R-squared, the better the model fits your data. The more variance that is accounted for by the regression model, the closer the data points will fall to the fitted regression line. In general, a model fits the data well if the differences between the observed values and the model's predicted values are small and unbiased.

### 5.2.9 The multiple regression equation and model

**Table 5.30: B & Beta coefficients**

| Managerial Practices | Unstandardised Coefficients | Standardised Coefficients |
|---|---|---|
| | B | Beta |
| (Constant) | 4.574 | - |
| Target Setting | 5.097 | 0.205 |
| Process Evaluation | 3.994 | 0.149 |
| Performance Evaluation | 6.653 | 0.273 |
| Performance Monitoring | 4.258 | 0.203 |
| Incentive Management | 8.026 | 0.366 |

### 5.2.10 Developing OLS equation

Multiple regression: Management score = target setting + process evaluation + performance evaluation + performance monitoring + incentive management.

The multiple regression model: Management score = Constant (4.574) + TS (5.097) + P (3.994) + PE (6.653) + PM (4.258) + IM (8.026)

### 5.2.11 Comparative analysis

A review of contemporary literature indicates that in their cross-sectional regression analysis, Bloom, Lemos, Sadun, Scur and Van Reenen (2014) found that one standard deviation increase

in management score is associated with a unit increase of 0.150 (15%) in productivity. Bloom and Van Reenen's (2007) global survey demonstrates that management practices are positively correlated to better company (firm) performance even when controlling for different factors such as capital intensity, ownership, company size and employee education, which only reduces the coefficient on management modestly. In this study, Incentive Management has the highest Standard Coefficient Beta of 0.366, which means this variable has the most impact on management score, as depicted in table (ref. Table 5.28) in the appendix.

## 5.3 REVIEW AND ANALYSIS OF QUALITATIVE DATA

### 5.3.1 Interview narratives

The following section presents an analysis of the interview narratives. In this analysis, the same set of questions was maintained throughout the entire interview process, which involved a sample of 30 respondents. The interview guide and the actual interview responses are presented in Annexures A and B, respectively. Some interview responses (quotes) are presented in this chapter, and although the quotes are from a few individuals only, they were selected for their clarity and comprehensiveness, and they are representative of the responses of most of the respondents. When a view was expressed by more than 50% (>15 out of 30) of the respondents, it was considered a general view of managers across the rubber industry. The higher the percentage (above 50%), the greater and stronger the general view. The interview responses below were captured in the respondents' direct speech and therefore shall not be edited for grammar or style of language.

### 5.3.1 Review of interview responses

***Question 1: Target setting, process monitoring, performance monitoring, performance evaluation and incentive management are often used by managers as a tool for effective management. Is there any benefit in adopting the practices in management practice?***

Interviewees were asked about the importance of the five variables (target setting, process monitoring, performance monitoring, performance evaluation & incentive management) in management. The consensus among interviewees (87%, 26 out of 30) was that the five practices stated above are vital tools for effective management in any organisation in so far as they influence operational performance.

***1qMW1**: "These managerial practices are critical in ensuring operational efficiency and production output and profitability. Setting up of targets provides the mileage to get to where one wants to go and what one wants to achieve."*

Most interviewees (87%, 26 out of 30) acknowledged that these managerial variables (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) form an integral part of a business enterprise, they form part of the business strategy and a measure of performance against corporate objectives.

***1qMW11**: "The benefits of target setting, process monitoring, performance evaluation, performance monitoring and incentive management are important to the operations strategy in that they play a critical role and contribute towards the organisation's business strategy. Within the organisation itself are internal activities which provide assistance, that is suppliers and customers alike contribute towards meeting set targets."*

More than 70% (22 out of 30) of respondents acknowledged that managerial variables such as those stated above go a long way towards the achievement of business goals. However, with regard to target setting, most respondents highlighted the need to ensuring that targets are 'S.M.A.R.T', an acronym which stands for Specific (concrete, detailed, well defined), Measurable (numbers, quantity, comparison), Achievable (feasible, actionable), Realistic (considering resources) and Time-Bound (a defined time line). The argument is that, if not properly crafted or managed, the setting of targets and their implementation may lead to demotivation of employees and prove counter productive.

**1qMB8**: *"Target setting has both positive and negative effects as a tool for management. It can be positive and help achieve the desired productivity or performance only if they are made to be Specific, Measurable, Attainable, Relevant and Timely (SMART). On the downside, target setting can be negative if not properly crafted, either too low to motivate the employees or too unrealistic to be achieved thereby demotivating employees."*

Most interviewees (80%, 24 out of 30) argued that the SMART technique of goal setting is important for it provides the means to conduct a sound performance appraisal process. The emphasis on this aspect of planning indicates that target setting is beneficial in circumstances where the set targets are quantifiable and attained within specified time frames; otherwise it ceases to meaningful or effective if not properly crafted as echoed by many interviewees.

***1qMW4**: "Target setting, process monitoring, performance evaluation and performance monitoring are important tools in management planning, follow-ups on set objectives, budget control and production measurement. However, for these practices to be beneficial there must be constant monitoring and control of process against set targets. The set objectives or goals must be reviewed regularly to ensure the achievement."*

***1qMW2**: "Target setting is an important tool of management. Targets can be beneficial if they are Specific, Measurable, Attainable, Relevant and Timely 'SMART', that is they need to be realistic and achievable for them to be motivational. If they are not SMART, they can be negative and 'demotivational' whereby shop floor employees can see them as unachievable and hence care need to be taken in crafting targets."*

It was also noted that these managerial practices (target setting, process monitoring, performance monitoring, performance evaluation & incentive management) assist in planning, measurement of performance and promotes teamwork in which employees strive to achieve the set targets collectively.

***1qMW6**: "The setting of targets assists in gauging success and failure of planned objectives and goals, they promote teamwork, drive goal achievement and benchmark success against industry performance."*

Most interviewees (70%, 21 out of 30) reiterated the old adage of conventional wisdom which suggests that 'if you cannot measure it, you cannot manage it'.

***1qMW7**: "Conventional wisdom states that, if you cannot measure it, you cannot manage it."*

The general view expressed by the majority of interviewees (80%, 24 out of 30) is that the five variables (target setting, process monitoring, performance monitoring, performance evaluation & incentive management) under discussion provide the means of planning, process management and the evaluation of performance, budgets and milestones.

***1qBW3**: "Failure of setting targets is like planning to fail. Target setting helps to manage knowledge and skills, employee capabilities and quantities of activities. Overall, these practices – target setting, process monitoring, performance evaluation and performance monitoring help in effective management of performance."*

There were, however, some interviewees (60%, 18 out of 30) who emphasised the point that care must be taken in setting up targets and evaluating performance, the argument was that one must ensure that the 'right' variables are measured and that the results are 'accuracy' in a way that does not amount to 'CMV'.

***1qFW3**: "In setting up targets, care must be taken to ensure that the targets are relevant and that correct performance indicators are measured properly and accurately, otherwise if not done correctly, it may mislead the whole purpose of planning, monitoring, evaluation and control."*

***1qMB7****: "Target setting can also be used as a tool for management of process and performance and for training purpose. They must also make people to innovate, set new benchmark, and get better buy in the achievement of set targets."*

Most interviewees (70%, 21 out of 30) viewed the setting of target, process and performance evaluation and incentive management as essential tools for training. The idea was that by urging people to plan, monitor and evaluate performance, employees get to understand their process and tasks much better with a chance to improve on them.

***<u>Question 2</u>: A study focusing on quality management systems (ISO systems, TQM, etc.) shows that some companies in South Africa have adopted QMS systems. Do you see any benefits in adopting QMS?***

The survey indicated that many companies have implemented quality management systems (QMS). On average, about 81% of local rubber companies have implemented QMS compared to 19% that have not implemented QMS. The large proportion (72%) of the 81% which have implemented QMS systems are large companies which employ above 300 employees. In comparison, companies that have implemented QMS are judged to be more progressive compared to those that have not implemented QMS.

***2qMW15****: "QMS systems definitely have a positive impact on the financial side; if the following process and factors are implemented correctly, sustainability and market growth may be achieved, such include people's attitude towards improving the existing process, and teamwork."*

The general sentiment among most company executives (87%, 26 out of 30) is that QMS such as TQM, ISO System and Lean Manufacturing are necessary for enhancing company performance.

***2qMW4****: "Work systems such as QMS are useful and beneficial for consistency, educational and training of new operatives or new employees. They encourage a review of process, control, continuous improvement and enhancement of performance."*

Most interviewees emphasised the need for proper system implementation and arguing that if not properly implemented, the organisation may not realise the benefits associated with work systems. Most interviewees (80%, 24 out of 30) pointed out that TQM principles are centered on customer satisfaction, process orientation and continuous improvement, which when correctly done may promote safety, enhance quality and corporate performance.

***2qMW8**: "Work systems are necessary, they are essential because without systems, there will be no consistency in process and product quality. They lead to improvement in systems, quality, productivity and safety and performance."*

Some interviewees (77%, 23 out of 30) highlighted the fact that work systems form the basis of working policies, procedures, process and product specifications to industry, national and international standards.

***2qMW7**: "Certainly yes, work systems allow the performance to be measured and benchmarked against industry, national and international standards."*

Similarly, most interviewees (73%, 22 out of 30) acknowledged the importance of work systems as the basis for process and product standardisation. This view is since work systems provide the frame and structure within companies by clearly defining the applicable managerial practices, risks assessment and consistency in service or product quality.

***2qMB3**: "Standardisation of process provides a benchmark, structure, traceability and defines management practices within organisations."*

Most interviewees (90%, 27 out of 30) pointed out that work systems provide the necessary means of identifying potential problems, trouble shooting, continuous improvement, and customer satisfaction through the provision and assurance of a quality product.

***2qMW13**: "Work systems are necessary for the identification of potential problems and assist with problem solving, reduce quality product inconsistency and traceability."*

Most interviewees (87%, 26 out of 30) consider work systems as the means of providing guidelines for process control and improvement and further assisting in benchmarking internal operation and performance against the competition.

***2qBW3**: "Work systems provide industry and international spec requirements, they form the basis of working policies, procedures to produce quality product and achieve standardisation."*

***2qMW6**: "Work systems are vital to ensuring standardisation of process across the organisations. They provide frame and structure within companies."*

Most interviewees (73%, 22 out of 30) also acknowledge the fact that work systems assist new employees to familiarise themselves with and understand the organisation's systems and processes thus they can be used as training tools. The above statistics (73%) showed that work

systems are important in enhancing organisational knowledge, process confidence, product quality and ensuring customer satisfaction.

***2qMB2**: "Work procedures are a necessary evil, they are costly and involve time but necessary because they ensure discipline, puts a system in place. Most customers insist on work systems because they are one way of reducing risk and ensuring consistence in quality."*

***2qMB5**: "Work systems are necessary; they lead to customer satisfaction, peace of mind on the part of the customer with the re-assurance of a quality product."*

***2qMW2**: "Work systems are beneficial from a technical and marketing viewpoint. They assist in ensuring customers that a 'system' is in place which leads to standardisation and consistency."*

The argument advanced by most respondents (77%, 23 out of 30) was that work systems enable companies to achieve best practices, which in turn assist the company to gain a competitive edge, providing the opportunity to venture into global markets and increase profit margins, market share, profitability and shareholder value.

***2qBW1**: "To participate in the local and global economy a supplier must ensure the product complies fully with customer quality and supply needs, cost effective manufacturing practice and to satisfy these requirements a suitable quality management system must be adopted."*

***2qMW1**: "Work systems assist in maintaining standards, necessary for consistence and competitiveness; they reduce wastage, efficiency, product quality and general quality standards. In turn, quality management leads to customer satisfaction and profitability."*

On the contrary, some respondents (23%, 6 out of 30) cautioned against viewing work systems as a 'whole'. The view was that work systems may stifle creativity and innovation within companies, and hence people must treat work systems as guidelines and not rules that are cast in iron when executing their tasks or functions within organisations.

***2qMW12**: "Work systems provide mixed benefits, both positive and negative, they are necessary for continuous improvement, continuity of management systems, standardisation and efficiencies while on the negative end and they may stifle creativity and innovation."*

***2qMW3**: "Work systems are a vital tool for both operations and marketing management; they help in guiding shop floor employees on the way things ought to be done. However, care must be taken not to get wrapped up in paperwork or procedures at the expense of executing the work itself."*

***<u>Question</u> 3: How would you assess employee performance in an organisation?***

Most interviewees (90%, 27 out of 30) regarded performance management as a means of assessing both individual and group efforts relative to job functions and the extent to which the applicable job tasks have been met or accomplished.

***3qMW1****: "Performance management sets the criteria for targets, performance indicators, the measurable, and evaluation and promotes discussion on a regular basis. It facilitates meetings for motivation and forms the basis for reward system."*

Performance management was also seen as a means of providing employee feedback to superiors, developing an individual set of capabilities and skills, and recognising the value in people. In this study, performance management referred to formal and informal appraisal of employees output relative to the set targets.

***3qMB1****: "Most companies use what is called competence-based assessment which is a formal and structured way of assessing people performance which assesses the employee's skills, capabilities and value relative to one's job description and overall corporate objectives."*

The general consensus among most interviewees (77%, 23 out of 30) was that for performance management to be effective, management needs to set individual and group targets in the form of KPIs (key performance indicators), and involve and engage subordinates in the setting and review of such indicators. The argument is that this approach encourages employees to own up and offer commitment towards the targets. More importantly, respondents maintained that targets must be linked to job function, strategy and performance. Some interviewees even suggested that the best time to assess people is during hard times.

***3qMW2****: "Performance appraisal encourages motivation for planning and performance using Key Performance Indicators (KPIs). Performance management is effective and necessary, it provides a good measure of people performance during crisis periods, which is, assessing people performance during the hard times."*

Most respondents (80%, 24 out of 30) reckoned that performance management provides the means to correct shortcomings, pitfalls or failures and recognise good performance for future promotion. It was pointed out that performance management should provide motivation and as a means of keeping people 'awake' so that they do not to 'sleep' through frequent and regular reviews.

***3qFW3**: "Performance management can be done on a regular or frequent basis using (key performance Indicators) KPIs. Performance appraisal helps in self-development and provides the input to motivation."*

Overall, the most respondents (93%, 28 out of 30) suggested that performance management is most effective when the superior and subordinate engage on a one-to-one basis (two-way dialogue), allowing the employee to explain reasons for failure or success – should there be – any and corrective action. In other words, performance management provides the means to identify skills gaps and opportunities for training.

***3qBW3**: "Most corporates use formal system of performance which may be demotivating at times. Performance assessment must involve regular discussions to determine feedback and identify gaps which may be addressed through training to ensure the flow of activities within the organisation."*

***3qFW1**: "The best way to conduct performance appraisal is to set targets and communicate these to employees, measure performance in terms of what (tangibles) was agree on versus what was achieved and give employees a chance to explain their shortfalls, agree on reasonable (fair) scores."*

Most respondents (87%, 26 out of 30) also pointed out that managers need to set targets as primary actions and creativity as a secondary measure. The majority of interviewees emphasised the point that when disciplining poor performers, the manager must be consistent and fair, and action taken must be visible and unbiased.

***3qMW12**: "Compare performance against system (key performance Indicators, KPIs) and use these key performance Indicators (KPI's) to drive and measure targets. People turn to be focused on targets while losing the ability to innovate. Managers must be consistent in disciplining their subordinates."*

There were also some counter arguments to earlier views by some interviewees (77%, 23 out of 30 respondents) that the downside side of performance management is when people lose focus and think in a mechanical way by restricting their creativity by working towards fulfilling the set targets at the expense of innovation. In spite of this negative side of performance management, the positive thing about it is that it can be used to link up targets to motivation and remuneration.

***3qMW7**: "Performance appraisal can be achieved using target goals and performance as primary objective measures and creativity as a secondary subjective measure."*

In summary, the general view expressed by most interviewees (87%, 26 out of 30) was that performance management offers an important integrating framework for evaluating operational performance. Secondly, performance management provides a framework for problem solving and decision-making. The most effective way to evaluate performance is through a formal system of using measurable variables such as KPIs.

***3qMW11****: "Use a job description to evaluate the employee against the criteria in the job description. Also use other attributes like whether the employee interacts well with other colleagues. Include items such as the ability to problem solving and make appropriate decisions. Allocate a numerical value for each question and assist provide training where needed."*

***Question 4: There are different ways of achieving employee motivation in an organisation. In your view, what sustainable form of motivation would you apply in your organisation?***

The majority of interviewees (87%, 26 out of 30) concede that employee motivation is one of the most important aspects of organisational theory which can be achieved through the use of financial rewards, production targets and rewards of non-financial incentives such as family responsibilities and time off, employee empowerment, the use of the point system, recognition for innovation and new ideas, job satisfaction and enrichment, succession planning, a clear progression path and personal development, recognition and reward for star performers, involvement of subordinates in decision-making, praising of good performers in all company communication, mentorship and coaching and giving constant feedback to employees about the performance of the company, and making a significant contribution to the organisation.

***4qMW15****: "Employee motivation is so diverse and revolves around the individual's personality, background, recognition, self-drive and personal ambitions and development. It should be noted, that keeping the individual or teams out of their comfort zones will promote them to achieve and become sustainable."*

***4qMW11****: "Provide a safe and healthy work environment, enrich the job by the addition of more complex tasks, thereby expanding the job content vertically, allow employees to have decisions relating to a task or whether to a customer and expose employees to where the product is used externally."*

Most interviewees (67%, 21 out of 30) reiterated the importance of using family issues such as engaging in some social responsibility (time off) in which employees are allocated a few days each year to spend time with family.

***4qMB8****: "Consideration for the employee's family (the American way – social responsibility that is the micro soft). The situation in South Africa is different; there is no concern or regard for family or individual's life."*

Similarly, over 73% (22 out of 30) of interviewees acknowledged that while it is common practice to adopt a holistic or group approach to motivating shop floor employees, it is equally vital to manage people based on both individual and group aspirations.

***4qMW4**: "It is important to make sure a job well done is recognised and rewarded. Financial rewards can only be temporary and incentive schemes will do well in providing sustainable motivation such as profit sharing, target incentives. Managers must target a mixture both individual and group incentives."*

***4qMW9**: "Different people get motivated differently and by different things hence the most effective way to motivate people is to treat people differently according to their individual aspirations. Though a goal setting approach can be used of holistic approach, over and above, people must be motivated differently."*

Similarly, most interviewees (67%, 20 out of 30) indicated that self-realisation, self-actualisation and self-development are some of the most effective ways of motivating subordinates. Facilitating and mentoring of subordinates are also some of the effective ways to motivate employees.

***4qMW14**: "Money is not an effective motivator. Self-realisation, self-actualisation and self-development (improvement) are effective means to motivating people. Managers need to be fair and consistent in their handling employee matters if they entertain any hopes of motivating their subordinates. Mentorship is another effective way to motivating people."*

There were also strong sentiments among some respondents (80%, 24 out of 30) that empowering employees to take a decision concerning their work motivates people in a big way. The independence to work with minimum supervision and recognition has proven effective in motivating subordinates.

***4qMW3**: "The best way to motivate is to empower people to make decisions or consult and get the opportunity to contribute to decision-making process, work independently and get room or opportunity to fly. Good work needs to be recognised and rewarded for achievement."*

There were other suggestions from respondents (30%, 9 out of 30) that the skills levels, training and educational levels have an influence on a person's motivation. People with adequate training and education do well when given the space to 'fly' and when superiors create conducive work environment for improvement.

***4qFW1**: "Equip employees with the necessary skills, training and education, thus give them a fair chance to apply their full potential so that they can shine and make progress in their careers."*

One of the major highlights of the interviews was that while 'money' is a basic and prerequisite need for any employee, financial rewards are not 'sustainable'. Instead of providing a safe and healthy environment, exposing employees to where your product is used, providing social responsibility and amenities to employees, recognition rewards such as the 'worker of the month', giving employees a voice and keeping communication lines open, monitoring performance on a regular basis and placing the right people in the right jobs or positions were some of the common ways many respondents considered as effective in motivating employees. This view was shared by 70% (21 out of 30) respondents.

***4qBW2****: "Whilst money is a necessity for sustaining life, personal development and recognition are some of the most effective means to motivate employees."*

***4qMW10****: "I would suggest give employees responsibilities for each and support it with authority and freedom to perform their own way and just ensure they receive recognition and rewards."*

***4qMB7****: "Give people a voice (they must feel that they are part of the company) and reward them for taking decisions and initiatives."*

***Question 5: There are two views to the application of management practice in developing versus developed countries. In your view, does the level of economic development influence managerial practices?***

Most interviewees (87%, 26 out of 30) shared the view that the level of economic development is directly related to the application of managerial practices in any country.

***5qBW2****: "Management practice differs across the world, the first and third worlds have different management tools and systems. Consequently, these systems influence the style and practice of management."*

Respondents compared developing to developed countries and suggested that because of the high levels of literacy and skills in the first world, the approach in the developed world tends to focus on individual talent and job function, whereas in the third world, the limited skills compel companies to adopt a cross-functional tasks in which individuals are multi-skilled to do more than one job task.

***5qMW13****: "Management practice differs between the developed and developing countries. In the developed countries, employees tend to specialise in single functional jobs whereas in the developed world, workers are multi-tasked so that they can be utilise in different functional tasks."*

Some respondents (57%, 17 out of 30) cited some examples from the first world like BMW motor company, which insists that employees specialise in one aspect of the process based on the high levels of skills required hence the emphasis on individual talent, skill and expertise.

***5qMB1**: "Without a doubt this has been experienced first-hand. If you are a market leader, you employ the best possible managers; you invest in the best training and R & D. So, the general rule of thumb is that developed countries tend to focus on attracting individual talent, knowledge and experience."*

***5qFW2**: "Management practice depends on the level of education / literacy. The level of literacy helps in communication and understanding and takes away the frustrations associated with illiterate people. An example of a world class company (BWM) requires that a person should be of certain level of literacy to be employed by that company."*

Most respondents (87%, 26 out of 30) suggested that companies which adopt good management principles and respect each other's cultural differences are often more successful than those who do not. This argument is based on the premise that understanding different cultures and trying to get the best out of the different groupings enhances organisational performance in general for culture often demands certain aspects of social life to be embraced in business decision-making process.

***5qMB6**: "Context does influence management practice, but the argument is that individuals who join an organisation from different backgrounds and cultures must align with the dominant organisational culture or orientation. In the UK, for example, the workforce is normally multicultural, and managers are encouraged to try aligning the workforce to a common culture to get the best of out of the different groupings."*

The general view expressed by most respondents (93%, 28 out of 30) was that management in developing countries requires special attention to differences in cultures, language, living conditions and values.

***5qBW1**: "It has been demonstrated that context influences managerial practices. Management in developing countries requires special attention to be given to communication with a workforce having a completely different world view, language, living conditions and values generally."*

However, employees in the developed world are restricted to their job descriptions which are the direct opposite to the third world like South African. The general view from many respondents is that the level of education and background of the leader / manager influences managerial practices. Essentially, the interviewees shared the view that top management influences the culture and managerial practices in most organisations.

***5qMW15**: "Management practice does not necessary depend on context but rather on education, training and background. It all depends on the specific industry and organisation, and the prevailing culture as influenced by top management."*

***5qMB7**: "Context influences management practice. In developing countries for example, the contemporary approach to management is autocratic as opposed to participative management style in most companies operating within Western companies. The autocratic approach was applicable in the past when the economy was based on agrarian system but with increased civilisation, corporate leadership assumed new approaches including participative management."*

It was also noted was that 30% (9 out of 30) of the respondents shared a slightly different view from others regarding the context theory, which suggests that management is universally applicable across countries. The view highlighted by some respondents (30% category) is that in the first world, management is more focused and effective compared to the third world based on the skills levels, education, business circumstances, market requirements and availability of resources.

***5qMW12**: "Management practice does depend on the level of economic development and this has a bearing on the mindset of people. In the first world, people are quicker to the business, more innovative and more efficient whereas in the third world, people are more relaxed, have less regard for time and less innovative hence the management styles and management practice will differ significantly."*

***5qMB9**: "Management practice is not universal and applies to certain cultures or jurisdictions. People relate to English culture of time keeping, Western cultures and regional differences and business circumstances but adhere to the same management principles and practices globally."*

***5qMB3**: "Certainly, context does influence management practice. The developed world has the financial capacity than the undeveloped and so the developed world can afford to employ highly educated and skilled workers with clearly defined corporate structures and job descriptions compared to the less developed. In the developed world, there are specialised job roles whilst in the less developed; the emphasis is to multi-skill workers so as to have flexibility in the workforce."*

The general view among interviewees (80%, 24 out of 30) was that context influences managerial practices based on either the level of economic development or cultural orientations. The sentiments were that African contexts are characterised by a participative style of management. This notion is since African contexts are influenced by the communal or socialistic ideology as opposed to the Capitalist system in Western contexts.

In addition, other factors were also cited which, according to many influence managerial practices and these include: the social circumstances of individual workers, the level of literacy,

skills and infrastructural considerations which compromise the integrity and quality of managerial practices in developing countries, which result in low operational efficiencies and low productivity.

***5qMB5**: "The two worlds of business (developed versus developing economies) will have different influences on management practice. The developed world is more pressured than the developing economies and hence competition and legislation are likely to impact differently on management practice compared to the developing world. The social structures are also different, a bread winner in the developed world will usually support a small family of less than three compared to the developing world, where a bread winner supports a family of ten people."*

***5qMW9**: "Context has an impact on how a manager manages, meaning it has an influence on management practice. In other words, both the social and economic structures in developing and developed countries influence leadership styles and hence management practice."*

On the contrary, some 20% (6 out of 30) of the respondents felt that management does not dependent on the economic development of a country but rather ideological circumstances of leadership. The argument is that management practice is universal and equally effective across socio-cultural boundaries.

***5qMW14**: "Management practice is universal across nations; the motivation behind any kind of business is the same. Good management is good and cannot be turned into management because of context. Organisational or company performance depends purely on leadership skills."*

***5qMW7**: "Context does not affect or influence management practice. Good managerial practice works on people not processes."*

Overall, the majority of interviewees (87%, 26 out of 30) concurred that companies in developed nations employ highly trained managers, invest in training and research and development (R & D). Hence they are more likely to adopt world class standards in their organisations compared to those in developing countries. In summary, the perception among most interviewees was that the socio-cultural, legal and general business circumstances between the developed and developing countries differ and this explains the disparity in management practices.

***5qMW9**: "Context has an impact on how a manager manages, meaning it has an influence on management practice. In other words, both the social and economic structures in developing and developed countries influence leadership styles and hence management practice."*

***5qBW2**: "Management practice differs across the world, the first and third worlds have different management tools and systems. Consequently, these systems influence the style and practice of management."*

***<u>Question</u> 6: Scholars often differ in opinion as to whether national culture influences managerial practices across countries. What is your view on this debate?***

The general view expressed by most interviewees (90%, 27 out of 30) was that management practice is influenced by the context in which it is applied. This view was based on the premise that the business and cultural context of a country has an impact on how it manages apply their practices, based on the level of literacy, infrastructural development and the socio-cultural factors. Similar views were also echoed in response to question 5. However, contrary to earlier responses to question 5, respondents gave mixed answers on the dominant type of managerial style in Western and African contexts. In this case, the West was associated with a participative leadership style while the African context was linked to an autocratic style.

***6qMW3**: "The dominant management style in the Western context is participative whereas in the African context, it is autocratic. It is for this reason that some scholars are now calling for the Africanisation of management systems in Africa which will cater for the peculiar local socio-cultural contexts."*

The majority of interviewees (80%, 24 out of 30) recognised the dilemma managers have in operating in such a diverse and multiracial and multicultural environment of South Africa which comprise three diverse racial groups, Black (African), White (European & Dutch descent – Afrikaans) and Asian (mostly Indians). As a matter of fact, the African race is a multi-tribal mix, comprising the Zulu, Xhosa, Sotho, Sepedi, Swati, Venda, Tsonga, among other smaller groups. Accordingly, some respondents (18 out of 30) reckoned that South Africa exhibits two distinct cultural orientations, the African and Western, hence the term – 'double culture'.

***6qMW9**: "Culture differs across nations and likewise, management practices will differ across countries based on history of development of cultures, for example, management practice in India and China are different to that of the West. South Africa has a blend of both Western and African culture and so are the management system."*

Some interviewees (53%, 16 out of 30) argued that local companies perform better than foreign owned companies of comparable size. This view was based on the claim that local companies take into account local cultural contexts in the application of management, while foreign companies do not, an argument which suggests that companies which are managed by local

managers align their management systems with the local context when compared to multinationals which are mostly managed by foreign CEOs.

***6qMW2**: "Management practices depend heavily on top management's organisational culture. Senior management shapes the culture of an organisation and can change or determine working ethics. In summary, culture does influence management practice."*

***6qMW14**: "National culture plays a role in management practice. For example, Japanese people are generally polite, and structured, this is based on the Japanese culture – the values, attitudes and work ethics of the Japanese people. The same principles had been echoed by Nelson Mandela (Madiba style) in which he encouraged the cultural aspect of Ubuntu in management in South African companies."*

The general view shared by most interviewees (83%, 25 out of 30) was that different countries have different styles of management systems (DNA systems) and those contextual factors such as 'culture' has a profound influence on managerial effectiveness.

***6qBW2**: "National culture influences management practice. This implies that people of different ideologies and backgrounds will follow different leadership styles and management practices. In the same way, different nations will, in general appeal to different things and therefore be motivated by different motivators."*

Similarly, most respondents (90%, 27 out of 30) acknowledged that management practice is determined to a very large extent by the company's culture (organisational culture) and, overall, by national culture. There were strong suggestions that top management determines and shapes the organisation's culture. This view was echoed several times in earlier responses to questions 4 and 5.

***6qMW2**: "Management practices depend heavily on top management's organisational culture. Senior management shapes the culture of an organisation and can change or determine working ethics. In summary, culture does influence management practice."*

The argument advanced by most interviewees (80%, 24 out of 30) was that management style, and hence management practice is cohesive with organisational culture and hence national culture which determines social behaviours and practices across countries. A few examples on this debate were cited by some interviewees who reckoned that managing a business in a country like South Africa with diverse racial backgrounds (African, Afrikaans, Indian and European) creates challenges not encountered in other parts of the world such as the UK with a more or less homogenous workforce whose origin is largely 'English'.

***6qMW6**: "South Africa has a diverse national culture and managerial practices have to factor in. Training and development are required to build capacities in management practices. Leadership styles need to adapt to one of transformation rather than dictatorial from the apartheid era."*

Although most respondents (86%, 26 out of 30) support the notion that context contributes to managerial effectiveness, part of the sample (13%, 4 out of 30) shared a different view. This category of interviewees (13%) argued that management is universal across cultural boundaries or countries and that what drives managerial practice is the ideological background of individual countries. This view suggests that the long history of socio-economic and political development influences managerial practices in certain countries.

***6qMB9**: "National culture does have some impact on management practice but more than this, the circumstances, protocol and historical backgrounds do influence management practice to some great extent."*

Examples of the above argument include Japan, a country whose workforce is well known for their dedication to quality while Germany is considered a technically minded nation. In general, the Western style is seen as one that is very particular with time keeping, while the African case is the direct opposite.

***6qMW4**: "Culture influences management practices. For example, in emerging and growing economies like India and China, the common management style is autocratic whereas in developed nations such as the UK, the dominant management style is participative."*

***6qFW1**: "National culture does influence managerial practice. Germans for example are culturally hard working technically minded. This is also seen in other countries Germans are given managerial roles. Rampant culture of corruption might also influence managerial practices in a different culture."*

As a follow-up to the above argument, respondents (21 out of 30) feel that managerial practices are entrenched in the countries' cultural, educational, religious, ideological and political orientations and that these systems and practices are developed over a long period of time.

***6qMW15**: "National culture influences management practices. The West, East and South have different management practices, based on the different contextual settings across these (West, East & South) regions."*

***6qMB8**: "National culture impacts on management practice. Consider the differences in management practices between the West and the East. The East is mostly Hindu versus Christian in the West. The two cultures (West versus East) differ in both principle and work ethics."*

Overall, the acknowledgement by most respondents (87%, 26 out of 30) that managerial effectiveness is influenced by contextual factors seems to suggest that indeed corporate performance is enhanced by several factors across countries, one of which is socio-cultural aspect. It should be stated that the question about managerial practice and context (culture) formed one of the main areas of focus in this study.

***Question 7: The application of Western management theories and practices within the South African industry context has often been questioned. In your view, how valid are Western management practices in the African socio-cultural context?***

The general view expressed by most interviewees (73%, 22 out of 30) was that Western management systems and practices are applicable and effective within the South African context, subject to certain environmental considerations.

***7qMW2**: "The application of management is universal across countries; however, there is need to factor in the local culture, for example, in the South African culture within the local context."*

***7qMW10**: "The Western management system and practices are generally applicable within the South African context in that the two countries (South Africa and the UK) share a history of colonial occupation."*

***7qMW13**: "Though the South African and Western cultural influences on management practice are different, the impact of globalisation and technology transfer has made it enabled the implementation of Western management practices within the South African and indeed the African context with easy."*

The interview responses above suggest that the theory and principles of Western systems are valid and applicable within the South African business setting; however, the extent of their effectiveness is constrained by local contextual factors and conditions (cultural considerations, business environment and legal framework, socio-economic, ideological and political factors). This suggests that Western management systems are valid, but they have to adapt and fit in with local cultural needs.

***7qMW8**: "The Western management system is applicable but is subject to its fit with the South African context; this is due to the contextual differences between the African and Western contexts. Even the employee motivation is different, consider the level of economic development and link to Maslow's law of needs."*

***7qMW2**: "The application of management is universal across countries; however, there is need to factor in local cultures and circumstances if such practices are to hold true in the South African context."*

Further to the general notion that Western management systems and practices are valid within the South African context, most interviewees went further to explain the history behind Africa which they said had no history of industrial management and, as a result, the Western management system provided the commercial, strategic and collaborative impetus to the business needs of the continent which ensured systematic management of emerging business organisations.

***7qFW4**: "The South African companies continue to use traditional tools of management borrowed from the West even though there has been concern over the effectiveness of these tools within the African contexts. These Western management tools assist local managers as a guide to what and how to manage and think out of the box."*

While most respondents (60%, 18 out of 30) acknowledged the validity of Western managerial practices within the South African industry context, some respondents (40%, 12 out of 30) have highlighted the fact that the wholesale adoption of foreign managerial practices such as the Western management systems within the African context, including South Africa, has not produced the desired results. Examples of such business tragedies include multinational companies such as Apollo Tyres, some of which have closed shop in South Africa.

***7qMB3**: "The applicability of the Western management practices within the African and Eastern countries has not yielded the desired outputs; however, African companies still adopt those Western practices because there are no options or alternatives."*

Respondents also suggested that companies in Africa, and more specifically in South Africa and Zimbabwe, have not yielded the desired performances under CEOs brought in from the companies' head-offices overseas. Accordingly, most interviewees (77%, 23 out of 30) acknowledged the reasons why multinational corporations such as Toyota Motor and Goodyear Tyre Industries have always appointed local citizens as CEOs to run local companies.

***7qMB6**: "The South African management system is based on the Western (British) business culture, for example, the case of Dunlop and the South African Rubber Manufacturing Company (SARMCOL). SARMCOL first adopted the local culture but Dunlop (Benoni) was 'old fashioned', not flexible and followed the management style of the UK. As a result, there was a conflict between the two sister companies because of the differences in management systems and leadership styles."*

One distinct issue which emerged during the interviews was that the South African context is peculiar in that it is characterised by a blend of Western and African management systems which combines the best of the two (Western and African) systems; with the Western

management system inclined towards an individualistic approach, while the South African, and indeed the African context, exhibiting a more flexible, holistic and participative approach. It is on these bases that some interviewees argued for differences in the application of management between the two (African versus Western) contexts.

***7qMW14**: "The Western and South African management approaches are slightly different owing to the difference in ideological orientation, South Africa is socialistic (consider the cultural aspect of Ubuntu) whilst the West is capitalistic. The South African business landscape is therefore characterised by a mixed cultural approach."*

This category of Western business environment is characterised by low unemployment levels, highly unionised and regulated environment, hence the need for the adoption of good managerial practices in order to survive in a competitive market environment. However, the South African, and the African context in general, are characterised by a motivated workforce (scarcity of jobs), laid back environment (no urgency and time is not of the essence), socialist approach and 'tomorrow is another day' attitude.

***7qBW3**: "Africa uses a blend of Western (colonial past) and Eastern (socialistic ideology) management approaches. The reason for adopting a combination of the two antagonistic approaches is traditionally Africa never operated in formalised production environment and had no choice to copy foreign styles. Though seen as being soft, socialism is about collective effort, teamwork and synergy of many and better than individuals."*

Some interviewees (27%, 8 out of 30) contrasted the West and the East by suggesting that in the East (such as China, Japan and India) 'work is worship' and 'work is God given', hence work is taken as part of life, while in the West, employees are focused on satisfying individual needs with little regard for the social well-being of others. Some interviewees (8 out of 30) contrasted the West and the East by suggesting that in the East (such as China, Japan and India) 'work is worship' and 'work is God given', hence work is taken as part of life, while in the West, employees are focused on satisfying individual needs with little regard for the social well-being of others. However, some commentators have challenged this view that the Western approach is self-centred based on some Western religious beliefs such as Calvinism. The Calvinism belief is based on the Protestant theological system popularised by John Calvin and his successors, which expanded Luther's doctrine of justification by faith alone into an emphasis on the grace of God and centres on the doctrine of predestination. The Calvinism belief sees work as a means of serving God and therefore, shares similar sentiments held by the East (China, Japan & India) regarding work and God (Moerdyk & Coldwell, 1990).

***7qMW3**: "The applicability of Western management systems is questionable within the African contexts. The Eastern work ethics, for example, is that of passion for work, 'work s worship', 'work is God given'. In the South African context, male subordinates will hardly respect a female supervisor or superior, the African culture is less giving when it comes to female leadership hence the Western thinking in relation to female leadership finds it difficult to fit within the African context."*

In sum, most interviewees (87%, 26 out of 30) acknowledged that Western management systems and practices are valid within the South African context, but that their effectiveness depends to some extent on how they fit in with local value systems.

***7qMW6**: "The Western management system has its place within the African context; it provides the commercial, strategic and collaborative frameworks necessary to manage business enterprise. However, the cultural aspect plays an important role in promoting cohesion and teamwork which brings forth the unimaginable power in unleashing great potential for business growth beyond mere managerial knowledge."*

***Question 8: SA industry statistics indicate that over 30% of rubber companies have closed shop over the last 30 years. In your view, to what extent has management contributed to this down trend?***

Respondents were asked to give their views on what could be the main factors which contribute towards the downward trend in industrial performance in South Africa. The background to this debate is that industry statistics indicate that the industrial sector has shrunk by an estimated 2% to 3% (Stats SA, 2013). More specifically, statistics also show that the rubber industry has shrunk by between 25% and 30% over the last 30 years (Barnes, 2013; IOM3, 2013). The responses from interviewees expressed two views to this debate, one which attributed the downtrend purely on management actions while the other view suggested that the problem is a result of macroeconomic factors which are beyond management's control.

***8qBW2**: "The failure of companies is the responsibility of management who should have planned for the long-term survival and understand the markets dictates."*

***8qMW13**: "Management is at fault, it should have planned for the bad times, conduct product development, employee morale and motivation, and expanding on market share."*

***8qMW14**: "Management should have planned for the tough times of having to compete in a global economy in post-democracy. Leadership must take the right decisions based on a scanned business environment, enhance moral among employees and adopt technology to compete with international standards."*

***8qMB7**: "A combination of economic factor (financial cycle), poor management style that embraces technology and global village have contributed to corporate failures in the local industry and in particular, the rubber industry."*

The first school of thought (87%, 26 out of 30) attributed the underperformance of the industry to management actions puts the fault at management. According to this category of respondents, companies that have closed shop were because of managerial incapacity. The second school of thought (4 out of 30) attributed the demise of the rubber industry to the shortcomings in technology created by globalisation and economic factors. The second school of thought is backed by the view that during the apartheid era, South African companies were shielded away from international competition through import tariffs and government subsidies. During this era, the local sector relied on producing for the local market with less competition. The rubber companies were then dominated by large monopolistic firms which relied heavily on subsidies from government and hence suppressed the growth of SMEs.

School of thought 1: "Since management is ultimately responsible for the running and growth of a company, any business failures become the responsibility of management. Though there have been some economic and political factors which have had some negative impact on industry, management failed to plan for these factors by doing things differently. In other words, the lack of competitiveness, reluctance by management to embrace change is some of the faults that should be shouldered by management."

**School of thought 1**: "Management is the denominator to business success. The analytical mindset, good analysis provides the language for organising. It allows a common denominator for people to share and understand their driving efforts and provides the measure for performance. The key to analysing effectively is not to accept the conventional answer, but to delve deeper and look at the root of the problem or challenge and what impact it has on the individual or organisation."

**School of thought 2**: "A combination of economic factor (financial cycle), poor management style that embraces technology and the global village has contributed to corporate failures in the local industry and in particular, the rubber industry."

On the other hand, some respondents (13%, 4 out of 30) argued that management cannot be blamed for the industry's underperformance. The argument is that government's failure to protect the local industry in post-democracy era led to the collapse of the local industry. This view suggests that government failed to protect the local industry from the so-called 'cheap

imports' which made the local industry uncompetitive and the failure to protect (through stringent import laws and policies) and support the local industry exposed local companies to relentless competition from the more powerful and progressive companies across the globe. This view also suggests that government failed to come up with the much-needed export incentive policies which should have ensured that local companies get the necessary support to counter international competition through export drives thereby expand their wings into global markets.

***8qMW9**: "The corporate failures were a result of the lost opportunities during the apartheid era when South Africa companies spent time on how to survive in a closed local market instead of moving forward and matching with strategising global competition. After the attainment of democracy, the SA government allowed cheap imports to come in from the Far East and never thought of protecting the local industry from international competition. As a result, the imports took over the local industry and local firms could not compete at that level resulting in some closing shop."*

***8qFW2**: "Local companies failed as a result of lack of government support and protection against cheap imports. Alternatively, companies that closed down failed to renovate and strategise in line with the changing business environment, for example, forming alliances with Chinese companies at the same time, they failed to pull their resources together and reduce cost of production through strategies such as the economies of scale."*

***8qMW11**: "The following factors have contributed to the demise of the rubber industry in South Africa and these include the failure to change and be responsive to meet customers' requirements in a changing environment, looking at a volume strategy as opposed to profit making, not addressing the law of diminishing returns concept, not considering how much a customer is prepared to pay for a product and the lack of feedback for customers as to how well products are performing in the field."*

According to some interviewees (87%, 26 out of 30), the underperformance of the local industry was a result of managerial incapacity, and their argument is because if managers had strategically planned and managed change, the problem of business failures could have been averted. In other words, the reasoning is that proper planning could have cushioned companies from the negative effects of globalisation. The lack of strategic planning meant that companies were ill-prepared to withstand the test of time following the opening liberalisation of the South African economy upon the attainment of democracy in 1994 when the economy opened to external competition and globalisation, and this exposed the shortcomings of local companies. The perception among most interviewees was that the failure of management to transform in line with changing business environment exposed the gaps and weaknesses in the leadership which resulted in several companies closing shop as a result in post-democracy era.

***8qFW4**: "The lack of education and in-depth training among many South African managers has contributed to the lack of planning and the ultimate corporate failures in the local industry. The argument is that had management planned better, business could have adapted to the prevailing environment and could have saved most corporates from going under. The lack of succession planning remains the major factor in post-democratic South Africa."*

While there were two main views regarding the problem of business failures, a third view emerged from the interviews which attributed the underperformance of industry to what could be termed – natural evolution. This view suggests that smaller companies are taken over by larger and stronger competitors resulting in fewer players in the market, a phenomenon which leads to the formation of monopolies.

***8qMW3**: "Big companies have split into smaller companies due to evolutionary breakdown. In other words, the large companies closed shop but led to the birth of other smaller companies. The smaller companies emerged in new geographical locations which offered market opportunities. Other companies failed due to inefficient process or manufacturing methods."*

Similarly, available industry records (IOM3, 2013) indicate that some companies were disposed of through buyouts where shareholders lacked the confidence to face the changing business environment that is characterised by fast-changing macroeconomic indicators such as inflation rates, exchange rates and dwindling profit margins.

***8qMW1**: "Most local companies closed down because shareholders lacked the confidence that such companies are able to operate at the desired profitability. The performance of the national economy, inflation and exchange rates are macro-indicators of such lack of confidence. The talent and capacity of management in South Africa will show quantum improvements where companies realise the necessity to employ university and college graduates that will think in strategic terms."*

In spite of the different sentiments expressed in the interviews with regard to business failures, the general consensus among most respondents (80%, 24 out of 30) was that 'management' overrides evolution and economics and this suggests that management should have taken responsibility and averted any such failures.

***8qMB9**: "The fact that the outcome of any business is the responsibility of management, all other factors, be it economic, political or otherwise should have been mitigated had management played its part. Management is responsible for seeing to it that business survives in a changing environment and stop any bleeding of the business should there any be such problem."*

Most respondents (70%, 21 out of 30) argued that the failure by companies to upgrade their plant and process to global standards, the lack of innovation (R & D) and training and the failure to forge strategic alliances with other more powerful companies – either locally or internationally (with a view to leveraging on the economies of scale), meant that management 'planned to fail'.

***8qBW3**: "Management was too rigid to adopt new systems during the 'good times' in preparation for the bad times. Management is equally responsible for encouraging the embracement of change as an opportunity to strengthen the robustness of the organisation through unity of purpose and therefore failure to recognise the need for such necessity resulted in the kind of trend being experienced in the local industry."*

Other general views which emerged from the interviews include the notion that management also failed the industry by diversifying their business into other polymeric related products such as thermoplastic rubbers. This argument is since management should have innovated, upgraded and increased the skills base of rubber technologists or scientists, for instance by training more technical people within this industry to build up the much need competitive edge.

***8qMB6**: "Corporate failures can be blamed on management who are not visionary and lack strategic thinking. South African industry has gone through immerse changes in the last 30 years in terms of economic, social, cultural and leadership changes and hence local managers needed to change to keep up with global changes and challenges."*

Essentially, the demise of the rubber industry is attributed to several factors which include managerial incapacity, economic factors, competition and technological factors.

***8qMB6**: "The following factors are being cited as the main causes of corporate failures in the rubber industry: - the drop of the local market share due to world recessions and economic downturns, the end of apartheid meant the opening of global markets and increased competition, the loss of rubber to other polymers such as polyurethanes and plastics and lack of management capacity (lost opportunity to develop management skills in post-independence era, too much protection from sanctions during the apartheid and the exposure to global competition at democracy which exposed the faults of poor management)."*

A number of measures and actions were also proposed that could address the underperformance of the local industry, and these include investment in skills development, adapting to the ever-changing business environment, and effective use of resources and improvements in manufacturing techniques with a view to matching and competing on the global stage. This was one of the most viable routes to reversing the prevailing trend in business failure and turning around the fortunes of the local industry.

In sum, the general view shared by most interviewees (87%, 26 out of 30) is that since management is ultimately responsible for the running and growth of a company, any business failures become the responsibility of management. Though there have been some economic and political factors which have had some negative impact on the industry, management failed to plan for these factors by doing things differently. In other words, 'the lack of competitiveness, reluctance by management to embrace change is some of the faults that should be shouldered by management'.

***<u>Question</u> 9: In your view, what are the important attributes that present and future managers need to pay attention to in ensuring effective management practice in organisations?***

In response to the question concerning managerial attributes that present and future managers need to acquire in order to be effective, most interviewees (90%, 27 out of 30) expressed great concern over the quality of present managers in local companies who can take the industry forward. The general feeling among most respondents was that there appears to be a leadership gap in leadership talent among the pool of present managers. The so-called void is slowly widening as the crop of old generation of managers retire or passes on due to natural causes as a result of old age.

***9qMB9****: "Managers should possess exceptional skills that assist them in identifying trends, opportunities and threats. They must embrace change, read the future and question the status quo. They must be inspirational and invest in education and training that keeps them abreast of the dictates of the business world."*

Respondents were asked about what they consider the most critical attributes managers should have in order to live up to the challenges of the present and future business environments. Most respondents (80%, 24 out of 30) mentioned that present and future managers must be qualified within their job functions, disciplined, competent, technically astute in respect of the manufacturing methods, systems and technology, have in-depth knowledge of the operational process and products requirements the company supplies.

***9qMW8****: "Managers must be generators of innovation, educated, revolutionary and globally aware of what is going around them and the world over. They must be competent at the international level and embrace change, new systems, and technology and strive to always improve efficiencies and productivity."*

***9qMW4****: "Managers need to be acknowledgeable in their industry, product and technologies affecting their business and have the ability to form alliances with within their sector as a matter of necessity."*

***9qFW4**: "Managers need to be disciplined, have a sense of ownership and have the natural drive to motivate the entire workforce towards meeting corporate objectives."*
***9qFW3**: "The business environment is fast-changing and requires managers who are more educated and exposed to the new business systems and techniques, preferably young, flexible and dynamic to lead companies going forward."*

Most interviewees (87%, 26 out of 30) acknowledged that present and future managers should be educated, self-motivated, have the drive for success, have a high sense of accomplishment and the desire to add value to the business, astute and flexible to change.

***9qMW2**: "Managers need to be disciplined (self-discipline), have integrity, honesty and courageous to venture into unfamiliar territories (based on informed decisions). Education is crucial and beneficial in today's business environment."*

The general concern among most respondents (93%, 28 out of 30) was that the problem with current managers is that many of them do not have formal qualifications and they tend to keep within their comfort zones and never think outside the box, maintain the status quo and resist change.

***9qFW3**: "The business environment is fast-changing and requires managers who are more educated and exposed to the new business systems and techniques, preferably young, flexible and dynamic to lead companies going forward."*

The general sentiment expressed by most respondents (87%, 26 out of 30) is that the present and future business environment requires managers to be receptive to new ideas, dynamic and think 'outside the box'. The consensus was that future managers must be democratic, flexible and be able to change direction quickly and swiftly in response to changing business trends.

***9qMB1**: "Managers need to have wide and in-depth company sector and product knowledge. They need to be honest and have the desire to explore new ideas and think outside the box and to challenge old ideas, methods and processes, be innovative and creative in their approach to challenges."*

***9qBW2**: "Future managers need to access vital information in regard to their operations, industry, sector, suppliers, products and geopolitical trends so as to make informed decisions."*

Most respondents (83%, 25 out of 30) believed that progressive managers should be alert to changing trends, opportunities and threats and so they can relate to and embrace change, read the future, position their businesses on the right paths, identify triggers or drivers of economic growth and venture into unknown waters based on available information.

***9qMW14**: "Three important aspects that managers must possess – flexibility, agility and adaptation. They must consider all the risks, threats and opportunities, take decisions even without the all the information, with full conviction to execute them, understand the business, the social and business environment."*

Some respondents suggested that good managers must be progressive in their thinking, be good motivators who easily and keenly engage in negotiations with unions and other stakeholders; people who are visionary and focus on the big picture.

***9qFW2**: "Managers must have high personality profiles and be dynamic in their managerial approaches. They need to work together with their subordinates, must be educated with high intellectual skills required to manage at both cross-sectional and highest level. They must base their decisions on a wide knowledge of global business geopolitical and economics."*

***9qMB3**: "Management must be dynamic, understand the current fluid business environment, switched on and proactive. They need to be courageous, able to take calculative risks based on information that provides solutions to global challenges."*

Most views emerged from the interviews (90%,27 out of 30), which range from the soft issues like leadership styles, discipline and adherence to the codes of ethics, labour and factory legislation such as BBBEE (Broad-Based Black Economic Empowerment) and the BCE (Basic Conditions of Employment) Act and understanding the roles of shareholders. According to some interviewees, the question of motivation is based on the premise that different employees have different aspirations, and hence different people appeal to different needs. One strong point which emerged from the interview is that managers must have the knowledge of their industry and can seek alliances with industry groupings based on information and knowledge of the global business environment. This suggestion came up several times during the interviews.

***9qFW1**: "Leaders need to adhere to codes of ethical conduct and governance. They need to be familiar with legislation such as the LRA, BBBEE and BCE Acts, apply fair treatment of employees, and understand the roles of stakeholders towards achieving shareholder value and targets and product knowledge."*

It was also noted during the interviews that the central theme which kept coming up in the interview narratives was that managers should have the ability to adapt to new business trends, be able to create the competences, have the courage and conviction to execute decisions, understand the business and social responsibility (worker welfare).

***9qMW12**: "Business managers need to be flexible to change, have the agility to change direction quickly and be responsive to dictates of global markets and new innovation."*

Most respondents (80%, 24 out of 30) also suggested that future managers should be courageous and take calculated risks based on information at hand, study and understand the long-term strategic view of the business and not react to events or manage by crisis. One noticeable outcome of the interviews is that present and future managers must be globally aware of international business and revolutionary in their approach to business. In other words, managers must always equip themselves with new technological and market information in order to cope with emerging business challenges and economic trends.

***9qMW9**: "Managers must be intelligent and emotionally good and stable; they must understand global events and be able to deal with transformation decisively."*

***9qMW1**: "Managers must have a high sense of humanity, apathy and leadership skills. They must adapt to the local environment and understand the local environment and the dynamics within the global context. Leadership that builds and encourages teamwork is crucial in the current business environment."*

According to some respondents (60%, 18 out of 30), managers should understand international politics such as the BRICS (Brazil, Russia, India, China & South Africa), the exiting of Britain from the EU and also understand the repercussions of such regional and global developments on business performance.

***9qMW5**: "Leaders must strategise in overcoming challenges in the market, strike to grow the market, management costs and pricing and customer perceptions, needs and satisfaction."*

In sum, the consensus among most respondents (27 out of 30) was that future managers should develop and invest in their teams to ensure sustainability and continuity of the business. Most respondents concurred that managers must have a wide and in-depth company sector and product knowledge. Progressive managers must be responsive, dynamic, understand the current fluid business environment, switched on and proactive.

There was a strong emphasis for managers to be courageous, able to take calculative risks based on information that provides solutions to global challenges. Managers must have high personality profiles and be dynamic in their managerial approaches. Respondents reiterated the importance of managers to work together with their subordinates, must be educated with high intellectual skills required to manage at both cross-sectional and highest level and that they

ought to base their decisions on a wide knowledge of global business dynamics and international economics.

***<u>Question</u> 10: The task and complexity of management has increased over the last 30 years owing to global competition, international trade and worker diversity, among others. What are some of the managerial challenges facing South African managers today?***

The respondents were asked to rank what they consider the five most important skills that managers should possess in order to successfully manage their business organisations in today's globally competitive business environment. They were also asked to identify managerial practices which are likely to encounter in today's business environment within the South African industry context. In response, most interviewees (87%, 26 out of 30) cited factors such leadership, legal framework and more specifically, transformational change (black empowerment law), changing business and market trends, skills and talent acquisition, and diversity management at workplaces.

***10qMW15****: "Globally the main three managerial challenges are: lead & develop, attract & engage and transform and reinvent. There are five main challenges which are specific to South Africa. These include leadership, retention and engagement of subordinates, managing diversity, talent acquisition and managing technology."*

***10qMW7****: "Challenges that face the South African manager today include: the parochialism and lack of understanding of the global market place, the ever-changing success criteria in the market, the inability to understand the fundamentals of strategic planning, local rules and laws that contradict international requirements and the absence of an even playing ground that facilitates for exports and limits imports."*

Most interviewees (87%, 26 out of 30) who suggested that a successful manager should have the ability to provide decisive leadership, develop one's subordinates, be a strategic thinker, and be able to develop strong networks, legislation, manage conflict and a diverse workforce, handle work-related stress and develop partnerships and alliances with potential stakeholders.

***10qMB1****: "Leaders need to adhere to codes of ethical conduct and governance. They need to be familiar with legislation such as the LRA, BBBEE and BCE Acts, apply fair treatment of employees, and understand the roles of stakeholders towards achieving shareholder value and targets and product knowledge."*

Other issues were also raised during the interviews concerning issues which are likely to face local managers, and these include skills shortages, leadership gaps, an unstable labour environment (unionisation), lack of investment in research and development, the exchange rate,

'unfavourable' labour laws (BBBEE) and unpredictable political landscape. It was noted that two issues came out very strong during the interviews, the question of legal framework about labour and the other aspect of unionisation.

***10qFW1**: "Transformation, changing legislation (BBBEE), the Rand/Dollar exchange rate (imports become expensive), shortage of skilled workforce and high illiteracy levels are some of the likely challenges facing business today and going forward."*

***10qMB2**: "One of the biggest threats facing management today is unionisation. Managing in South African companies presents challenges in that the local context requires special attention because of the multicultural nature of the population and employee diversity. Though some argue that management has become complex, others suggest that instead management has become simpler owing to more and easier reporting from the floor facilitated by technological innovation."*

There was an outcry from some respondents (90%, 27 out of 30) who suggested that there is a serious lack of leadership quality in local companies and more particularly with reference to the rubber industry. Respondents shared the view that there is a serious shortage of 'good' managers in post-democracy (1994) in South Africa. The perceived lack of leadership is seen as a stumbling block to industrial growth and economic advancement, which requires urgent scrutiny and redress.

***10qMB7**: "The lack of education and in-depth training among most South African managers has contributed to the lack of planning and the ultimate corporate failures in the local industry. The argument is that had management planned better, business could have adapted to the prevailing environment and could have saved most corporates from going under. The lack of succession planning remains the major factor in post-democratic South Africa."*

There were other issues which also featured prominently in the interviews include the lack of innovation, research and development in the rubber manufacturing sector. This view was based on the view that local lack the technical capacity to compete competitively on the global stage. Respondents reiterated the need for company's research and development in the area of manufacturing in order to meet international quality standards and export quality requirements. This perspective is based on the idea that the industry is lagging in terms of technology and against this backdrop, the industry is faced with a fast-changing, complex and increasingly competitive environment. More significantly, the industry faces an acute shortage of rubber technologists (specialists) while at the same time; there seem to be no concerted efforts towards training and development in this area of manufacturing.

***10qFW3**: "Challenges such as work ethics, governance, competition and unionisations have dominated the South African business environment. The literacy and skills levels are generally very low in South Africa and the country is relying on foreign expertise for scientific, technical and professional needs."*

***10qMW12**: "The challenge facing the South African industry is that the sector lacks specialists as most youths prefer to train in managerial programmes with the aim becoming managers. There are higher benefits and returns in managerial positions compared to the less recognised professional careers. Countries like Germany promote and reward technical and professional careers and have it mandatory to go through vocational training and work up through the ranks before getting the opportunity to enter into managerial positions."*

Most respondents (70%, 21 out of 30) also acknowledged that managers need to pay close attention to the local circumstances especially in the South African context which is characterised by a multicultural society and ever-changing labour laws which embrace transformation such as BBBEE and managing the 'false belief of entitlement' of the young generation in South Africa.

***10qMW3**: "Some of the challenges facing modern managers include unionisation, false discipline, politics and failure to cut ties with friends at the workplace. In this case, unionisation restricts flexibility; false expectation includes the generation of false belief of entitlement. "*

Other issues which also emerged during the interview process include unionisation which is regarded as a hindrance to economic growth, the high cost of labour relative to BRICS countries and the cost of production (worker remuneration relative to production output coupled with the softening of the economy) as a whole which is an area of concern to potential investors. There were, however, some counter arguments on the cost of labour as some interviewees (27%, 8 out of 30) argued that the saturation of labour in BRICS countries such as China and India were likely to push labour rates up to be at par with the rest of the world.

***10qMB9**: "South African managers face the challenge of political instability and economic downturn; the country's economy has just been recently downgraded by international financial institutions such as Fitch and Moody's. South Africa is a member of the BRICS countries and the smallest of the five economies. Therefore, South Africa's economy gets the greatest impact whenever there is a negative economic movement within the five economies."*

Most interviewees (80%, 24 out of 30) noted that other challenges likely to impact on business performance in South Africa include parochialism and the lack of understanding of the global market place, the ever-changing criteria in that market place and inability to manage seasonal business cycles, and the lack of understanding of the fundamentals of strategic planning on the

part of management and competition. Therefore, a change in the quality of management ethos is seen by many company executives as a solution to all management challenges.

***10qMB8**: "Managers must be generators of innovation, educated, revolutionary and globally aware of what is going around them and the world over. They must be competent at the international level and embrace change, new technology and strive to always improve efficiencies and productivity."*

***10qMB6**: "Corporate leadership should be receptive to change and new ideas, continuously upgrade skills and acquire modern techniques of dealing with challenges or improving business performance in line with the changing business environment."*

### 5.3.2 The analysis of qualitative data

An analysis of the interview outcome was presented in section 5.4.1. The analysis was based on a comparative analysis, which sought to establish the direction of the responses in terms of how the respondents viewed the importance, application and validity of managerial practices within specific contexts and within the South African industry setting. The forthcoming section presents the analysis of the qualitative data, using statistical software (ATLAS.ti), to further interrogate and compare the results with the comparative analysis.

#### *5.3.2.1 Detailed analysis of qualitative data*

*Target setting:* Target setting was coded as positive, negative or wider descriptions of target setting. These code prefixes were guided by the participants' responses. In question 1, four main areas present themselves: (1) positive elements; (2) negative elements; (3) 'normative' elements and (4) more complex elements of target setting. These elements did not surprise and confirm most of the classic or more established literature on target setting. Classic theories of McGregor's X and Y workers could also be considered as a starting point. The common finding from the reading of the data is that target setting is a positive management practice and, therefore, confirms the validity of hypothesis H1 (target setting is positively associated with management score). Therefore Question 1 (Does management impact on company performance within the South African context?) confirms that target setting, as a management practice, offers a scholarly contribution that builds the data to a theme and towards an extension of the theory.

*Work systems:* Analysis of question 2 rendered strong 'groundedness' around the views that systems that are anchored in rational paradigms of quality management etc. deliver a

multiplicity of benefits for the companies. Benefits may be grouped as internal and external. There is relevant articulation that the Work-Based Systems deliver to external dimensions, especially customer-driven needs and satisfaction. Other external benefits include market share, access to globalisation and coherence with the industry in which the company operates. The views are not conclusive, as there were some dissenting views that work systems are a 'necessary evil' and are a 'mixed blessing', in that in their very rationality they over-secure and standardise the environment, but then stifle innovation. Participants also postulated around how the system could work best, including the need for a system itself. The underlying logic of the responses to Q2 confirms the Neo-Taylor logic of Q1 in that rational, operative standardisation are integral to a wide range of company benefits and benefit strategy and employees (both management and shop floor). A review of the relationship between primary data and theoretical literature indicated that work systems are an integral part of quality management systems (Deming, 1986) such as QMS, TMQ and lean manufacturing techniques (LMT), which are necessary for achieving consistency and product improvement.

*Performance management:* Two concepts, namely performance appraisal and management practice, are coupled in this discussion, based on the interview question. The participants mainly felt that performance appraisal and management are in a relational continuum and that this continuum was described predominantly in rational and hierarchical terms including the view that the hierarchy should not only be about authority over the performance, but also in terms of the hierarchy of strategy outcomes. Most views followed standard and/or best practice lines. Participants suggested various best practices and, again, these mainly followed the rational and hierarchical approach with authority set through targets, defined outcomes and within a tightly structured system. The pattern of the Neo-Taylor value system of rational, hierarchical and target-driven approaches to the organisation persists and reinforces the Q1 and Q2 predominant categories. Performance that is attuned to creativity, human-centric and innovative means was foregrounded and only by a limited number of participants. Current innovative practices suggest that high-performing companies argue for more human-centric, complex and whole system lenses.

Alternative views that were provided indicated that performance management is sometimes a perverse incentive, especially in monetary terms. There were wider lenses suggested for performance management, including that context is important and that there should be more qualitative and broader measures than target setting. Two gaps/views could be explored more deeply in relation to the theory: (1) the fact that performance management is resilience-related

(strengthens the company in times of crisis) and (2) a continued extension of the suggested or applied practices of team-based performance and appraising/managing teams rather than individuals. Theoretically, the Balanced Scorecard developed by the Harvard Business School (Kaplan & Norton, 2011) is a potentially powerful tool by which senior managers can address the fundamental issue of assessing employee performance. It focuses on establishing links between strategic objectives and performance measures and pays specific attention to measuring the achievement of a strategic plan (desired ends). Performance management, therefore, provides an important integrating framework that is useful in assessing performance. The assessment of performance management in this analysis reinforces two null hypotheses; Ho3 (there is no relationship between performance monitoring and company performance) and Ho4 (there is no relationship between performance evaluation company performance) as proposed in Chapter Four (ref. 4.2.10 Research hypotheses).

*Employee motivation:* This question evoked much 'softer' responses than the other questions. Participants focused on whole system views of motivation: cultural and family contexts, the culture of the organisation, the role of leadership, communicative and participatory elements were discussed. Higher order perceptions focused on aspects of the work such as, being granted freedom to work in a more self-directed manner and afforded space for personal and professional development. Some concurred that money does not sustain motivation, and there are other more complex motivating factors that play a role. This included incentives, but the incentives were more human-centred rather than gain-centred. There was some noting of prescriptive elements, but this was not strongly suggested. Most interviewees acknowledged that while it is common practice to adopt a holistic or group approach to motivating shop floor employees, it is equally vital to manage people on an individual basis by striving to meet their personal aspirations (Maslow's Law, 1943). From a theoretical perspective, Abraham Maslow (1943; A Theory of Human Motivation - Motivation and Personality), describes a hierarchy of needs, represented by a pyramid with the more basic needs at the bottom. Maslow used the terms physiological, safety, belongingness and love, esteem, and self-actualisation, which describe the pattern that human motivations generally move through. In summary, Maslow's theory reinforces the view that people at different levels of the company will have different motivational aspirations, which managers need to consider in their quest to motivate their employees. Maslow (1943) explains that motivation is closely related to performance, thus a motivated workforce operates at optimal efficiency and maximum productivity.

While Maslow's hierarchy of needs model remains a very popular framework in sociology research, management training and psychology, in determining motivational needs of different categories of people in society and organisations, the theory has largely been supplanted by the attachment theory, clinical psychology and psychiatry. Bowlby's (1979) 'Attachment theory' used Waddington's (1957) development pathways model to explain how early attachment relates to later developmental outcomes. According to Waddington (1957)'s model, developmental outcomes are a product of the interaction of early childhood experiences at a later age. The model suggests that insecurity in infancy and early childhood is thought to be a risk factor for later psychopathology if subsequent development occurs in the context of other risk factors such as poverty, parental psychopathology and abuse. Lastly, the clinical psychology theory focuses on diagnosing and treatment of mental, emotional, and behavioral disorders. Clinical psychology involves the psychological assessment and psychotherapy. Clinical psychology became strongly influenced by the treatment principles of psychoanalysis which place a large emphasis on unconscious functioning. Clinical psychologists provide professional services for the assessment, diagnosis, evaluation, treatment and prevention of psychological, psychophysiological, emotional, and behavioral disorders across the lifespan (Peterson, 2009).

Hertzberg (1968) classifies the different forms of motivation into two main categories; the 'motivators' that provide permanent satisfaction and 'hygienic' factors that provide temporary satisfaction. According to Hertzberg, motivators refer mostly to non-financial rewards that give inner joy to the individual but cannot be measured and quantified in terms of money. These include recognition and sense of belonging, more responsibility and authority, achievement, individual growth, formal and informal acknowledgement, assignment of more enjoyable job duties, opportunities for training, and an increased role in decision-making. Rewards and recognition can be powerful tools for employee motivation and performance improvement. While the hierarchy of needs by Maslow (1943) provides a comprehensive model, which ranks the different levels of needs from the basic psychological needs to prestige and esteem, the perception shared by most South African company executives indicates that employee compensation and benefits are generally ranked as important contributors to employee motivation within the South African context.

The results of the current study indicate that 'the opportunity to continually learn and develop one's skills and knowledge' and 'engage in challenging and interesting work' are regarded as the top motivators for South African managers. 'Working for an organisation that takes social

and environmental issues seriously', 'receiving regular feedback on performance' and 'working for a leading organisation' are ranked as the least important motivators. The response evidence indicates that, in the South African context, motivation is closely related to employee empowerment and organisational performance. According to Abdollahzadeh (2013), empowerment means releasing the internal power of individuals to achieve extraordinary results for the purposes of increasing productivity and enhancing employee commitment to the organisation. In other words, empowering is a process through which managers allow their employees to gain power and influence within organisations. Given the complexity and challenges that organisations face in today's business environment, the success of organisations is dependent on how much power managers pass on to their employees in decision-making for organisational performance.

*Management practice vis-a-vis the level of economic development:* This question set up a direct contrast between developed versus developing nations, although one could argue that there may be other diversities of management principles in differing contexts that fall between the two separated points. The level of development is one measure of management influence, and there are clearly other indicators and local cases, on the ground, that could demonstrate some exemplary management practices that do not aggregate up to the broad sweeps of developed versus developing nations. Clearly, there is a continuum between the contrasts of development and, while the question does not probe for this, responses do reflect on additional insights around the question. The main points are as follows: There is a reply to the interview question and the two points in opposition. The respondents indicate that developed nations do deliver advantages while developing nations have several endemic challenges. Some participants felt that management principles are universal while, in contradiction, other participants felt strongly about local context and culture as well as indigenous knowledge, which are more critical to management principles. Participants even moved beyond direct application and examples and also theorised around the centrality of indigenous knowledge. Other participants had specific views about the leverage areas for sound management principles in either developing or developed nations. Education was the strongest lever to improve management, followed by economic development trajectories as the precursor/essential foundation for improved management. Good leadership was important, according to one participant. This question may be problematised through referring to some central verbatim points that the respondents made. The responses are valuable when the participants theorise their views while others provide applied cases.

The economic development of countries has traditionally been a challenge to theory for it has been argued that managing in developing countries presents unique challenges as compared to the developed world (Hafsi, Taieb, Farashahi & Mehdi, 2005). Most interviewees shared the view that the level of economic development is directly related to the level of literacy in any country. The style or method used in managing an organisation at any given time reflects the general level of social and economic development of a society within which that organisation operates (Oghojafor, Chinyere & Lateef, 2013). The argument is that as a society progresses, organisations which operate within that society improve or grow by way of capacity, performance and general efficiency (Duke II, 2008). To a large extent, the style or method used in managing an organisation at any given time reflects the general level of socio-economic, legal and political development of the society in which that organisation operates (Oghojafor, Chinyere & Lateef, 2013). For example, in the developed world, the level of education and exposure to technology are relatively higher and better than in developing countries. Hence, there is bound to be a difference in the way in which organisations are managed, considering that the two worlds are driven by different economic factors.

*Contextual influences on management:* With respect to question 6 (ref. Chapter Two, item 2.9 Research questions), the theories of culture influencing management practices are widespread, and the theoretical orientation to interpreting these categories becomes very important with careful attention given to which scholarship is being followed and which is being challenged. This question probed deeper though and sought to ascertain the influence of national cultures on organisational management practices. There were no responses that provided an outright 'no'. This question was then categorised according to Organisational Specificity, where the organisational management, styles and culture tended to be the strongest direction of the responses, with the respondents referring to the central binding nature of the organisation and it is drawing in of cultures. Alternatively, homegrown, national cultures were seen to predominate and to be of value in organisations. This was the most pervasive code in the responses. Linked to this code was the value of theorising around indigenous cultures. From an interpretive point of view, globalisation and its influences were contrasted with local and, thus, a cluster was formed that is referred to as *local* rather than *global*: local is prefigured as the first term given the strength of this code in the frequency of codes. Global trends were also seen to be important and influencing local circumstances. Two macro trends were identified in this analysis: (1) the socio-political economy and its influence on culture and, in turn, on the management practices, and (2) the historical antecedents of a nation/region and its influence on culture as well as management practices.

The general view expressed by many interviewees in this study was that management is influenced by the context within which it is applied. This view is consistent with many other theoretical assertions, including the cultural context theory by Geert Hofstede (1992) and Denison (2005). The findings of this study suggest that both the business environment and the socio-cultural context of a country have an impact on management style and effectiveness. The general view shared by most interviewees is that different countries adopt different styles of management systems (DNA systems) based on local cultural influences. Many respondents also acknowledged that management practices depend, to a very large extent, on the company's culture (work ethics) that is shaped or determined by top management (Hofstede, 1997). This finding answers research question 3 (ref. Chapter Two, item 2.9 Research questions) which sought to determine whether 'culture' influences management practice and hypothesis, Ho6 (there is no relationship between culture and management practice).

*Applicability of western management theory and practices in the South African context:* The probing of whether western styles of management work within the African contexts and styles provide contradictory evidence. There were a strong set of views that Western, sometimes referred to as "foreign" forms of management, did not work, were inapplicable and problematic. Applied examples of failures were cited. However, at the same time, there were strong illustrations of the importance of managing globally (a healthy mix of local and global). A fair number of participants indicated that owing to historical circumstances and other factors to do with global interconnections, there is a blend of styles in South Africa. In fact, this blend, according to some respondents, is because of similarities of approach. A few participants felt that the organisation's vision and mission should determine the style or that management principles are universal. There were two illuminating accounts of the vibrancy and creativity of African-energised capabilities of management. The responses to these questions were generally balanced between the various options of singular western, singular African or a blend. Participants felt that western styles are valid within the South African context only when they take into consideration the African values and/or local circumstances. These sentiments echo the empirical findings of previous studies conducted by various scholars (Jackson, Louw & Zhao, 2013; Ichniowski & Shaw, 2013; Bloom, Eifert, Mahajan, McKenzie & Roberts, 2012; Van Rensburg, 2009; Boom & Van Reenen, 2006; Van Rensburg, 2005) and answers the research question 4 (ref. Chapter Two: 2.9 Research questions) which sought to establish whether western management practices are effective in the African industrial context.

Some of the strong views which came out of the qualitative data analysis relate to changing business and market trends, skills and talent acquisition, and diversity management at workplaces. The issue of managing diversity in organisations has grown bigger and more complex in recent years (Human, 1996). The term refers to the acknowledgement, understanding and acceptance of other people's values, race, sexual orientation, spiritual practice, class, ethnicity, gender, physical and mental ability, and celebrates these differences and mutual relationships (Esty et al., 1995; Green et al., 2002). The Chartered Institute of Personnel and Development (CIPD), (2005:25) defines diversity based on social category diversity, organisational diversity and value diversity. Social diversity refers to differences in demographic characteristics such as age, gender, race, ethnicity and culture, while organisational diversity includes differences characterised by educational levels, function and tenure. Green et al. (2002) state that diversity goes beyond simply acknowledging differences in people but further involves the recognition and valuing differences in human nature, combating discrimination and promoting inclusiveness.

In the context of this study, diversity refers to those human attributes that are salient to an individual such as race, gender, sexual orientation, ethnic grouping, personal and psychological differences. Some respondents have even linked the issue of diversity to the culture concerned. The argument is that diversity entails embracing people's individual cultures towards social cohesion. The aspect of culture has prominently featured in this study, with most respondents acknowledging that managers need to pay close attention to the local circumstances especially in the South African context which is characterised by a multicultural society and hence the recognition of cultural values. These sentiments re-emphasise the importance of culture in enhancing managerial practices and performance and are consistent with Hofstede's (2005) and Denison's (2005) cultural theories. The aspect of culture in enhancing managerial practice and performance is further supported by Mbigi (2002), Visser (2005) and Khoza (2006) who have studied cultural influences on business practice in South Africa. This finding of the current analysis and earlier studies confirms the proposition made in Chapter Four (ref. 4.2.11 The research hypothesis) that culture impacts on company performance.

# SECTION B

## 5.4 THE RESEARCH FINDINGS

This research highlights three major findings, which are discussed further in Chapter 6. The quantitative (correlation and regression) analysis indicated a positive relationship between managerial practice and company performance. Secondly, the qualitative analysis revealed that management practice is influenced by contextual factors. This finding is based on the qualitative responses and the analysis, which indicates that culture impacts on management practice within the South African context. This analysis was achieved using a triangulated technique adopted in this study. This approach offered an opportunity for generating intelligible empirical data, which enabled the achievement of explanations that are causally adequate and adequate on the level of meaning (Weber, 1968). It uncovered the deep-seated nuance factors relating to cultural influence on management style and performance relations.

The study also uncovered a new social phenomenon within companies which exhibit a mix of western and African cultural systems. This social characteristic was once theorised by McDermott and Stock (1998) in overseas contexts where a mix of English, French and German cultural trends, for example, were identified within individual corporate settings. Other independent research studies suggest that the indiscriminate adoption of western managerial practices within African companies has not always yielded the desired results (Blunt et al., 1992). Therefore, the important question that needs to be addressed is how this cultural mix impacts on company performance. McDermott and Stock (1998) argue that the existence of parallel cultural orientations poses the risk of social conflict in organisations. Hofstede (1993a, 1993b) explains that the existence of such cultural mismatch may inhibit social coherence and impedes company performance. Though the phenomenon of cultural mix calls for scrutiny, it was not further pursued in this study as it falls outside the scope of this research.

### 5.4.1 A review of the quantitative findings

The findings of this study are discussed in relation to the research question, hypotheses and object of this study. The discussion seeks to establish if the objectives of this study have been met by analysing the research findings in relation to the research questions (Q1 to Q5, chapter 2, section 2.9) and the hypotheses (H1 to H5, chapter 4, section 4.2.10).

*Hypotheses Ho1 to Ho5: The null hypotheses state that there is no relationship (correlation) between each of the variables (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) with company performance.* The answer to these null hypotheses is that there are positive relationships between each of these with company performance. The analysis was conducted between each of the independent managerial variables and the dependent variable (company performance). The analysis indicates that this relationship is significant: 0.708, 0.764, 0.773, 0.786 and 0.857 respectively. Similarly, the p-values for each of these five independent variables were all at 0.000, and this indicates a positive correlation to management score (company performance).

Theoretically, a p-value of 0.000 (typically <0.05) indicates strong evidence against the null hypothesis, so one would reject the null hypothesis. Conversely, a p-value >0.05 indicates weak evidence against the null hypothesis, so one is unable to fail and reject the null hypothesis. As such, positive and significant p-values of 0.000 indicate a relationship between each of the five management variables and management scores (company performance) and confirms that management impacts on company performance. This result also satisfies the preliminary conjecture made in this study that managerial practice is positively related to management score (company performance). Therefore, at the p-value of 0.000, there is every reason to reject the $H_o$ (null hypothesis) and accept the proposed alternative hypotheses.

*Evaluating the validity of the research hypotheses: H1 to H5 (Section 2.10.1).* Both the correlation and regression analyses were assessed to test the null hypotheses $H_o1$ to $H_o5$. The null hypothesis $H_o6$ was tested based on the qualitative analysis. Firstly, the factor loading of the retained constructs for each of the five independent variables (target setting, process evaluation, performance evaluation, performance monitoring and incentive management) was assessed, and all five fell within the required threshold of > 0.5 (Field, 2009). The reliability and internal consistency of the scale were determined based on Cronbach's coefficient alpha, and the calculated scores for each of the five constructs also fell within acceptable limits of > 0.7 (George & Mallery, 2003). This analysis indicates that the correlation between each independent variable and the dependent variable are significant. The p-value for each of the five variables was calculated as 0.000, indicating a positive relationship between the independent variables against the dependent variable (Pallant, 2013).

*Comparative analysis: regression analysis versus theoretical literature:* In a global research study conducted by Bloom et al. (2014), the cross-sectional regression analysis suggests that

one standard deviation increase in management score is associated with a unit increase of 0.150 (15%) in productivity. In the current study, the regression analysis showed that by holding other independent variables constant, a unit increase in each of the five independent variables would result in the following increases in management score: target setting (5.097), process evaluation (3.994), performance evaluation (6.653), performance monitoring (4.258) and incentive management (8.026). In relative terms, such unit increases indicate that these independent variables have a significant impact on the dependent variable (company performance).

*Analysis of other variables for control purposes:* Data on other control variables such as size of company, international presence, product competition, autonomy of the plant, business ownership, skills levels and international presence was gathered and analysed with a view to assessing their influence on management practice and company performance. Research shows that there are certain factors or variables which influence the adoption of managerial practices within and across companies (Brynjolfsson & Milgrom, 2013). Mol and Birkinshaw (2009) refer to these factors as 'environmental attributes' which constitute what is referred to in this study as 'context'.

First, it is important to define each of these variables in the context of this study. Company size is defined in this study in terms of the labour force (employment levels) (Mol & Birkinshaw, 2009). The autonomy of the plant refers to the delegation of decision-making by senior executives to operational managers without close supervision or control (Bloom & Van Reenen, 2007). Business ownership refers to the ownership structure of a company, whether family, private or publicly owned (Bloom & Van Reenen, 2012; Gibbons & Roberts, 2013). The skills levels refer to the qualification and training levels of employees in an organisation, while international presence shall refer to the extent to which a company engages with the outside world, by either having multiple sites abroad or through exports to other countries (Bloom, Genakos, Sadun & Van Reenen, 2012; Mol & Birkinshaw, 2009; Bloom & Van Reenen, 2007). Lastly, ccompetition refers to the general business environment, in which companies compete for market shares.

An analysis was conducted to ascertain if these peripheral variables do interfere with the regression analysis between each of the five constructs (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) with company performance. In each case, the regression analysis showed that by holding other variables

constant, a unit increase in each of these independent variables did not result in an increase in company performance.

### 5.4.2 A review of qualitative findings

An analysis of the qualitative data is presented by reviewing the conceptual meaning of primary data and how it relates to the hypothesis $H_o6$ as proposed in this study and extant knowledge. Essentially, the qualitative data was derived from the face-to-face interviews, which focused on various aspects of management practice and, more specifically, the five specific areas (target setting, process monitoring, performance monitoring, performance evaluation and incentive management) of managerial practice. The interviews also focused on other aspects of management such as work systems, performance management, employee motivation, managerial practices versus the level of economic development, the significance of culture (context) on managerial practice, the applicability of western managerial practices within the South African context, leadership and managerial incapacity in local companies, managerial attributes and performance relationship, present and future challenges facing captains of industry and the rubber industry in particular.

On average, the qualitative analysis indicated that over 87% (26 out of 30) of interviewees acknowledged the importance of management in enhancing company performance through various managerial practices (target setting, process monitoring, performance evaluation, performance monitoring and incentive management). This highlights managers' perception that management impacts on performance. The interview responses also indicated that 87% of companies which have implemented any form of modern management systems, such as TQM, are more progressive compared to those which have not. This analysis was based on the responses to question 2, which focused on the importance of QMS (ISO systems, TQM, etc.) on process efficiency and product quality. This finding highlights the importance and significance of managerial practices in determining corporate performance.

Most interviewees (90%; 27 out of 30) regard performance management as a means of assessing individual and group efforts relative to job functions and organisational goals and objectives. This analysis was based on the responses to question 3, which assess employee performance in the manufacturing sector. The respondents placed emphasis on the involvement of job recipients in the crafting of targets and the KPIs to instil employee ownership and commitment towards the accomplishment of set targets. Performance management was also seen as a means

of providing employee feedback to superiors, developing an individual set of capabilities and skills and recognising the value in people. In this study, performance management referred to the formal and informal appraisal of employees' output relative to the set targets.

The analysis also highlights the importance of HRM practices in enhancing employee motivation. Most interviewees (87%; 26 out of 30) conceded that employee motivation is one of the most important aspects of organisational theory that can be achieved through the use of financial rewards, production targets and rewards of non-financial incentives such as family responsibilities and time off, employee empowerment, job satisfaction and enrichment, succession planning, a clear progression path and personal development, and mentorship and coaching. This analysis is based on interview responses to question 4, which explores the different ways of achieving sustainable employee motivation in organisations and, hence, the enhancement of corporate performance in organisations.

Also, there were some valuable insights into issues relating to management practice and context which came out of the interviews. In response to a question concerning the relationship between the level of economic development and management practice, most interviewees (87%; 26 out of 30) shared the view that management practice is strongly influenced by the level of economic development in any company. This view was based on the premise that management is directly related to the level of literacy, which in turn is related to the level of economic development of a country. This analysis refers to question 5 which sought to investigate the claim that the level of economic development influenced managerial practice. This notion is important in ascertaining whether the level of economic development, which is closely related to the level of literacy in a country, is linked to the quality of management and performance issues.

Respondents were also asked about the importance of context on managerial practice. About 90% of the interviewees (27 out of 30) acknowledged the significance of culture in determining managerial practices and leadership styles across countries. Most interviewees expressed the view that different countries have different styles of management systems (DNA systems) and cultures that influence managerial practices. This brought into question the validity of western managerial practices within the South African context. Although 73% (22 out of 30) of the respondents argued that western management systems and practices are applicable within the South African context, the emphasis was that the effectiveness of such practices largely depends on their fit with local cultural values, social norms and environmental circumstances. The above analysis answers questions 6 and 7, which sought to examine the impact of culture on

management practice and the applicability of western managerial practices within the South African context, respectively.

It must be mentioned that the probing of whether western styles of management work within the African contexts and styles provided contradictory evidence. There was a strong set of views that the western approach (sometimes named as foreign) does not work, is not applicable and is problematic. Applied examples of failures were cited. However, there were also strong illustrations of the importance of managing globally (a healthy mix of local and global). About 90% (27 out of 30) participants indicated that, owing to historical circumstances and other factors to do with global interconnections, there is a blend of styles in South Africa. In fact, this blend, according to some of the respondents, is due to similarities of approach. A few participants felt that the organisation's vision and mission should determine the style, or that management principles are universal. There were two illuminating accounts of the vibrancy and creativity of African-energised capabilities of management. The responses to these questions were generally balanced between the various options of singular western, singular African or a blend of both. In the final analysis, participants felt that western styles are valid within the South African context on condition they take into consideration the African values and/or local circumstances.

The view that context (culture) influences managerial practices, as expressed by 90% of respondents, is consistent with the findings of other independent studies (Naor et al., 2013; Denison, 2005; Hofstede, 2002). This analysis offers sufficient evidence to reject the null hypothesis $H_o6$, which proposed that societal culture does not influence management practice, and accept the alternative hypothesis H6, which suggests that management is influenced by societal culture within the South African rubber industry context. This analysis is also backed by other independent empirical research studies (Luhabe, 2002; Mbigi, 2002; Visser, 2005; Khoza, 2006; Mangaliso, 2006), which have demonstrated that the cultural aspect of Ubuntu has strong social implications on human behaviour and relations within the African community. More importantly, the empirical finding emerging from the current study makes a fundamental contribution to the extension of theory relating to the application of managerial practices within the South African context.

When asked about the possible factors that may have contributed towards the downward trend in organisational performance and, more specifically, the industrial sector which has declined by an estimated 2% to 3% (Stats SA, 2013) and the rubber industry which has shrunk by

between 25% and 30% over the last 30 years (Barnes, 2013; IOM3, 2013), most interviewees expressed two views to this question; that the downtrend was purely a management problem while others suggested that the problem is a result of macroeconomic factors which are beyond management's control. Most interesting though is that the majority (87%; 26 out of 30) attributed the problem to managerial incapacity.

Also linked to the above, was the question about what respondents consider as the critical managerial attributes required to effectively and successfully manage business enterprises in the present-day business environment. Though there were great concerns among most interviewees (90%; 27 out of 30) over the lack of corporate leadership quality in the post-apartheid era, the general view was that a good manager should display decisive leadership, be a trainer and coach of his own subordinates, be a strategic thinker and have the ability to develop strong networks, manage conflict and a diverse workforce, handle work-related stress, and develop partnerships and alliances with potential stakeholders.

Finally, any differences in perception between male and female managers and white and black respondents were established. The analysis indicated that there was no significant difference in respondents' perceptions regardless of gender or race, with all managers expressing similar views on how they rate the importance of management practice and the impact of thereof on company performance. More importantly, there were no considerable differences in the perceptions of white and black or male and female managers on how they consider context and the aspect of culture as a factor influencing management style and performance. This view was based on a simple comparative analysis of interview responses between the different categories of respondents (white male versus black male, white female versus black female, white (male & female) versus black (male & female)). The analysis shows the following average percentages for the different categories of respondents who claimed that managerial practices determine performance: 87% of MW (white male), 84% of MB (black male), 77% of FW (white female) and 73% of FB (black female).

## 5.5 CONCLUSION

The quantitative analysis linking management practice and performance relations confirms the findings of other independent studies including the global studies conducted by Bloom and Van Reenen (2011, 2010a, 2010b, 2007, 2006) and Bloom et al. (2012a). Similarly, the qualitative findings, which suggest that management practice is influenced by contextual factors and the

aspect of culture, are consistent with the empirical findings of previous studies (Hofstede, 2002, 2005, 2009; Denison, 2005, 2001, 2000; Denison & Neale, 2005; Newman & Nollen, 1996). The concept underlying culture-managerial relations is linked to social, organisational theory. Mbigi (2002, 2005b), Visser (2005) and Mangaliso (2006) studied the South African societal structures and reiterate the importance of Ubuntu, a cultural aspect that promotes societal cohesion and human empowerment within the South African corporate environment. Therefore, it can be argued that based on this finding (managerial practice is influenced by contextual factors), for companies to achieve optimum productivity and capacity, they need to embrace cultural diversity in their organisations, and more specifically within the South African industry context, for enhanced organisational performance.

This study, linking management practice and cultural considerations, makes a fundamental contribution to knowledge, for it calls for a reconsideration of earlier management theories such as the universal theory (Mintzberg, 1973; Simon, 1997) and the question of whether western managerial practices are effective across cultural contexts and, more specifically, within the South African industry context. Therefore, this empirical knowledge makes a theoretical contribution to knowledge. Similarly, the use of triangulation in this study provided an opportunity for generating intelligible, reliable empirical data that is useful for enriching theoretical knowledge. Although Bloom and Van Reenen (2007) used quantitative data and qualitative interview techniques, the absence of triangulation of the two datasets (quantitative and qualitative) could have denied them the opportunity to identify the significance of context as a critical factor influencing management practice.

The triangulation of data from the different sources offered a deeper understanding of the phenomenon under investigation by achieving explanations that are causally adequate and adequate on the level of meaning (Weber, 1968) and uncovered the deep-seated nuance factors relating to cultural influence on management style and performance relations. Accordingly, the achievement of explanation that is both valid and valid at the level of meaning through triangulation, as applied in this research, forms part of the methodological contribution of this study. A detailed account on triangulation analysis and findings is given in the following chapter (Chapter 6).

# CHAPTER SIX

# DISCUSSION OF THE FINDINGS

## 6.1 INTRODUCTION

This chapter focuses on the findings of the triangulation of data from the two sources of primary data: the qualitative and quantitative methods. As background, the chapter starts by reflecting on the research findings discussed in Chapter Five. The adoption of a triangulated approach in this study was crucial in achieving the explanations that are valid and adequate at the level of meaning (Weber, 1964) and, hence, it makes a fundamental contribution to knowledge.

### 6.1.1 A recap of the research findings

This chapter focuses on the analysis of the triangulation between the qualitative and quantitative data. However, it is important at this juncture to briefly reflect on the individual analysis of the quantitative and qualitative data, as discussed in Chapter Five. The research questions guiding this study revolved around three important managerial aspects: the correlation between management practice and company performance, the validity of western managerial practices within the South African industry context and the significance of context as a factor in enhancing company performance within the African locality. To establish whether this investigation has answered the research questions in this study, both quantitative (correlation and regression) and qualitative (interview responses) analyses were conducted. The independent variables (managerial practices) were found to be positively related to management scores (company performance). This analysis confirms the validity of the research hypotheses H1 to H5. Based on the confirmation of the significance of this relationship, there was sufficient evidence to reject the null hypotheses ($H_o1$, $H_o2$, $H_o3$, $H_o4$ & $H_o5$) and accept alternative hypotheses ((H1, H2, H3, H4 & H5) at a confidence level of 0.95. This analysis is consistent with theoretical and empirical data of independent studies conducted elsewhere in the US and Europe, including the outcome of the field experiment conducted by Bloom et al. (2012b) across the treatment plants in India. This study confirmed the assertion that management impacts on company performance.

A qualitative analysis was also conducted using ATLAS.ti software. The object of the analysis was to answer the following research questions (Section 2.9): Q1. Does management have an

impact on company performance? Q2. What effect does 'culture' have on management practice and hence company performance? Q3. What determines managerial practices and company performance in South African companies? Q4. How effective are western managerial practices within the South African cultural context? The analysis also sought to test the null hypothesis: $H_o6$: Context does not impact on management practice beyond mere managerial knowledge. The general view expressed by most interviewees was that management is influenced by contextual factors and more specifically, the aspect of culture. This outcome is since culture emerged as the most prevalent code in the frequency test. The view concerning culture is consistent with other key theoretical assertions, including the cultural context theory by Hofstede (2005) and Denison (2000, 2005). This analysis suggests that the individual countries have different socio-cultural contexts and, hence, different countries adopt different styles of management systems (DNA systems) based on their local cultural settings. For example, South Africa exhibits a strong African cultural orientation based on its multiplicity of African cultures (Mbigi, 2002; Visser, 2005; Khoza, 2006).

The claim that culture impacts on management presents strong theoretical grounding to challenge earlier theoretical perspectives such as the universal theory **(**Simon, 1997; Pascale & Maguire, 1980; Negandhi, 1975; Lauter, 1969)**,** which suggests that managerial practices are equally applicable and valid across cultural boundaries (countries). Although recent management studies make no emphasis on the theoretical view that contextual factors, such as culture, impacts on management and performance, in some recent studies (Bloom & Van Reenen, 2007, 2012a; Bloom, Sadun & Van Reenen, 2009a), some scholars have placed great emphasis on this claim (Hofstede, 2005, 2009; Denison & Neale, 2005). The study confirmed that while modern managerial practices are applicable in non-western contexts such as South Africa, the argument is that their effectiveness depends to a great extent on their fit with African cultural value systems. Based on this analysis, there was sufficient evidence to reject the null hypothesis ($H_o6$) and accept the alternative hypothesis H6, which proposes that contextual factors influence management practice beyond mere managerial knowledge.

## 6.2 DISCUSSION OF TRIANGULATION ANALYSIS AND FINDINGS

As previously noted, the current study makes two main contributions to knowledge: a contextual and methodological contribution. Regarding the methodological contribution, it should be noted that this study builds on Bloom and Van Reenen's global research study (2010, 2009a, 2009b, 2007 and 2006). The research by Bloom and Van Reenen's is one of the most

comprehensive research projects undertaken on management studies over the last two decades. Bloom and Van Reenen's worldwide survey covered countries in Europe, America, Asia and Africa; however, their sample did not include South Africa. For this reason, it became necessary to explore the validity of Bloom and Van Reenen's research findings in the South African industry context using a mixed methods approach that allowed for the triangulation of data. Bloom and Van Reenen used a qualitative technique (interview surveys) and, therefore, their study did not involve the triangulation of data. This makes the current study different from the original work by Bloom and Van Reenen (2010, 2009a, 2009b, 2007 and 2006). Although the main reason for conducting triangulation in this study was to obtain a deeper understanding of the phenomenon by achieving explanations that are causally valid and adequate on the level of meaning, the use of this approach was to achieve the following objectives: enhance robustness and rigour in research data, to counteract the effects of CMV in the research data, to test both the validity and credibility of the data and further validate the results.

### 6.2.1 Triangulation increases robustness and rigour in research data

Research shows that triangulation increases robustness and rigour in the research data since it links the concept of adequacy of explanation with causation (Greene, Caracelli & Graham, 1989; Tashakkori & Teddlie, 2009). While there have been competing ideas about this association (between adequacy of explanation with causation), the one school of thought suggests that for one to explain an event or phenomenon, one must first identify its cause (Hempel & Oppenheim, 1948). This theory came about in the 20$^{th}$ century following the growth and development of the philosophy of science in which the concept of explanation began to receive more attention (Hempel, 1962)**.** While the scientific theory of analysis held true and valid, some philosophers (Hempel & Oppenheim, 1948) began to focus on a theory of explanation that is grounded in the way people explain phenomena using communicative or linguistic understanding between two individuals.

This shift in theory changed the way scholars viewed explanation within the philosophy of science (Hempel, 1962). Eventually, this change marked a turn in linguistic philosophy in which philosophers of science attempted to understand the nature and necessity of modern theoretical science (Hempel & Oppenheim, 1948; Hempel, 1965). Consequently, it became common to distinguish between the literal truth of a theory and its power to explain observable phenomena (Hempel & Oppenheim, 1948). It became commonly accepted that a theory that is both true and explanatory provides adequate insight into the causal structure of the world (Chomsky,

1964). It should be noted that Chomsky's (1964) theory of explanation is closely related to the use of language, which is outside the scope of this study. The current study's focus on explanation is related more specifically on the appropriateness and correct interpretation of the concept of context.

### 6.2.2 Triangulation counteracts the effects of common-method variance

The triangulated approach adopted in this study was also aimed at counteracting the effects of CMV. Podsakoff, Mackenzie, Lee and Podsakoff (2003) note that one way of avoiding the potential for CMV in research is by using different sources of data, as is the case in this research. In this study, quantitative data was collected through a self-administered survey questionnaire from middle-level managers while the qualitative data was solicited from senior-level managers through face-to-face interviews. The main reason for the face-to-face interviews was to obtain adequate data that is valid at the level of meaning beyond mere quantitative data from the self-administered survey (Weber, 1964).

### 6.2.3 Triangulation increase the validity of the results

One of the reasons for employing triangulation in this study was to increase the validity of the results by complementing data from two different sources (nomothetic and idiographic data). In brief, a quantitative approach utilises scientific methods (experiments and observations) to obtain data and such information is statistically analysed and general predictions are made about the research audience. While a qualitative approach obtains data by investigating individuals in a personal and detailed way through various means such as case study, unstructured interviews, self-reports autobiographies or personal documents. Therefore, triangulation assists in complementing data from different sources (quantitative and qualitative) with a view to gain much deeper insights into an event or phenomenon (McLeod, 2019). Based on this notion, the triangulation from the two sources of information used in this study was part of a strategy to test the validity of quantitative data using qualitative means (Patton, 1999). In this study, the use of triangulation has increased the confidence in research data by enhancing the comprehension of the research problem under different contexts and, thus, obtains a much deeper understanding of the phenomenon under study (Thurmond, 2001).

This research adopted a mixed methods approach that allowed for the triangulation of two sources of data (quantitative and qualitative). This approach also enabled for the comparative

analysis of data from the two different sources. The purpose of this comparison was to determine if there is any correlation between the two datasets (qualitative and quantitative) by validating the results of each method against the other. The quantitative analysis indicates a positive relationship between managerial practices (correlation analysis: target setting = 0.708, process evaluation = 0.764, performance evaluation = 0.773, performance monitoring = 0.786 and incentive management = 0.857) and company performance (at a p-value of 0.000). The p-value for each of the five variables was calculated at 0.000, indicating a positive relationship to performance. Theoretically, this correlation confirms that management impacts on company performance.

Similarly, a qualitative (interview responses) analysis indicates that management impacts on company performance through effective planning of resources and targets (target setting), execution of process and control (process monitoring and performance evaluation) and HRM (incentive management). This analysis is based on the frequency of responses to question 1 in which over 87% (26 out of 30) of interviewees acknowledged the importance of management in determining company performance. This analysis is also backed by the interview responses to questions 2 and 8 in which it was established that over 87% of companies that have implemented modern managerial practices (QMS) are more successful when compared to those that have not adopted such modern practices. In comparison, the qualitative analysis confirms the outcome of the quantitative analysis, which highlights positive correlations between managerial practices and company performance at a p-value of 0.000. The analysis indicates a linear relationship between the independent variables and the dependent variable, based on a p-value of $< 0.05$ (Cohen, 1988:79-81).

In other words, the main reason for using two types of data (quantitative and qualitative) was to use the qualitative data to authenticate the quantitative data as the qualitative data offers greater insights into the phenomenon under investigation by capturing the feelings and beliefs of the respondents through the face-to-face interviews (Schwandt, 2001). Therefore, using a qualitative approach in this study was crucial in producing additional nuanced factors that have emerged concerning the application of managerial practices and performance relations within the South African context.

### 6.2.4 Triangulation assists in testing the credibility of the results

Triangulation is important in testing the validity of results in research. Triangulation overcomes the weaknesses or intrinsic biases and the problems that come from using a single method (Cohen, Manion & Morrison, 2000). Therefore, it is critical in testing the credibility of research results. In a study such as this one with a bias towards social sciences, it is common practice to use triangulation to validate data through cross-verification of data from two or more sources. In other words, it can also be used as an alternative to traditional criteria like reliability and validity. By using multiple approaches, methods or empirical literature, researchers can overcome the weaknesses or intrinsic biases and the problems that come from a single method (Cohen et al., 2000).

In this research, the quantitative (regression) analysis indicated that western managerial practices, as expressed in the five managerial variables, are valid (R-square of 0.948 at 94.8%) within the South African industry context. Similarly, the qualitative analysis revealed that cultural context impacts on corporate performance because culture was the most common view (87%; 26 out of 30) shared by respondents. This offers sufficient evidence to reject the null hypothesis ($H_o6$) and accept the alternative hypothesis (H6). This statistical analysis (87%; 26 out of 30) represents the general view expressed by most interviewees, which suggests that management is influenced by the context within which it is applied.

### 6.2.5 Triangulation validates data from different sources

The use of a mixed method approach was also to obtain deeper insights and understanding of the managerial practices within the South African context and African locality by interrogating the quantitative data using the soft data obtained through the qualitative method (Reichardt & Rallis, 1994; Mingers, 2001). In this study, the analysis of qualitative and quantitative data showed a correlation between each of the five managerial practices and management score (company performance). The regression analysis confirmed a linear relationship between the independent variables (target setting, process evaluation, performance monitoring, performance evaluation and incentive management) and the dependent variable (management score). Similarly, the qualitative data demonstrated that management impacts on corporate performance. In other words, there is a positive association between the two data sources (quantitative and qualitative).

### 6.2.6 Triangulation achieves explanations that are causally valid and adequate at the level of meaning

The use of a triangulated approach in this study was also aimed at achieving adequate explanations 'causally valid'. The triangulation of the two data sets is important in this study as they played critical roles in which the quantitative data enabled in achieving explanations that are adequately valid while the qualitative data helped in achieving explanations that are valid at the level of meaning. Therefore, the triangulated approach helps to determine whether the predictive generalisations of Bloom and Van Reenen's theory on management practice and performance (2007) is applicable within the South African industry context. As a result, the correlation of the quantitative and qualitative data is an indication that the research findings of this study are credible and valid. Accordingly, the achievement of explanations 'causally valid' through triangulation forms part of the theoretical and methodological contribution in this study.

## 6.3 A reflection on the limitations of the study

This study adopted the WMS framework (Bloom & Van Reenen, 2012, 2011a, 2007), and made some change to suit the South African context of the research. Bloom and Van Reenen's methodology framework comprised three managerial variables, namely target setting, process monitoring and incentive management. This study expanded Bloom and Van Reenen's model from three to five variables (target setting, process monitoring, performance monitoring, performance evaluation and incentive management). Although a number of researchers (Van Reenen, 2014; Delfgaauw et al., 2011; Homkes, 2011; McConnell, Hoffman, Quanbeck & McCarty, 2009; Bloom, Genakos, Sadun & Van Reenen, 2012a; McConnell et al., 2009; Rasul & Rogger, 2013) have used the WMS framework successfully in measuring managerial practices, the model lacks versatility in that it only focuses on a narrow set of variables that are operations related; it does not take into consideration other strategic aspects of an organisation, such as human resources, technology (innovation), pricing, advertising and markets.

Since this study adopted the WMS framework, its focus is limited to production and therefore overlooks other critical areas of an organisation such as human resources (motivation, training and development) which is increasingly becoming an important part of organisational theory in business management. Nevertheless, the WMS framework offers a convenient, robust, credible and comprehensive research framework.

This study had made various conjecture in Chapter Two (ref. 2.6 Assumptions) which relied on the findings of previous studies which are subject to contextual differences. The first conjecture was that management is positively related to company performance. This proposition was based on the outcome of past research studies conducted by various scholars including Ichniowski and Shaw (2013), Jackson et al. (2013), Bloom, Eifert, Mahajan et al. (2012), Van Rensburg (2009), Bloom and Van Reenen (2006, 2007), Jackson and Schuler (2005), Worrall (2004), Guest et al. (2003) and Jackson (2002a). The second conjecture was that the relationship between management and performance was likely to be influenced by context and, in particular, culture. Again, this conjecture was based on the cultural theory which suggests that culture impacts on managerial practice and company performance. The cultural perspective finds support in Hofstede (2010), Bernardes, Goldstein and Schroeder (2013), Becker (2005), Denison (2005), Huselid (2005). Thirdly, the study makes further conjecture that the local rubber industry is homogenous, thus assumes that this sector of industry is representative of all other manufacturing industries in South Africa. The critique is that there may be differences in culture and business practices within and across companies and industries in South Africa.

This study adopted a theory of explanatory validity and adequacy (Weber, 1964) which is closely linked to Chomsky's (1964) grammatical and linguistic model. Essentially, the Chomskyan model (1964) comprises three levels of adequacy, these include observational, descriptive and explanatory. Chomsky (1964) explains that a social science such as management that is subject to 'meaning of action' requires a grasp of the complex meaning in which an actual course of understandable action (context) is interpreted appropriately and correctly. In general, language is closely related to culture and in the South African situation it holds particular influence and importance. Thus, a study of this nature needed to engage in this critical aspect of linguistic expression of adequacy and therefore the failure to apply a grammatical and linguistic analysis in this research has lost the opportunity to gain further insight into the research matter. However, one may argue that most semi-skilled and skilled workers are functionally competent in English usage in South Africa. Generally, most employees and managers (apart from white managers) are functionally competent in any of the 11 different languages spoken in South Africa.

## 6.4 CONCLUSION

The outcome of this study brings into perspective two key management theories; the management-performance theory that emerged from a global research study by Bloom and Van

Reenen (2010, 2009a, 2009b, 2007, 2006; Bloom, Eifert et al. 2013; Bloom, Genakos et al., 2012a) and the context theory (Hofstede, 2009, 2005, 2002, 2000) that recognises the importance of situating managerial practices within socio-cultural contexts for enhanced company performance. Essentially, this study is located at the middle of these two theories, and attempts to fill in the gap between these two theoretical views by highlighting that while management impacts on performance as stated by the management-performance theory, contextual factors and in this case, the aspect of culture enhances managerial effectiveness beyond mere expert knowledge within the African locality.

This study makes a fundamental contribution to knowledge by offering valuable empirical insights concerning the relationship between management practice, culture and performance relations and, thus, the development of specific theory relating to managerial practices within the South African industry context. From a practice viewpoint, this study answers the one elusive question often asked by most management students and management practitioners concerning the validity of managerial practices that are based on western theories in the South African industry context. This research outcome calls for managers and management practitioners alike to recognise the importance of situating managerial practice within specific socio-cultural contexts for enhanced company performance. The research suggests that understanding the management-culture-performance relations is one critical step towards addressing the practical challenges associated with productivity and performance issues in the South African industry context.

The outcome of this research brings into question the problem of underperformance of local companies? The important question, which is asked by some scholars, is whether the low productivity associated with local companies is a direct result of managerial incapacity or simply the inapplicability of western managerial practices within local companies? While acknowledging the acute shortage of managerial skills in Africa, including South Africa, the validity of western managerial practices within the South African industry context requires close scrutiny. According to Tasie (2009), western management practices have been adopted indiscriminately in most companies within the African locality, irrespective of whether the indigenous culture permits it. Against this backdrop, independent studies suggest that the cultural aspect of Ubuntu, for instance, plays a major role in promoting social cohesion, teamwork and self-esteem among the community and organisational members (Mbigi 2005, 2002; Visser, 2005; Mangaliso, 2006). Therefore, it can be argued that this research offers some

valuable practical lessons for local managers to recognise the importance of cultural realities in their day-to-day management processes for enhanced organisational performance.

This study also added a new dimension to the original methodology framework developed by Bloom and Van Reenen (2007). While this study utilised Bloom and Van Reenen's (2007) WMS framework, it incorporated a new dimension of triangulation to this methodology. The triangulation involved the analysis of data from two different sources (qualitative and quantitative methods). This concept is based on Weber's (1964) theory which suggests that for one to fully understand a phenomenon of a social nature such as management, it is necessary to achieve explanations that are causally valid and adequate on the level of meaning.

The adoption of a triangulated approach in this study unveiled additional nuanced factors on the nature and applicability of managerial practices within the African context, a feature that was absent in Bloom and Van Reenen's (2006, 2007) global research findings. The application of a triangulated approach offered an opportunity for generating intelligible and reliable empirical data, which highlighted the importance of context and culture as a key factor in enhancing managerial effectiveness within the South African industry context. The aspect of analysis (triangulation) makes a fundamental contribution to knowledge.

# CHAPTER SEVEN

# CONCLUSION AND RECOMMENDATIONS

## 7.1 Introduction

This chapter draws on the analysis and findings from the previous chapters, that is Chapter Five (data analysis) and Chapter Six (research findings). To recap on the research, the main reason for conducting this study was to investigate the impact of management practice on company performance within the South African rubber industry context, taking into account the cultural differences between the West and Africa. The study employed a triangulation approach with a view to obtaining a deeper understanding of the phenomenon by achieving explanations that are causally valid and adequate on the level of meaning. The adoption of a triangulated approach in this study unveiled additional nuanced factors on the nature and applicability of managerial practices within the African context, a feature that was absent in Bloom and Van Reenen's (2010, 2009a, 2009b, 2007, 2006) global research findings. The aspect of analysis (triangulation) makes a fundamental contribution to knowledge in the context of the rubber industry in South Africa. The adoption of a sequential mixed method offered an opportunity for generating intelligible and reliable empirical data which makes both a contextual and methodological contribution to knowledge in the specific industry and locality in which it was implemented. This chapter is divided into two sections: Conclusion and Recommendations. A proposal for future research directions concludes the chapter.

## 7.2 CONCLUSION

In this study, the quantitative analysis confirmed a linear relationship between the independent variables (target setting, process evaluation, performance evaluation, performance monitoring and incentive management) and the dependent variable (company performance). However, there was a need for these quantitative analyses to be verified using qualitative analysis, and the employment of triangulation proved effective. The analysis demonstrated that management practice is influenced by contextual factors and, more specifically, the aspect of culture. In this case, the analysis of data from one source was compared with that of data from another source. Thus, the correlation between the two sources was validated through a triangulation process.

The adoption of a triangulated approach in this study was also aimed at counteracting the effects of common method variance (CMV), which Bloom and Van Reenen's (2006, 2007) study might open to. Podsakoff et al. (2003) argue that one way of preventing the presence of CMV in the research design is by using different sources of data. The current study's methodology included the collection of two types of data; quantitative and qualitative data from middle-level managers and senior-level executives from organisations operating in the rubber industry in South Africa and a triangulation analysis was performed to determine association between views of middle managers and senior executives working in the same organisation. Triangulation was conducted between the qualitative and quantitative data, and a positive relationship was established. The senior executives were asked how they perceive the management role in influencing corporate performance. This view finds support from theoretical literature in which Podsakoff et al. (2003) contend that CMV is most likely in situations where the data for both the predictor and criterion variable are obtained from the same person in the same measurement context using the same item context and similar item characteristics.

More importantly, the adoption of a mixed methods approach and, hence, the use of triangulation was to determine whether the predictive generalisations of Bloom and Van Reenen's theory on managerial effectiveness (2007) holds true within the South African context. The current study sought to attain causally adequate explanations and explanations adequate on the level of meaning which went beyond a mere replication of Bloom and Van Reenen's WMS global study (2007) using South African data. The adoption of triangulation in the study provided a strong additional methodological pointer aided in uncovering deep-seated nuance factors within a specific African locality. Although Bloom and Van Reenen (2007, 2006) used interview data from different managers in different factory plants using different interviewers to achieve internal validation, the adoption of triangulation in this study provided a greater in-depth insight into the managerial practices.

The application of triangulation in this study has generated new theoretical knowledge which adds to Bloom and Van Reenen's multicultural theory on management (2010, 2009a, 2009b, 2007, 2006). Bloom and Van Reenen's global study suggests that management enhances company performance no matter which company they were conducted in. While the finding of this study concurs with Bloom and Van Reenen's findings concerning management and performance relations, this research goes beyond this outcome. In fact, Bloom and Van Reenen (2007, 2006) looked at the issue of context quite thoroughly by conducting a fairly comprehensive multi-national survey. They found that there were four essentials elements in

the effective management of productivity that were persistently valid in all the countries they studied. However, Bloom and Van Reenen's study did not look at contextual aspects in depth. Nor did their sophisticated quantitative analysis built from management interviews bring in the 'fifth dimension' of motivation that this research has uncovered. This aspect was more people oriented and the triangulated qualitative methodology used was better equipped to bring out the contextual cultural aspect more clearly and in greater depth.

Therefore, it may be argued that this study makes a fundamental contribution to knowledge by demonstrating that contextual factors play a critical role in enhancing corporate performance beyond mere managerial knowledge and expertise. The study has shown the importance to a company's performance of recognizing and effectively managing contextual and, in particular, cultural factors, alongside the core management disciplines identified by Bloom and Van Reenen (2010, 2009a, 2009b, 2007, 2006).

In summary, one may argue that the use of a mixed methods approach and, hence, the employment of a triangulated technique and, therefore, the achievement of explanations that are both adequately valid and valid on the level of meaning (Weber, 1964) makes a contextual contribution to extant knowledge beyond Bloom and Van Reenen's worldwide research outcome (2007, 2006). Similarly, the adoption of triangulation in this study, which created an opportunity in generating intelligible and reliable empirical data that offered an in-depth understanding of managerial practices within the South African industry context also makes a methodological contribution to management theory. From a practical viewpoint, the empirical knowledge gained through this research is important towards the crafting and implementation of sound strategic and policies aimed at resolving the operational challenges facing industry in South Africa.

The originality of this research lies in its theoretical and methodological contribution to knowledge, and a detailed discussion of each follows. The researcher discusses details of both the theoretical and methodological contribution offered by this research in the following paragraphs.

***Theoretical contribution****:* This study sought to extend empirical knowledge on the original work of Bloom and Van Reenen (2011, 2010a, 2010b, 2007, 2006) on management practice and performance relations by applying a triangulated technique. New theoretical knowledge, which shows that unlike in other countries, management practice in South African industry is

greatly influenced by contextual factors and, in particular, the African culture which enhances performance beyond mere managerial knowledge and expertise. As previously noted, the use of a mixed methods approach and, hence, the employment of a triangulated technique in this study has produced explanations that are both valid and valid on the level of meaning (Weber, 1964). Achieving such in-depth explanations has provided an opportunity to produce intelligible empirical data, which highlighted the importance of contextual factors and, in this case, the influence of societal culture on management practice and performance relations within the South African industry context.

Bloom and Van Reenen's cross-country research findings (2007, 2006) had indicated that management determines company performance across organisations and countries irrespective of their cultural orientations. While the current study concurs with Bloom and Van Reenen's research outcome concerning the impact of managerial practice on corporate performance, the findings of this research reveal that culture also forms part of this equation within an African locality. In other words, this research goes further to suggest that while the quality of management, as measured along with the five managerial variables, is positively related to performance, the aspect of context further enhances performance, more particularly culture within the African context.

Based on the interview responses, it was evident that culture enhances social cohesion, teamwork and self-empowerment, which ultimately impacts on performance through the motivational efforts that employees apply towards the attainment of organisational objectives. Therefore, one may argue that this study makes a scholarly contribution to theoretical knowledge by going beyond Bloom and Van Reenen's global research outcomes (2010, 2009a, 2009b, 2007, 2006) by highlighting the importance of culture as a deep-seated contextual factor that influences performance beyond mere knowledge and expertise in an African locality and in particular, within the South African industry context.

***Methodological contribution****:* The originality of this research is also in its methodology. This study adopted the WMS methodology (Bloom & Van Reenen, 2007) with a slightly different approach. The current study used a mixed methods approach, comprising of a combination of quantitative and qualitative data while Bloom and Van Reenen (2007) utilised a single qualitative data approach. Furthermore, this research used a triangulated technique to validate the results and, more importantly, to achieve explanations that are causally adequate and adequate on the level of meaning (Weber, 1964). This is in contrast to Bloom and Van Reenen

who used interview data from different managers in different factory plants using different interviewers to achieve internal validation and matched the data with information on companies' accounts and stock market values to investigate the association between the measured managerial practices and firm performance to achieve external validation.

The adoption of a triangulated approach in this research offered a deeper understanding of the subject matter through explanations that are causally adequate and adequate on the level of meaning (Weber, 1968). Although Bloom and Van Reenen (2007) used a qualitative technique (interview surveys) that involved interviewing different managers in different factory plants using different interviewers to achieve internal validation, even in some African countries such as Kenya, Nigeria, Ethiopia, Tanzania, Ghana, Zambia and Mozambique (Van Reenen, 2017:62), their study did not identify the importance of culture as a critical factor in enhancing performance beyond simply managerial knowledge. It may be argued that the adoption of a triangulated approach in this study and the subsequent achievement of explanation that is causally valid and valid at the level of meaning produced additional nuanced factors concerning the cultural influence on management and performance beyond Bloom and Van Reenen's research (2007, 2006) within the African context and this makes a methodological contribution to knowledge.

In conclusion it can be stated that the study has contributed significantly to the extant literature. The study has shown the importance to a firm's performance of recognizing and effectively managing contextual and, in particular, cultural factors, alongside the core management disciplines identified by Bloom and Van Reenen (2010, 2009a, 2009b, 2007, 2006). It is also important to point out that this study does support Bloom and Van Reenen (2010, 2009a, 2009b, 2007, 2006)'s findings of the importance of the four management disciplines (target setting, performance, monitoring and incentive) a firm's performance. However, a contribution the study makes to management theory is that it showed the special importance of culture in harnessing the human motivational element more effectively in the quest for enhanced company performance in the African situation.

In sum, this study has achieved its objective of investigating the impact of management on company performance within the South African rubber industry context. The study was prompted by the underperformance of the local manufacturing industry and, in particular, the rubber industry. Against this backdrop, the emergence of new management theory such as the context theory as well as recent developments of scientific methods of measuring managerial

practices in the World Management Survey framework, were the main catalysts driving this study. The emergence of such knowledge presents a new paradigm shift in management theory and practice which calls for a reconsideration of the controversial 'universality theory' and a reassessment of the validity of managerial practices of Western origin within the South African industry context. Furthermore, the study explored the significance of context and, more specifically, the aspect of culture on managerial effectiveness, taking into consideration the emphasis that African people place on personal interrelations in their culture.

The analysis indicates a positive correlation between management and corporate performance and, most importantly, it suggests that context and, more specifically culture, enhances company performance beyond mere managerial knowledge within the context of South African rubber industry. Thus, this study argues for a paradigm which recognises the importance of situating contemporary management practices within specific socio-cultural contexts for enhanced organisational performance within the South African context. The study goes beyond a mere replication of Bloom and Van Reenen's global research outcomes (2010, 2009a, 2009b, 2007, 2006) by demonstrating that the application of managerial practices is influenced by cultural factors within the African locality and in particular, and the South African industry context. In addition, the adoption of a mixed method approach and the triangulation of different sources of data make a significant contribution to the study of effects of management on the effectiveness of the South African rubber industry. Thus, in conclusion, the originality of this research is in its theoretical and methodological contribution to knowledge.

## 7.3 RECOMMENDATIONS

The following recommendations are proposed based on the findings of this study:

*(i). Methodological approach:* This study has adopted a sequential mixed method which utilised data from two different sources. The two datasets were triangulated to achieve explanations that are causally adequate and adequate on the level of meaning. As previously noted in this thesis, the concept of 'adequacy of meaning' is based on Weber's (1964) theory of explanation. This approach enabled the research to obtain a deeper understanding of the subject matter beyond Bloom and Van Reenen's (2007) single methodological technique (qualitative survey). In his study of managerial practices in African countries (including Kenya, Nigeria, Ethiopia, Tanzania, Ghana, Zambia and Mozambique), Van Reenen (2017:62) did not identify culture as a critical factor in enhancing performance using a qualitative method. Therefore, it may be

argued that the adoption of a mixed method approach and the application of triangulation in this study has aided in presenting an explanation that is causally valid and adequate at the level of meaning by producing additional nuanced factors concerning the influence of culture on management and performance beyond Bloom and Van Reenen's research (2007, 2006) within the African locality. Based on this claim, the recommendation is that future research should further explore this methodological approach with a view to interrogate its efficacy.

*(ii). Management and performance relations:* The qualitative analysis revealed that the quality of management (level of academic qualification and exposure to modern management practices) is positively related to performance. Based on this finding, it is recommended that managers should strive to achieve the following personal attributes: upgrade their skills level to international standards and appraise themselves with modern managerial practices to meet modern business challenges. Similarly, policymakers (government and industry stakeholders) should take cognisance of such recommendations when designing business management training and development programmes for university undergraduate and MBA candidates. This analysis is a significant finding in that it compels managers to pay close attention to their leadership styles and managerial practices, and to be mindful of their actions as they determine the success or failure of the organisation under their control.

*(iii). Management and the cultural context of the work environment:* The research analysis suggests that while managerial knowledge and expertise determine organisational performance, in general, contextual factors and societal culture plays an influential role in enhancing managerial effectiveness beyond mere knowledge and expertise within the South African industry context. The analysis also suggests that context influences management practice and company performance. This view is important in that managers should take into consideration cultural factors in their day-to-day operational tasks and activities. This view is well supported by other independent studies which have demonstrated that a wholesome adoption of western managerial practices does not always yield the desired organisational outcomes in non-western countries (Ahiauzu, 1999; Zoogah, 2009; Adeleye, 2011; Oghojafor, Idowu & George, 2012; Adegboye, 2013; Oghojafor & Chinyere, 2013). Therefore, managers should take cognisance of the contextual environment in which they operate in order to achieve maximum output from their subordinates and enhanced organisational performance. Essentially, this implies that managers and management practitioners alike should recognise the importance of situating managerial practices within specific socio-cultural contexts and especially for effective organisational performance in the African business situation.

The context view is widely supported by other independent studies (Khoza, 2006; Mangaliso, 2006; Visser, 2005; Mbigi, 2005a, 2005b, 2002; Luhabe, 2002; Tutu, 1999) which suggest that since most shop floor workers' backgrounds are rooted in African traditions and indigenous cultures in South African companies, managers ought to embrace such cultural values and ideological considerations for enhanced organisational performance. South African scholars such as Mbigi (2002), Khoza (2006) and Mangaliso (2006) emphasise that the South African social setting is unique and different when compared to the West and, as such, managerial practices in the African context are driven by cultural influences beyond mere educational knowledge. The argument is that the cultural aspect of Ubuntu in the South African social setting promotes motivation and self-drive which create self-esteem and the desire for achievement. Indeed, this research represents an emerging paradigm in which the manifestation of managerial practices across countries assumes different characteristics.

### 7.3.1 The study provides a steppingstone for future research

A review of theoretical literature indicates the absence research that has investigated the nature of managerial practices as defined by Bloom and Van Reenen's global management surveys (2010, 2009a, 2009b, 2007, 2006) in the South African industry context (Barnes, 2013; Van Rensburg, 2005; Visser, 2005). Against this background, the current study that has extended knowledge on managerial practices and company performance in the South African cultural context. While Bloom and Van Reenen's global research study (2006) covered seven African countries (Kenya, Nigeria, Ethiopia, Tanzania, Ghana, Zambia and Mozambique) (Van Reenen, 2017:62), their research overlooked the strong emphasis that the African people place on culture, even in the corporate environment (Oghojafor, George and Idowu, 2012; Adegboye, 2013; Oghojafor, Chinyere and Lateef, 2013).

Boudreau (2006**)** confirms that research that focuses on management and organisational performance continues to receive scholarly attention because of the interest that scholars and management practitioners alike have regarding management practice in emerging economies, such as South Africa. Despite the contribution that this study makes towards the enrichment of knowledge in management practice and organisational theory, this area of management still requires further investigation into managerial practices within other sectors of the South African economy. In other words, there is the need for further research to validate the findings of this study by either extending the scope of this study within similar research contexts or in other sectors of the economy to reach conclusive outcomes. In view of this, it may be argued that this

study is significant in that it provides a point of departure for future research of similar focus within the African industry setting.

### 7.3.2 Future research directions

The current study brings new perspectives to the theory of management practice within the South African industry context as it offers two possible directions for future research to pursue from here. Firstly, scholars can examine how the phenomenon of management practice in the South African industry context extends or modifies the existing management theories. A study such as this one offers some direction on how management scholars should view the application of managerial practices with an African locality. At the core of this discussion is the notion that management practice is influenced by contextual factors, which enhance company performance beyond mere managerial knowledge and expertise within the South African industry context. Secondly, scholars can explore how such management-culture-performance relationships can shed light on the practical challenges that the local industry faces in terms of low productivity and underperformance. This may imply further investigating the applicability and, hence, the effectiveness of managerial practices of western origin in South African companies without due recognition of indigenous cultural values and systems. In conclusion, one may argue that this study has produced a rich sketch of the emerging literature on managerial practice and performance relations and how such knowledge feeds into the general theory of management practice.

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# Annexure A

# Data Collection

# Qualitative & Quantitative

# Questionnaires

# CONSENT FORM

I, _____, acknowledge that I understand the research and that the research has been fully explained to me. I also understand that the information which I give to the researcher will be used in the research report.

I further acknowledge that the researcher has indicated:

- That my participation in this research is voluntary
- That my personal details will remain anonymous throughout the research study as well as in the research dissertation
- That I can decline to respond to any questions which I feel uncomfortable with and that I may withdraw from the study at any time without penalty or prejudice of any form.

I hereby consent to participate in this research study **"Management effects on company performance: A mixed methods study of the South African rubber industry"**

**I agree / I do not agree to participate in this research survey.**

*(Thabiso J. Musendame)*
Researcher

_____
Participant

_____
Date Signed

# *INTERVIEW QUESTIONNAIRE*

## *THABISO J. MUSENDAME*

## *INTERVIEW RESEARCH QUESTIONS*

## *2016*

## SECTION A

## Interviewee Information

**Province:** _____

**Number of years – company in operation:** _____

**Position of interviewee:** _____

**Number of years – interviewee in position:** _____

**Date of interview:** _____

Email: tmusendame@yahoo.com
Tel. +27 11 421 7737, Cell: +27 74 444 0936

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Tel: +27117178241, Cell. +27836845140

## SECTION B

| | |
|---|---|
| **1. Managerial practices**<br><br>Assessing the importance of strategic planning and target setting as management tools for enhancing business performance. | Q1. 'Target setting, process monitoring, performance monitoring, performance evaluation and incentive management' are often used by managers as tools to effective management. Is there any benefit in using these managerial practices?<br><br>_____<br><br>_____<br><br>_____ |
| **2. Work systems, procedures, standardisation & documentation**<br><br>Assessment of standardisation of work systems and procedures in an organisation. | Q2. A study focusing on quality management systems (ISO systems, TQM, etc) shows that some companies in South Africa have adopted QMS systems. Do you see any benefits in adopting QMS?<br><br>_____<br><br>_____<br><br>_____ |
| **3. Performance Appraisals / Management**<br><br>Assessing if the appraisal of performance improves individual and group performance. | Q3. How would you assess employee performance in an organisation?<br><br>_____<br><br>_____<br><br>_____ |

| | |
|---|---|
| **4. Employee Motivation.**<br><br>Assessing effective ways of motivating individual employees within the organisation? | Q4. There are different ways of achieving employee motivation in an organisation. In your view, what sustainable form of motivation would you apply in your organisation?<br><br>_____<br><br>_____<br><br>_____ |
| **5. Management in Context.**<br><br>Assessing management view and perception in regards to the application of management practice within contexts | Q5. There are two views to application of management in developing versus developed countries. In your view, does the level of economic development influence managerial practice?<br><br>_____<br><br>_____<br><br>_____ |
| **6. Cultural influence on Management.**<br><br>Assessing the view that culture impacts on management practices. | Q6. Scholars often differ in opinion as to whether or not 'national culture' influences managerial practices across countries. What is your view on this debate?<br><br>_____<br><br>_____<br><br>_____ |

| | |
|---|---|
| **7. Application of American/European management theories in other parts (Africa) of the world.**<br><br>Reassessment of the universal application of American/European theories in wider global environment. | Q7. The application of Western (American) management theories and practices within the South African industry context has often been questioned. In your view, how valid are Western management practices in the African socio-cultural context?<br><br>---<br><br>---<br><br>--- |
| **8. Management effects on organisational performance.**<br><br>Identification of management effectiveness and addressing the incapacity of management talent in SA organisations. | Q8. SA industry statistics indicate that over 30% of rubber companies have closed down over the last 30 years. In your view, to what extent has management contributed to this down trend?<br><br>---<br><br>---<br><br>_____ |
| **9. Management Attributes**<br><br>Identification of important of management attributes for future managers. | Q9. In your view, what are the important attributes that present and future managers need to pay attention to in ensuring effective management practice in organisations?<br><br>_____<br><br>_____<br><br>_____ |

| | |
|---|---|
| **10. Management Challenges**<br><br>Reassessment of management challenges in today's business environment. | Q10. The task and complexity of management has increased in the last 20 years owing to global competition, international trade and worker diversity, among others. What are some of the managerial challenges facing South African managers today?<br><br>---<br><br>---<br><br>---<br><br>_____ |

***UNIVERSITY OF THE WITWATERSRAND***




***FACULTY OF COMMERCE, LAW AND MANAGEMENT***

***(SCHOOL OF ECONOMIC & BUSINESS SCIENCES)***

***THABISO MUSENDAME***

***RESEARCH QUESTIONNNAIRE***

# *Management effects on company performance: A mixed methods study of the South African rubber industry*

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## COVER LETTER

## TO WHOM IT MAY CONCERN

Dear **Respondent,**

I hope I find you well. This serves to inform you that I am conducting a research in managerial practices and how they impact on organisational performance. Kindly assist by completing the attached questionnaire. See below for details of the study.

**Re: Invitation to participate in research study (Research survey)**

My name is **Thabiso Musendame** and I am currently studying for a postgraduate doctorate degree (**PhD in Management)** at the **University of the Witwatersrand** (Wits) in Johannesburg.

I wish to invite you to participate in my research project entitled '**Managerial effects on company performance: A mixed methods study of the South African rubber industry**'. The project involves the completion of a self-administered questionnaire as per attached document.

I wish to note that your selection into this research is based on your involvement and extensive knowledge of the rubber industry in South Africa. Please note that the researcher undertakes to adhere to strict ethical standards hence any information provided through the questionnaire will be treated in the strictest confidence as per the University's ethical code of conduct.

Essentially, the research objective is to provide empirical data on the mediation between specific managerial practices and organisational performance in private-sector enterprises with specific reference to the South African rubber industry. The idea is to identify best managerial practices which have the greatest impact on the operational performance of an enterprise in the SA context.

You are welcome to contact the undersigned should you have queries or should you require further clarification related to the research. Thanking you in advance for accepting my invitation to participate in this study.

Yours Sincerely

**Thabiso Jeremiah Musendame**
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## SECTION A

### INTRODUCTORY INFORMATION

**For each of the 4 questions below please CLICK in the APPROPRIATE CIRCLE**

**1. Province in which your company is located**

○ Gauteng ○ KZN ○ Eastern Cape ○ Northern Cape
○ Northwest ○ Free State ○ Mpumalanga
○ Western Cape ○ Limpopo

**2. Number of years (company in operation)**

○ 1 – 3 years ○ 4 – 6 years ○ 7 – 10 years ○ above 10 years

**3. Position of respondent in the company**

○ 1st line management ○ middle management ○ senior management

**4. No. of years – respondent in position**

○ (Under 1) year ○ (2 – 3) years ○ (4 – 5) years ○ (6 – 10) years ○ above 10 years

## SECTION B

## COMPANY PROFILE

For **each** of the questions below please put a tick in the **one circle** which you feel most nearly describes your company's profile.

**1. Number of employees**

○ (1 – 50) ○ (51 – 100) ○ (101 – 500) ○ (501 – 1000) ○ (1001+)

**2. Nature of business**

○ manufacturing ○ rubber chemicals supplier ○ allied rubber products ○ other

**3. Type of company**

○ (private) ○ (public) ○ (multinational) ○ (conglomerate / consortium)

**4. Business ownership**

○ (family-owned) ○ (non-family owned) ○ (other)

**5. Senior management / corporate leadership**

○ (CEO – family member) ○ (CEO – non-family member) ○ (other)

**6. Product market**

○ competitive ○ monopolistic ○ other

**7. Senior managers educational level**

below matric  matric level  tertiary level (diploma)  tertiary level (degree)

**8. The ratio of female managers to male managers**

(1 : 1)  (1 : 2)  (1 : 3)  (1 : 4)  (1 : 5+)

**9. Ratio of local managers to expatriate managers**

(1 : 1)  (2 : 1)  (3 : 1)  (4 : 1)  (5 : 1)

**10. Labour market regulations**

(unionised labour)  (non-unionised labour)  (other)

## SECTION C

For **each** of the thirty questions below please put a tick in the **one circle** which you feel most nearly describes your company's current situation.

---

**Q1. Has your company adopted any modern manufacturing processes (TQM, JIT, Lean) in the last five years?**

○ A few modern manufacturing techniques have been introduced in an ad-hoc manner.

○ Some aspects of modern (lean) manufacturing techniques have been introduced, though informal or isolated change programs.

○ All major aspects of modern manufacturing have been introduced (JIT, automation, flexible manpower, support system) in a formal way.

**Q2. What motivated the introduction of these modern processes?**

○ Modern (lean) manufacturing techniques were introduced because others were using them.

○ Modern (lean) manufacturing techniques were introduced to reduce costs.

○ Modern (lean) manufacturing techniques were introduced to meet our business objectives (including costs).

**Q3. Does your company engage in target/performance setting for its employee at every level?**

○ Performance measures are complex and not clearly understood. Individual performance is not made public.

○ Performance measures are well defined and communicated, performance is public in all levels but comparisons are discouraged.

○ Performance measures are well defined. Strongly communicated and reinforced at all reviews, performance and rankings are made public to induce competition.

**Q4. How do senior managers identify talent in your company?**

○ Senior management do not communicate on the identification, retaining or developing of talent in the organization.

○ Senior management believes and communicate that having top talent throughout the organisation is a key way to win.

○ Senior management believes and communicate that having top talent throughout the organisation is a key way to win.

**Q5. How does your company develop talent in employees?**

○ Senior management do not communicate on retaining or developing talent throughout the company.

- Senior management believe and communicate that having top talent throughout the organization is a key way to win.
- Senior managers are evaluated and held accountable on the strength of the talent pool they actively build.

**Q6. What types of performance targets are set in your company?**

- Goals are exclusively financial and not operational.
- Goals include non-financial targets, only part of the performance appraisal of top management only (they are not reinforced throughout the rest of organisation).
- Goals are a balance of financial and non-financial targets; Senior managers believe the non-financial targets are often more inspiring and challenging than financials.

**Q7. How does your company communicate performance targets to the shop floor workers?**

- Goals are based purely on accounting figures (with no clear connection to shareholder value).
- Corporate goals are based on shareholder value but are not clearly cascaded down to individuals.
- Corporate goals focus on shareholder value. They increase in specificity as they cascade through business units ultimately defining individual performance expectations.

**Q8. How do managers link performance targets to corporate objectives?**

- Goals are based purely on operational aspects with no link to corporate objectives.
- Performance targets are based on operational targets with no link to corporate objectives.
- Performance targets are linked to operational aspects and ultimately to the business/corporate objectives.

**Q9. What is the average time scale of targets?**

- Targets are exclusively short-term, to a maximum of 3 months.
- Targets range from short to medium term from 3 to 12 months.
- Targets range from short to long-term, from 3 to 5 years.

**Q10. How do you relate short and long-term goals in your company?**

- Short-term goals are not related in any way to long-term goals.
- Short and long-term goals are set independently; they are not necessarily linked to each other.
- Long-term goals are translated into specific short-term targets so that short-term targets become a “staircase” to reach long-term goals.

**Q11. In your view what is the rationale behind target setting?**

- Target setting is not important in an organisation.
- Target setting helps but not always critical in achieving corporate objectives.
- Target setting is very critical in helping employees achieve corporate objectives and goals.

**Q12. How often do employees meet set targets?**

- Goals are either too easy to achieve; managers low-ball estimates to ensure easy goals.
- It depends on which department. In some areas management pushes for aggressive goals based on solid economic rationale while in others there are a few "sacred cows" that are not held to the same rigorous standard.
- Employees do achieve their targets regularly. The goals are genuinely demanding for all divisions (they are grounded in solid, solid economic rationale).

**Q13. On average how long does it take to resolve a process related problem from identification to resolution?**

**Q14. How does your company deal with repeated failures in your organisation?**

- Failure to achieve agreed objectives does not carry any consequences.
- Failure to achieve agreed results is tolerated for a period before action is taken.
- A failure to achieve agreed targets drives retraining in identified areas of weakness or moving individuals to where their skills are appropriate.

**Q15. What formal corrective action process addresses non-compliances in your organisation?**

- No process improvements are made when problems occur.
- Improvements are made in one-week workshops involving all staff (to improve performance in their area of the plant).
- Exposing problems in a structured way is integral to individuals' responsibilities and resolution occurs as a part of normal business processes rather than by extraordinary effort/teams.

**Q16. What platform allows for process improvements?**

- There are no process or product improvements platforms available for continuous improvement.
- There are some platforms available for process improvements, though informal and optional.
- An effective quality management system provides for process improvement throughout the organisation.

**Q17. What KPI measurements does your company use for performance tracking?**

- Measures tracked do not indicate directly if overall business objectives are being met. Tracking is an ad-hoc process (certain processes aren't tracked at all).
- Most key performance indicators are tracked formally; tracking is overseen by senior management.
- Performance is continuously tracked and communicated, both formally and informally, to all staff using a range of visual management tools.

**Q18. How often do senior management track individual performances?**

- Top management do not track individual performances.
- Top management do track individual performances on an ad-hoc basis.
- Individual performance is continuously tracked and communicated formally on a periodic basis.

**Q19. How does your company review (appraise) KPIs?**

- The company reviews KPIs in a meaningful way (e.g. only success or failure is noted).
- The company reviews KPIs through an unclear follow-up system.
- The company reviews KPIs through a formal quality management systems approach in the form of a performance management system.

**Q20. What formal feedback system is used to review KPIs in your company?**

- There is no formal feedback system (the feedback system is informal depending on individual managers and their subordinates).
- The feedback system in the form of a performance management system is used, however, on an ad-hoc basis.
- The review of KPI's is done through a systematic and formal performance management and appraisal system throughout the organisation.

**Q21. How are KPIs communicated to the relevant personnel or employees?**

- The right data or information for a constructive discussion is often not present or conversations overly focus on data that is not meaningful (no clear agenda and purpose is not explicitly stated).
- Review conversations are held with the appropriate data and information present; objectives of meetings are clear to all participating and a clear agenda is present.
- Regular review conversations focus on problem solving and addressing root causes; purpose, agenda & follow-up steps are clear to all. Meetings are an opportunity for constructive feedback & coaching.

**Q22. How do you structure feedback meetings?**

- There is no clear agenda for feedback meeting (meetings purpose is not stated explicitly).

Feedback meetings are held with the appropriate data and information present; objectives of meetings are clear to all participating and a clear agenda is present.

There is clear agenda, performance conversations focus on problem solving and addressing root causes; purpose, agenda and follow-up steps are clear to all.

**Q23. What appraisal system does your company use?**

People within our firm are rewarded equally irrespective of performance level.

The company has an evaluation system for the awarding of performance related rewards.

The company strives to outperform the competitors by providing ambitious stretch targets with clear performance related accountability and rewards.

**Q24. What reward system is in place for top performers?**

People in the organisation are rewarded equally irrespective of performance level.

Top performers are paid extra money as a reward system.

Top performers are promoted to positions of responsibility and financially compensated accordingly.

**Q25. How does your company deal with non-performers or under achievers?**

Poor performers are rarely removed from their positions.

Suspected poor performers stay in a position for a few years before action is taken.

Poor performers are moved out of the company or to less critical roles as soon as a weakness is identified.

**26. How does your company identify people for promotion?**

People are promoted primarily upon the basis of tenure.

People are promoted upon the basis of performance.

The company actively identify, develop and promote our top performers.

**Q27. How is the promotion system related to performance?**

Promotion is rarely linked to performance.

The promotion system is related to performance on an informal basis.

The promotion system is actively related to performance based on a formal and documented appraisal system throughout the organisation.

**Q28. What makes it distinctive to work for your organisation as opposed to your competitors?**

Competitors offer stronger reasons for talented people to join their companies.

The company’s value proposition to those joining our company is comparable to those offered by others in the sector.

○ The company provides a unique value proposition above our competitors to encourage talented people to join our company.

**Q29. How does your company ensure staff retention?**

○ The company does little to try and keep our top talent.

○ The company usually works towards keeping top talent.

○ The company does whatever it takes to retain top talent.

**Q30. What human resources management (HRM) practices has your company adopted or put in place to create and promote a conducive work environment?**

○ The company does not have any human resources management practices in place to make the work place a conducive environment.

○ The company has adopted some human resources management practices in an attempt to promote a conducive environment.

○ The company has adopted various human resources management practices which have made the work environment very conducive and desirable.

# Annexure B

# Qualitative Data

# (Interview Narratives)

***<u>Question 1</u>: Target setting, process monitoring, performance monitoring, performance evaluation and incentive management are often used by managers as a tool to effective management. Is there any benefit in adopting the practices in management practice?***

***1qMW1:*** *"These managerial practices are critical in ensuring operational efficiency and production output and profitability. Setting up of targets provides the mileage to get to where one wants to go and what one wants to achieve"*

***1qMW2:*** *"Target setting is an important tool of management. Targets can be beneficial if they are Specific, Measurable, Attainable, Relevant and Timely 'SMART', that is they need to be realistic and achievable for them to be motivational. If they are not SMART, they can be negative and 'demotivational' whereby shop floor employees must see them as unachievable and hence care need to be taken in crafting targets"*

***1qMB1:*** *"The question as to whether target setting is a management tool can be answered as – yes and no? Yes in that target is contributing to company performance in that it provides a measure of what needs to be achieved. No – in the sense that target setting is a driven process, which is not always been attached to the bigger company strategy"*

***1qMW3:*** *"Target setting is important in setting what needs to be achieved, the expectation in terms of budget or production outcome, for example. The downside of target setting is that in a production setup, people turn to ignore quality and safety issues at the expense of meeting the target. The success or effectiveness of target setting depends to a large extent on the culture, background and educational levels of people involved"*

***1qMB2:*** *"Target setting is important in management in that it provides direction and the milestones needed to be achievable. However, for target setting to be beneficial, the targets must be achievable and measurable. The downside of target setting is that if employees fail to achieve the targets constantly and continuously, this may be a source of demotivation"*

***1qFW1:*** *"Target setting helps in monitoring production levels against the set budget. It helps in monitoring employee performance and benchmarking company performance against industry leaders"*

***1qMW4:*** *"Target setting, process monitoring, performance evaluation and performance monitoring are important tools in management planning, follow-ups on set objectives, budget control and production measurement. However, for these practices to be beneficial there must be constant monitoring and control of process against set targets. The set objectives or goals must be reviewed regularly to ensure the achievement"*

***1qMW5:*** *"Targets help achieve objectives, goal and vision of the company. It increases market share and product throughout by way of setting out the measurables. Without targets, there is*

*unlikely to be any clear direction. Target setting helps in building teamwork and drives goal achievement"*

***1qFW2:*** *"Target setting is essential for benchmarking across companies, industry, national and international markets. It helps in driving people towards meeting corporate objectives and goals. However, for target setting to be effective as a management tool, the targets must be Specific, Measurable, Attainable, Relevant and Timely (SMART)"*

***1qMB3:*** *"Target setting is an important tool of management. Targets can be beneficial if they are Specific, Measurable, Attainable, Relevant and Timely 'SMART', that is they need to be realistic and achievable for them to be motivational. If they are not SMART, they can be negative and 'demotivational' whereby shop floor employees can see them as unachievable and hence care need to be taken in crafting targets"*

***1qMW6:*** *"The setting of targets assists in gauging success and failure of planned objectives and goals, they promote teamwork, drive goal achievement and benchmark success against industry performance"*

***1qMW7:*** *"Conventional wisdom states that, if you cannot measure it, you cannot manage it"*

***1qMW8:*** *"Target setting is essential because it makes one establish if one is measuring the right thing or not and the accuracy of results. However, it must be realised that the complexity, interpretation and time frame in target setting is of paramount importance. Otherwise if one sets wrong goals, for example, one gets what he or she measures (wrong goals)"*

***1qMB5:*** *"Target setting helps to set some sort of scale of production which is extremely necessary for determination the performance of the production line, department or company. However, if not properly set (overstated), targets might demotivate shop floor employees"*

***1qMW9:*** *"South Africa has a diverse culture, many languages and of great ethic grouping, therefore it would be difficult to replicate into the workforce of diverse backgrounds etc. As a result, the setting of targets helps to achieve collectively the necessary cohesion, understanding and social interaction, and team among these diverse groups"*

***1qMB6:*** *"Target setting helps one to get where the company sets itself to such as profitability, new markets or production output. Setting up of targets provides the mileage to get to where one wants to go and what one wants to achieve"*

***1qFW3:*** *"In setting up targets, care must be taken to ensure that the targets are relevant and that correct performance indicators are measured properly and accurately, otherwise if not done correctly, it may mislead the whole purpose of planning, monitoring, evaluation and control"*

***1qMW10:*** *"This is a critical practice from the overall company detailed financial budget, broken down into the smaller components that make up the whole hence target setting remains an important part of management"*

***1qMB7:*** *"Target setting can also be used as a tool for management of process and performance and for training purpose. They must also make people to innovate, set new benchmark, and get better buy in the achievement of set targets"*

***1qBW1:*** *"To realise Company objectives, 'target setting', not an option, a subset of 'objective setting', must be done by line management as cascaded from the Chief Executive throughout the Company structure"*

***1qMW11:*** *"The benefits of target setting, process monitoring, performance evaluation, performance monitoring and incentive management are important to the operations strategy in that they play a critical role and contribute towards the organisation's business strategy. Within the organisation itself are internal activities which provide assistance, that is suppliers and customers alike contribute towards meeting set targets"*

***1qMB8:*** *"Target setting has both positive and negative effects as a tool for management. It can be positive and help achieve the desired productivity or performance only if they are made to be Specific, Measurable, Attainable, Relevant and Timely (SMART). On the downside, target setting can be negative if not properly crafted, either too low to motivate the employees or too unrealistic to be achieved thereby demotivating employees"*

***1qFW4:*** *"Target setting has to be measured against set targets in order to be beneficial, important in measuring business performance, cash flow or profitability"*

***1qMW12:*** *"Target setting makes people to align with corporate objectives and business strategy. It enables people to pull in the same direction and produce high performance"*

***1qMB9:*** *"Yes, target setting is necessary, however, it is difficult to monitor and control hence should be done in consultation with the affected employees (recipients). They must be realistic and foremost derived on practicality"*

***1qBW2:*** *"Target setting is definitely essential; it provides the drive for achievement. It provides clear guidelines of the objectives to be achieved and the scope of performance requirements. However, target setting may be counter-productive if not clear (SMART) and hence must be refined for easy understanding of all employees"*

***1qMW13:*** *"Target setting acts as a guide for factory loading (planning), market satisfaction (timely delivery since production will be achieved in time), understanding capabilities for plant and management of financial inflow and outflows"*

***1qMW14:*** *"Target setting helps employees to understand the business, the targets or measurements to be conducted and achieved. People need to understand the targets and they*

*must be used in the right sense. However, targets must be realistic (SMART). Target setting can also be used as a tool for management and for training purpose. Targets make people to become innovative, set new benchmark, get better buy in the achievement of set targets"*

***1q9BW3:*** *"Failure of setting targets is like planning to fail. Target setting helps to manage knowledge and skills, employee capabilities and quantities of activities. Overall, these practices – target setting, process monitoring, performance evaluation and performance monitoring help in effective management of performance"*

***1qMW15:*** *"The majority of businesses or individuals strive for 'success' either on a personal or financial basis. It should however, be emphasised that the effectiveness of target setting depends on the targets being Specific, Measurable, Attainable, Relevant and Timely (SMART)"*

***<u>Question 2:</u> A study focusing on quality management systems (ISO systems, TQM, etc) shows that some companies in South Africa have adopted QMS systems. Do you see any benefits in adopting QMS?***

***2qMW1:*** *"Work systems assist in maintaining standards, necessary for consistence and competitiveness; they reduce wastage, efficiency, product quality and general quality standards. In turn, quality management leads to customer satisfaction and profitability"*

***2qMW2:*** *"Work systems are beneficial from a technical and marketing viewpoint. They assist in ensuring customers that a 'system' is in place which leads to standardisation and consistency"*

***2qMB1:*** *"Works systems can be beneficial for the company if properly done otherwise they can become an administrative burden. Many companies implement 'systems' but the company does not benefit from the (system). Work system is a great idea if the company can see the rewards in a short period of time as well as over an extended period of time"*

***2qMW3:*** *"Work systems are a vital tool for both operations and marketing management; they help in guiding shop floor employees on the way things ought to be done. However, care must be taken not to get wrapped up in paperwork or procedures at the expense of executing the work itself"*

***2qMB2:*** *"Work procedures are a necessary evil, they are costly and involve time but necessary because they ensure discipline, puts a system in place. Most customers insist on work systems because they are one way of reducing risk and ensuring consistence in quality"*

***2qFW1:*** *"Work systems open avenues to global markets for it is a requirement for any business to place in place systems. They eliminate short cuts and provide employees with uniform, standardised way of doing things. They also ensure consistency in process and product produced"*

***2qMW4:*** *"Work systems such as QMS are useful and beneficial for consistency, educational and training of new operatives or new employees. They encourage a review of process, control, continuous improvement and enhancement of performance"*

***2qMW5:*** *"Work systems help in standardisation and consistency. Poorly designed work systems can be counter-productive. In general, work systems increase customer confidence and increases market share. They help instil a positive mindset and consistency in product quality"*

***2qFW2:*** *"Work systems are vital in organisations; the tabulated procedures provide guidance on the way ethics and conducting of activities, including maintaining consistency in quality and for continuous improvement. Secondly, as people leave the company and others join the formal documented procedures help define the system for new employees"*

***2qMB3:*** *"Standardisation of process provides a benchmark, structure, traceability and defines management practices within organisations"*

***2qMW6:*** *"Work systems are vital to ensuring standardisation of process across the organisations. They provide frame and structure within companies"*

***2qMW7:*** *"Certainly yes, work systems allow the performance to be measured and benchmarked against industry, national and international standards"*

***2qMW8:*** *"Work systems are necessary, they are essential because without systems, there will be no consistency in process and product quality. They lead to improvement in systems, quality, productivity and safety and performance"*

***2qMB5:*** *"Work systems are necessary; they lead to customer satisfaction, peace of mind on the part of the customer with the re-assurance of a quality product"*

***2qMW9: Respondent 15:*** *"The effectiveness of work systems to organisations depends to a large extent on the purpose and implementation. Essentially, work systems are not necessary, they are not essential"*

***2qMB6:*** *"Work systems are essential in that they promote standardisation of process and product quality. They promote discipline where people work to set procedures and principles. They help in trouble shooting and customer satisfaction especially large companies. These may, however, not necessary in small companies"*

***2qFW3:*** *"Work systems provide a benchmark against the best. This is necessary in stronger competitive environment. Senior management must, however, be committed to the implementation of the systems and just window dressing"*

***2qMW10:*** *"Poor quality leads to loss of business from dis-satisfied customers and higher cases due to scrap (leading to lower profits and non-competitiveness)"*

***2qMB7:*** *"Work systems provide the assurance that the product the customer is getting meets a minimum quality standard. They are important for consistency and continuous improvement"*

***2qBW1:*** *"To participate in the local and global economy a supplier must ensure the product complies fully with customer quality and supply needs, cost effective manufacturing practice and to satisfy these requirements a suitable quality management system must be adopted"*

***2qMW11:*** *"By adopting and implanting a work system such as QMS, has the following benefits – it provides evidence that the organisation operates in a structured manner, objectives are drawn up for either long, short or medium term and that customer satisfaction is determined by complaints positive and negative and what can be done to correct them. Employee satisfaction is critical as all individuals play a role in the longevity of the company"*

***2qMB8****: "The effectiveness of work systems such as QMS, TQM, ISO, 7's, Sigma and Lean manufacturing depends on industry and size of the company"*

***2qFW4:*** *"Work systems are important in ensuring product quality especially in the car industry where quality is high priority. Work systems are also beneficial in educating new employees joining an organisation based on documented work procedures"*

***2qMW12:*** *"Work systems provide mixed benefits, both positive and negative, they are necessary for continuous improvement, continuity of management systems, standardisation and efficiencies while on the negative end, and they may stifle creativity and innovation"*

***2qMB9:*** *"Work systems such as QC, TMQ and others are conceptually beneficial. The jinx of work systems is in the implementation. In general, work systems provide control, consistency and appraise people much quicker with the process and product requirements hence can be used as training for new or newly promoted employees"*

***2qBW2:*** *"They provide the necessary process guidelines and as marketing tool – which lead to increased market share and process efficiency"*

***2qMW13:*** *"Work systems are necessary for the identification of potential problems and assist with problem solving, reduce quality product inconsistency and traceability"*

***2qMW14:*** *"Work systems such as QMS are not necessarily marketing tool but production output and productivity. Work systems empower employees by educating everyone on the need for adherence to procedures"*

***2qBW3:*** *"Work systems provide industry and international spec requirements, they form the basis of working policies, procedures to produce quality product and achieve standardisation"*

***2qMW15:*** *"QMS systems definitely have a positive impact on the financial side; if the following process and factors are implemented correctly, sustainability and market growth may be achieved, such include people's attitude towards improving the existing process, utilisation of resources and teamwork"*

***Question 3: How would you assess employee performance in an organisation?***

***3QMW1:*** *"Performance management sets the criteria for targets, performance indicators, the measurables, and evaluation and promotes discussion on a regular basis. It facilitates meetings for motivation and forms the basis for reward system"*

***3QMW2:*** *"Performance appraisal encourages motivation for planning and performance through the use of Key Performance Indicators (KPI's). Performance management is effective and necessary, it provides a good measure of people performance during crisis periods, that is, assessing people performance during the hard times"*

***3qMB1:*** *"Many companies use what is called competence-based assessment which is a formal and structured way of assessing people performance which assesses the employee's skills, capabilities and value relative to one's job description and overall corporate objectives"*

***3qMW3:*** *"The use of money as criteria for performance appraisal has been found to be ineffective, it provides short-term motivation. However, at the end of the day the employer still needs to pay a decent wage for employees to survive. Other forms of motivation that can be used include production incentives and transport benefits at the shop floor level and promotion and self-actualisation at senior levels in the organisation"*

***3qMB2:*** *"The best way to appraisal people in terms of performance is by monitoring their performance and giving feedback on a daily basis, this activates and encourages people, gives them the drive and provides clear direction in terms of what needs to be achieved and the time lines"*

***3qFW1:*** *"The best way to conduct performance appraisal is to set targets and communicate these to employees, measure performance in terms of what (tangibles) was agree on versus what was achieved and give employees a chance to explain their shortfalls, agree on reasonable (fair) scores"*

***3qMW4:*** *"The bigger the company the difficulty to manage hence effective appraisal is necessary. On the other end, it is easier to manage small firms"*

***3qMW5:*** *"Money is not a sustainable form of motivation. It is recommended to use KPI's to assess people performance. In other words, provide corrective feedback and recognition for a job well done"*

***3qFW2:*** *"The most effective way to appraise employees is by way of setting up key performance Indicators (KPI's) as measured against strategic business goals and objectives, taking into the responsibilities and job descriptions of those involved. Measure the performance to determine performance and reward accordingly and to add value to performance evaluation, come up with an outcome in the form of ether reward for achievers or rid of dead wood"*

***3qMB3:*** *"Observation is one way to monitor performance. It is generally common that in large companies, performance appraisal provides necessary feedback while in small companies, managers 'micro manage' their subordinates. Performance management must follow a two-way dialogue in order to be effective"*

***3qMW6:*** *"Performance can be managed using performance reviews or appraisals and the frequency of monitoring depends largely on the position of the incumbent"*

***3qMW7:*** *"Performance appraisal can be achieved using target goals and performance as primary objective measures and creativity as a secondary subjective measure"*

***3qMW8:*** *"At wages level, it is difficult to measure performance and so it is easier to appraise a group (recognition of team work for output or innovation) than individuals. Poor performance can be followed by disciplinary action. The targets must be visible and consistent. High levels in the organisation can be assessed using KPI's over an agreed period of time through formal meetings"*

***3qMB5:*** *"Performance can be effective by constantly checking on people and ensuring that the keep awake of what needs to be done and achieved at all times"*

***3qMW9:*** *"Some companies use what is called competence-based assessment which is a formal and structured way of assessing people performance"*

***3qMB6:*** *"Performance assessment can be done using a questionnaire based formal procedure which entails conducting a one-on-one feedback session between the superior and the subordinate"*

***3qFW3:*** *"Performance management can be done on a regular or frequent basis using (key performance Indicators) KPI's. Performance appraisal helps in self-development and provides the input to motivation"*

***3qMW10:*** *"Department managers can assess employee performance through regular reviews with their subordinates and giving feedback where necessary"*

***3qMB7:*** *"Performance can be done through monthly or regular budget reviews, reviewing development planning and offering performance contacts – where employees can be paid on what they have achieved"*

***3qBW1:*** *"Performance appraisal can be achieved through – loyalty to company incentives, obedience (responsive to instruction), trustworthiness and co-operation between employers and employees"*

***3qMW11:*** *"Use a job description to evaluate the employee against the criteria in the job description. Also use other attributes like whether the employee interacts well with other colleagues. Include items such as the ability to problem solving and make appropriate*

*decisions. Allocate a numerical value for each question and assist provide training where needed"*

***3qMB8:*** *"For performance evaluation to be effective, link up performance to targets and they must be Specific, Measurable, Attainable, Relevant and Timely (SMART)"*

***3qFW4:*** *"Performance can be achieved through joint agreed key performance Indicators (KPI's) – measurables, where both parties"*

***3qMW12:*** *"Compare performance against system (key performance Indicators**,** KPI's) and use these key performance Indicators (KPI's) to drive and measure targets. People turn to be focused on targets while losing the ability to innovate. Managers must be consistent in disciplining their subordinates"*

***3qMB9:*** *"Use knowledge of activities, quality of activities rather than job descriptions to determine performance. Also use internal customer feedback to determine performance, where possible"*

***3qBW2:*** *"Performance management involves appraisal of targets and providing reasons for the assessment, one must understand one's responsibilities and the targets or objectives to be met"*

***3qMW13:*** *"Performance evaluation must refer to the job description, must provide feedback and acknowledge or recognition for the accomplishment of the set targets. The salary reviews must be based on performance and not personality"*

***3qMW14:*** *"Performance must critically focus on developing set of capabilities and skills recognise value to themselves and the business. The appraisal must link HR with performance and to strategies, skills and capabilities so as to extract the best out of the available HR resources"*

***3qBW3:*** *"Most corporates use formal system of performance which may be demotivating at times. Performance assessment must involve regular discussions to determine feedback and identify gaps which may be addressed through training to ensure the flow of activities within the organisation"*

***3qMW15:*** *"By using the following Key Points: Punctuality: This is directly related to being disciplined and managing time correctly. This has a 'Direct impact' on existing & potential clients and company; Quality delivery of work being completed timeously, efficiently and comprehensively (Personal performance objectives are achieved & client happy); Observation of personal habits: They may be positive or proactive, or negative or reactive. A behavioural code of conduct is required to set the ground rules, what is acceptable and what is not; Attitude Check: There is a saying, it is not your aptitude that determines your altitude but your attitude. This determines how one embraces challenges and overcomes them or is succumbed by them;*

*Review personal dress code: The image of an individual generally has a direct bearing of one's self-esteem and indirectly on one's company and brand. This may impact negatively on the company expectations; Carry out client survey: Poor employee performance' will impact on client service. A client survey will immediately highlight potential shortfalls or reveal positive client expectations. Random Business Checks: Against quality standards, will highlight the following areas: measure business calls, project meetings, follow-up inspections among others"*

***Question 4:*** ***There are different ways of achieving employee motivation in an organisation. In your view, what sustainable form of motivation would you apply in your organisation?***

***4qMW1****: "In order to effectively motivate employees, there is need for good communication, where people need to be told what is expected of them. This means that everyone must be involved in decision-making process (participative) management and the leader then makes the final call or decision"*

***4qMW2:*** *"Managers need to be fair but firm; they need to be consistent in their handling of disciplinary actions or in their execution of duties. They must be a yardstick, exemplary and always set the right precedence"*

***4qMB1:*** *"Reward employees with a fair bonus scheme, let star performer be praised in all company communication and be fair. Develop people and create an environment for improvement for self-motivators"*

***4qMW3:*** *"The best way to motivate is to empower people to make decisions or consult and get the opportunity to contribute to decision-making process, work independently and get room or opportunity to fly. Good work needs to be recognised and rewarded for achievement"*

***4qMB2:*** *"Face-to-face interaction involving employee and employer is very important when it comes to motivation. Recognition of achievement is crucial and paramount in motivating employees"*

***4qFW1:*** *"Equip employees with the necessary skills, training and education, thus give them a fair chance to apply their full potential so that they can shine and make progress in their careers"*

***4qMW4:*** *"It is important to make sure a job well done is recognised and rewarded. Financial rewards can only be temporary and incentive schemes will do well in providing sustainable motivation such as profit sharing, target incentives. Managers must target a mixture both individual and group incentives"*

***4qMW5:*** *"Sustainable motivation should be based on vision. Money never plays any role in sustainable motivation, though the employer must pay a decent wage. It is also useful to use*

*teamwork in motivation people. Training is also useful and more so, provide clear natural progression"*

***4qFW2**: "Motivation must fit into culture of the organisation. Job security is one of the biggest factors. Equally important is job satisfaction, self-discipline and self-motivated workforce. Though needed, money does not always add a value to motivation"*

***4qMB3:** "Money does not provide loyalty or motivation but temporary motivation. Recognition and empowerment – make them feel the ownership and responsibility. Give them room to make free decisions and pay them a decent wage"*

***4qMW6:** "Motivation can be achieved by empowering individuals by allowing free thinking and innovation. Making them contribute to a solution and rewarding employees by recognising food effort and ideas motivates employees"*

***4qMW7:** "Facilitating and mentoring are essential to creating a want to succeed attitude"*

***4qMW8:** "Financial rewards are known for being temporary motivators. A better way is to provide a 13$^{th}$cheque. Recognition for achievement – meeting targets such as production target is a better way of motivating employees"*

***4qMB5:** "Motivation can be achieved through the achievement of goals, objectives or targets. Allowing people to manage themselves (using a point system of incentive), for example Xerox model can lead to motivation in employees. An example of a point system is using a software-chip (smart card) which can track performance and determine reward system"*

***4qMW9:** "Different people get motivated differently and by different things hence the most effective way to motivate people is to treat people differently according to their individual aspirations. Though a goal setting approach can be used of holistic approach, over and above, people must be motivated differently"*

***4qMB6:** "Financial way of motivating people has proven ineffective, unless at the very lower ranks in an organisation. Motivators such as job satisfaction and self-development are effective in motivating people. One must tie job function to the character and characteristics of a person – always ask the question: is the person in the right position and it is the best position for the incumbent?"*

***4qFW3:** "Incentives for performance are some of the motivators although self-development and recognition for good work are more effective. To make it even more effective, one must monitor performance on a regular basis and reward good work through self-development or promotion"*

***4qMW10:** "I would suggest give employees responsibilities for each and support it with authority and freedom to perform their own way and just ensure they receive recognition and rewards"*

***4qMB7:*** *"Give people a voice (they must feel that they are part of the company) and reward them for taking decisions and initiatives"*

***4qBW1:*** *"Appreciation demonstrated will motivate most employees- respect shown on the shop floor, the expectation of the highest levels of work performance, the placement of suitable qualified personnel who are given on-job-training to ensure that both Company and individual are satisfied with work performance, implement highest work safe working standards, equitable remuneration and corporate social investment (CSI)"*

***4qMW11:*** *"Provide a safe and healthy work environment, enrich the job by the addition of more complex tasks, thereby expanding the job content vertically, allow employees to have decisions relating to a task or whether to a customer and expose employees to where the product is used externally"*

***4qMB8:*** *"Consideration for the employee's family (the American way – social responsibility that is the micro soft). The situation in South Africa is different; there is no concern or regard for family or individual's life"*

***4qFW4:*** *"Reward people accordingly, fairly and honestly. Involve people (participative) management and buy in (ownership)"*

***4qMW12:*** *"Money is not a sustainable way to motivate people, opportunities for growth (promotion), job enrichment and recognition are some of the most effective ways to motivate people. Success breathes success and performance motivates people"*

***4qMB9:*** *"The best motivator is giving fulfilling job, come to work and feel they have contributed to the business. Feedback is equally important, contributes to positive motivation"*

***4qBW2:*** *"Whilst money is a necessity for sustaining life, personal development and recognition are some of the most effective means to motivate employees"*

***4qMW13****: "Recognition, salary reviews, length of service awards (artefacts), involvement of individuals and publicly recognition and rewarding people"*

***4qMW14:*** *"Money is not an effective motivator. Self-realisation, self-actualisation and self-development (improvement) are effective means to motivating people. Managers need to be fair and consistent in their handling employee matters if they entertain any hopes of motivating their subordinates. Mentorship is another effective way to motivating people"*

***4qBW3:*** *"It is advisable to directly link motivation to leadership, core elements of management so as to make workers motivated. The Western management approach treat workers as a bunch of machines which differs to the African and Asian approach which treats workers as individuals".*

***4qMW15:*** *"Employee motivation is so diverse and revolves around the individual's personality, background, recognition, self-drive and personal ambitions and development. It*

*should be noted, that keeping the individual or teams out of their comfort zones will promote them to achieve and become sustainable"*

***<u>Question</u> 5: There are two views to application of management in developing versus developed countries. In your view, does the level of economic development influence managerial practice?***

***5qMW1****: "Management is global, it applies everywhere, and however, it must take into consideration the cultural context in which the company operates. Such contextual aspects such as social principles, respect for the individual, honouring others and their culture"*

***5qMW2:*** *"The application of management is purely situational – it depends on location (context) and more specifically on culture of specific group, society and more importantly the industry within which the company operates or falls under"*

***5qMB1:*** *"Without a doubt this has been experienced first-hand. If you are a market leader, you employ the best possible managers; you invest in the best training and R & D. So, the general rule of thumb is that developed countries tend to focus on attracting individual talent, knowledge and experience"*

***5qMW3:*** *"The idea of context applies when it comes to context; the use of fair and effective ways of discipline is effective when it comes to context. For example, the distance between subordinate and superior (manager) is very small in the Western context whereas the boss and employee scenario rules in Africa. Hence there is need to Africanize organisational theory in Africa in line with the African socio-cultural context"*

***5qMB2:*** *"Management theory and practice is the same globally, in that words, it is universal. The principles, concept, theory and practice are the same across countries, thus it is convergent rather than divergent"*

***5qFW1****: "Context does influence management practice. For example, the lack of resources in developing countries may lead to less consideration of governance issues in an effort to make up for budget. This promotes corruption or other underhand activities not expected of managers"*

***5qMW4:*** *"Highly developed countries with high levels of education exercise democratic leadership as opposed to the autocratic type of management in low literacy countries (developing countries). Equally so, in highly developed economies, there is chance to find participative management versus the less developed economies. This is influenced by context – the level of literacy in a country "*

***5qMW5:*** *"The level of development of a country does not influence management practice, so management practice is the same elsewhere, however, it should recognise cultural differences. The trick is to incorporate the sensitive cultural differences but still use similar or same management principles"*

***5qFW2:*** *"Management practice depends on the level of education / literacy. The level of literacy helps in communication and understanding and takes away the frustrations associated with illiterate people. An example of a world class company (BWM) requires that a person should be of certain level of literacy to be employed by that company"*

***5qMB3:*** *"Certainly, context does influence management practice. The developed world has the financial capacity than the undeveloped and so the developed world can afford to employ highly educated and skilled workers with clearly defined corporate structures and job descriptions compared to the less developed. In the developed world, there are specialised job roles whilst in the less developed; the emphasis is to multi-skill workers so as to have flexibility in the workforce"*

***5qMW6:*** *"Yes, certainly. Developing countries will have limited skills, resources, technical expertise and will require a learning management. Unlike developing countries, the developed world has the standard practices and resources available with the framework of the country"*

***5qMW7:*** *"Context does not affect or influence management practice. Good managerial practice works on people not processes"*

***5qMW8:*** *"Yes, context affects or impacts on management practice. Because the developed world has the resources, it is likely to have more educated and competent workforce who is likely to produce high productivity than the less developed world. Shop floor workers from the developed versus developing world will be drive by different aspirations and the relationship between seniors and juniors in the two worlds will behave differently in their interaction"*

***5qMB5:*** *"The two worlds of business (developed versus developing economies) will have different influences on management practice. The developed world is more pressured than the developing economies and hence competition and legislation are likely to impact differently on management practice compared to the developing world. The social structures are also different, a bread winner in the developed world will usually support a small family of less than three compared to the developing world, where a bread winner supports a family of ten people"*

***5qMW9:*** *"Context has an impact on how a manager manages, meaning it has an influence on management practice. In other words, both the social and economic structures in developing and developed countries influence leadership styles and hence management practice"*

***5qMB6:*** *"Context does influence management practice but the argument is that individuals who join an organisation from different backgrounds and cultures must align with the dominant*

*organisational culture or orientation. In the UK, for example, the workforce is normally multicultural and managers are encouraged to try aligning the workforce to a common culture so as to get the best of out of the different groupings"*

***5qFW3:*** *"Management is universal but it should take into consideration cultural contexts. The West have kept their management systems undiluted by third world principles, similarly, the East (Asia) and South (Africa) must develop their own management systems that are peculiar to their own contexts in order to realise maximum productivity"*

***5qMW10:*** *"A major factor influencing management strategies is the educational level of employees. Obviously, in developed countries, education tends to be more developed and advanced"*

***5qMB7:*** *"Context influences management practice. In developing countries for example, the contemporary approach to management is autocratic as opposed to the modern Western context of participative management. The autocratic approach was applicable in the old day when the economy was mainly agrarian but with increased civilisation, the approach has changed and suits participative management"*

***5qBW1:*** *"It has been demonstrated that context influences managerial practices. Management in developing countries requires special attention to be given to communication with a workforce having a completely different world view, language, living conditions and values generally"*

***5qMW11:*** *"With the upsurge in economic development there is a link between tremendous increases in production and consumption; this is attributed to increasing manufacturing knowledge. Where there is socio-economic improvement there is evidence of effective management. This can also be related to the changing work environment. This leads to how management can improve the performance of their companies"*

***5qMB8:*** *"Context influence management practice. In developing countries for example, the contemporary approach to management is autocratic as opposed to the modern Western context of participative management. The autocratic approach was applicable in the old day when the economy was mainly agrarian but with increased civilisation, the approach has changed and suits participative management"*

***5qFW4:*** *"The business context in the third world is different to the first world. In the third world there are shortages of skills, aggressive growing markets whereas in the first world, the markets are mature and the job descriptions are restricted to specific tasks, the opposite of the third world where people are multi-skilled and do more than one specific task at any given time"*

***5qMW12:*** *"Management practice does depend on the level of economic development and this has a bearing on the mindset of people. In the first world, people are quicker to the business, more innovative and more efficient whereas in the third world, people are more relaxed, have less regard for time and less innovative hence the management styles and management practice will differ significantly"*

***5qMB9:*** *"Management practice is not universal and applies to certain cultures or jurisdictions. People relate to English culture of time keeping, Western cultures and regional differences and business circumstances but adhere to the same management principles and practices globally"*

***5qBW2:*** *"Management practice differs across the world, the first and third worlds have different management tools and systems. Consequently, these systems influence the style and practice of management"*

***5qMW13:*** *"Management practice differs between the developed and developing countries. In the developed countries, employees tend to specialise in single functional jobs whereas in the developed world, workers are multi-tasked so that they can be utilise in different functional tasks"*

***5qMW14:*** *"Management practice is universal across nations; the motivation behind any kind of business is the same. Good management is good and cannot be turned into management because of context. Organisational or company performance depends purely on leadership skills"*

***5qBW3:*** *"Context influences management practice. In the developed countries, management style is more participative, managers delegate to subordinates than in developing countries such as Africa where managers need to be hands-on, communicate their decisions to subordinates – instructions rather than seeking input from subordinates"*

***5qMW15:*** *"Management practice does not necessary depends on context but rather on education, training and background. It all depends on the specific industry and organisation, as to what kind of culture prevails as influenced by top management"*

***<u>Question</u> 6: Scholars often differ in opinion as to whether or not 'national culture' influences managerial practices across countries. What is your view on this debate?***

***6qMW1****: "Culture does influence management practice. The English adage goes – 'When in Rome, do as the Romans do'. However, due to globalisation, the impact of culture has somewhat been diluted. The importance of culture explains why multinational companies use local people as their representatives if they operate within foreign countries. Bringing people to work in local companies may damage the image and reputation of the company; local people understand the local culture and so work within its norms"*

***6qMW2:*** *"Management practices depend heavily on top management's organisational culture. Senior management shapes the culture of an organisation and can change or determine working ethics. In summary, culture does influence management practice"*

***6qMB1****: "Culture influences management style, each human being is unique, each company is unique (has its own DNA). If you are self-focused, grown up enough to focus on the bigger picture and company strategy and place cultural difference on the back bone, then that will enhance growth in the company. To grow export markets many companies, have (locals) in that particular country, people are doing business with people (within a company), so culture has an effort on business"*

***6qMW3:*** *"The dominant management style in the Western context is participative whereas in the African context, it is autocratic. It is for this reason that some scholars are now calling for the Africanization of management systems in Africa which will cater for the peculiar local socio-cultural contexts"*

***6qMB2****: "Culture affects management style and not management practice. Different countries have created different styles of management systems"*

***6qFW1****: "National culture does influence managerial practice. Germans for example are culturally hard working technically minded. This is also seen in other countries Germans are given managerial roles. Rampant culture of corruption might also influence managerial practices in a different culture"*

***6qMW4****: "Culture influences management practices. For example, in emerging and growing economies like India and China, the common management style is autocratic whereas in developed nations such as the UK, the dominant management style is participative"*

***6qMW5****: "Management is the same across countries. For example, the SA industry is 'Westernised' and management systems, principles are the same between the SA as those of overseas"*

***6qFW2****: "Culture does influence management practice. In Africa and South Africa in particular, management style and therefore practice is cohesive with culture hence the need to understand worker diversity within the African context in order to manage successfully"*

***6qMB3****: "Culture affects management practice. Different countries exercise different management practices, for example, in China the tallest lady in the factory is easily recognisable for promotion, however, this trend, the sensitive of management to culture is slowly lessening due to globalisation"*

***6qMW6****: "South Africa has a diverse national culture and managerial practices have to factor in. Training and development are required to build capacities in management practices.*

*Leadership styles need to adapt to one of transformation rather than doctorial from the apartheid era"*

***6qMW7**: "If you mean by 'national culture', the attitudes that are created by the educational and political structures to which they are exposed, then definitely. South Africa has created an entitlement expectation in new entrants to the workforce that is counter-productive. Managing in this environment creates challenges not seen overseas"*

***6qMW8**: "Culture does influence management. In China, for instance, the work ethics are entrenched in the type of management practices in that country. The attitudes are strictly towards deadlines, for example"*

***6qMB5**: "Culture does influence management practices but care must be taken not to confuse practices and theory or principles. Management theory and principles are the same throughout the world but it is the practice of management that responds to context"*

***6qMW9**: "Culture differs across nations and likewise, management practices will differ across countries based on history of development of cultures, for example, management practice in India and China are different to that of the West. South Africa has a blend of both Western and African culture and so are the management system"*

***6qMB6**: "Culture impacts on management practices. Different cultures, religions and social backgrounds, all influence different managerial practices within and across countries"*

***6qFW3**: "Culture plays an important role when it comes to the practice of management. For example, the Japanese culture has a very serious attachment to quality"*

***6qMW10**: "Culture is not a major factor in determining management practice, in other words management practice is universal and applicable across nations"*

***6qMB7**: "Culture influences management practice. Consider the practice of management in the West versus Africa (North versus South) and West Africa versus Central Africa, East Africa & Southern Africa"*

***6qBW1**: "Assuming a product that is (i) required to customer quality and supply standards (ii) participating in the global economy, only candidates suitably socialised to work within the culture and norms of the Company should be employed, regardless of their national culture and background"*

***6qMW11**: "National cultures while present must be respected as they are. The working environment is priority number one and takes precedence over outside influences. While national cultures are finding their way into operations, they must not interfere on the production outputs of an organisation"*

***6qMB8**: "National culture influences management practice. Consider the different cultures and managerial practices between the West & Africa versus Asia. Generally, Africa and part*

*of Asia lack business principles compared to the West. Culturally, there is a big difference between the superior (boss) and employee (subordinates) in Africa and Asia compared to the West"*

***6qFW4**: "Management practice differs across nations based on culture. Consider the Chinese culture; it is different from the West. The Chinese employees are not confrontational to their bosses (employers), based on the population and the job opportunities and this has now transformed into a culture. However, Chinese people feel offended when pushed too much, they are sensitive to small issues and aggressive to non-Chinese bosses"*

***6qMW12**: "National culture has very minimal influence on management practice. What influences management practice is the level of economic development (developed versus developing) and this further influences the mindset of employees in terms of innovative and creative means"*

***6qMB9**: "National culture does have some impact on management practice but more than this, the circumstances, protocol and historical backgrounds do influence management practice to some great extent"*

***6qBW2**: "National culture influences management practice. This implies that people of different ideologies and backgrounds will follow different leadership styles and management practices. In the same way, different nations will, in general appeal to different things and therefore be motivated by different motivators"*

***6qMW13**: "The culture of quality and improvement can be taught but one can argue that this kind of culture can also be inherent in certain nationals (for example, the Japanese and Chinese)"*

***6qMW14**: "National culture plays a role in management practice. For example, Japanese people are generally polite, and structured, this is based on the Japanese culture – the values, attitudes and work ethics of the Japanese people. The same principles had been echoed by Nelson Mandela (Madiba style) in which he encouraged the cultural aspect of Ubuntu in management in South African companies"*

***6qBW3**: "National culture impacts on management practice. Consider the differences in management practices between the West and the East. The East is mostly Hindu versus Christian in the West. They two cultures (West versus East) different completely and so they plan differently and work differently"*

***6qMW15**: "National culture influences management practices. The West, East and South have different management practices, based on the different contextual settings across these (West, East & South) regions"*

***<u>Question</u> 7: The application of Western (American) management theories and practices within the South African industry context has often been questioned. In your view, how valid are Western management practices in the African socio-cultural context?***

***7qMW1****: "The application of Western management practices in the African context does not produce the desired results. For this reason, Toyota Motors has appointed South African (citizen) CEO for Toyota South Africa. On the other hand, Apollo, an Indian Tyre Company had appointed Indian CEO from India to run the South African Apollo and his management style failed, leading to the closure of the company in South Africa. This is just one example of many such companies that have failed because foreign managers have not managed taking into account the local (South African) context"*

***7qMW2****: "The application of management is universal across countries; however, there is need to factor in local cultures and circumstances if such practices are to hold true in the South African context"*

***7qMB1****: "Culture differences are important but, if you are employed by a company, the company vision, mission and goals should be your first priority. South Africa has to learn and adopt new methods, processes and ideas. Stagnation has never had a positive outcome. Best practices should be adopted or changed to suit local conditions. South Africa should not isolate itself, learn and experience from the Western world and implement what makes local sense"*

***7qMW3****: "The applicability of Western management systems is questionable within the African and Eastern contexts. The Eastern work ethics, for example, is that of passion for work – 'work s worship', 'work is God given'. In the South African context, male subordinates will hardly respect a female supervisor or superior, the African culture is less giving when it comes to female leadership hence the Western thinking in relation to female leadership finds it difficult to fit within the African context"*

***7qMB2****: "Western management practices do not work in the South African context. The Western management dimension is that of high structure, demands results from individual at the expense of human social life whereas the Eastern and African management orientation takes into account the human element in business management"*

***7qFW1****: "The Western management systems have little impact on the African and Eastern contexts because of the differences between the North, South and Eastern approaches. The Western approach is individualistic while the Eastern and African approach is participative and collective"*

***7qMW4****: "The South African management system is similar to that of the Western management and hence the Western management practices are applicable within the South African context.*

*The reason for this is that the South African management system was developed based on the UK system, as traced back to the colonial occupation and colonisation of South Africa by the West (UK)"*

***7qMW5**: "The Western and South African management systems and practices are basically the same, because the South African business approach is 'Westernised', based on the former colonial master (UK)"*

***7qFW2**: "The South African management system is a blend of the Western and Eastern cultures. The colonisation of South Africa and the presence of multinational companies in this country (SA) have had the influence of the Western culture on local companies. At the same time, the African culture is akin to the Eastern culture of collective approach, teamwork and respect for the human element"*

***7qMB3**: "The applicability of the Western management practices within the African and Eastern countries has not yielded the desired outputs; however, African companies still adopt those Western practices because there are options or alternatives"*

***7qMW6**: "The Western management system has its place within the African context; it provides the commercial, strategic and collaborative frameworks necessary to manage business enterprise. However, the cultural aspect plays an important role in promoting cohesion and team work which brings forth the unimaginable power in unleashing immerse potential for business growth beyond mere managerial knowledge"*

***7qMW7**: "The fundamentals are valid; they have to be adapted to suit local needs. The major issue is the socio-political aspirations of the workforce in so much that 'the government must provide' and the dream of a socialist paradise where everything is free"*

***7qMW8**: "The Western management system is applicable but is subject to its fit with the South African context; this is due to the contextual differences between the African and Western contexts. Even the employee motivation is different, consider the level of economic development and link to Maslow's law of needs"*

***7qMB5**: "The South African and the Western cultural systems are not the same; they answer to two opposing cultural scenarios. However, when it comes to South Africa in particular, there exists a blend of both worlds, possibly because of South Africa colonial past with the West"*

***7qMW9**: "There is a blend of both African and Western management styles within the South African business context and this clearly follows the history of colonisation"*

***7qMB6**: "The South African management system is based on the Western (British) business culture, for example, the case of Dunlop and the South African Rubber Manufacturing Company (SARMCOL). SARMCOL first adopted the local culture but Dunlop (Benoni) was 'old fashioned', not flexible and followed the management style of the UK. As a result, there*

*was a conflict between the two sister companies because of the differences in management systems and leadership styles"*

***7qFW3**: "The applicability of the Western management practices within the South African context is next to zero. The reason for this being that the South African situation is peculiar in that it inherited the UK system from the colonial past"*

***7qMW10**: "The Western management system and practices are generally applicable within the South African context in that the two countries (South Africa and the UK) share a history of colonial occupation"*

***7qMB7**: 'The applicability of Western management practices within the South African context is generally invalid, not yielding the desired results; hence the low productivity levels for South African industry'*

***7qBW1**: 'Assuming a product that is required to customer quality and supply standards and participants in the global economy, management practice relevant to the supply of such product must be adopted. To participate in the economy of the developed world, every employee must adhere and produce to the standards of the developed world'*

***7qMW11**: 'The Western practices give direction of what to do, when to do it, where to do and how to do things in a logical manner. This is an accepted norm for any industrialised country'*

***7qMB8**: "The applicability of Western management systems is questionable within the African contexts. The Eastern work ethics, for example, is that of passion for work, 'work s worship', 'work is God given'. In the South African context, male subordinates will hardly respect a female supervisor or superior, the African culture is less giving when it comes to female leadership hence the Western thinking in relation to female leadership finds it difficult to fit within the African context"*

***7qFW4**: "The South African companies continue to use traditional tools of management borrowed from the West even though there has been concern over the effectiveness of these tools within the African contexts. These Western management tools assist local managers as a guide to what and how to manage and think out of the box"*

***7qMW12**: 'The validity of Western management theories and practices though provides the guide and direction on effective management, their effectiveness in the South African and Eastern contexts remain questionable'*

***7qMB9**: "Western management practices are not always applicable or effective within the South African context, the reason being that the training, educational, information access and skills levels between the West and South Africa are different hence the doubt over foreign practices within the local context"*

***7qBW2**: 'The management approaches between South Africa and the West are totally different and the motivational levels of employees are equally different. Compared to the Western (America and the UK), for instance, South African people (employees) are generally self-motivated because of the scarcity of jobs, unemployment levels and higher poverty levels'*

***7qMW13**: "Though the South African and Western cultural influence on management practice are different, the impact of globalisation and technology transfer has made it enabled the implementation of Western management practices within the South African and indeed the African context with easy"*

***7qMW14**: "The Western and South African management approaches are slightly different owing to the difference in ideological orientation, South Africa is socialistic (consider the cultural aspect of Ubuntu) whilst the West is capitalistic. The South African business landscape is therefore characterised by a mixed cultural approach"*

***7qBW3**: "Africa uses a blend of Western (colonial past) and Eastern (socialistic ideology) management approaches. The reason for adopting a combination of the two antagonistic approaches is traditionally Africa never operated in formalised production environment and had no choice to copy foreign styles. Though seen as being soft, socialism is about collective effort, team work and synergy of many and better than individuals"*

***7qMW15**: 'South Africa uses a mixture of both Western and African approaches to management, known as double culture type of management. In other words, the use of both 'worlds', West and African management practices provide the best of the two worlds'*

***<u>Question</u> 8: SA industry statistics indicate that over 30% of rubber companies have closed down over the last 30 years. In your view, to what extent has management contributed to this down trend?***

***8qMW1**: 'Corporate failures are attributed to poor planning on the part of management to adopt to the new environment and effective use of resources, many of their decisions were influenced by profits at the expense of scanning and understanding global factors and change'*

***8qMW2**: 'It can be said that 50% of business failures is due to poor management and 25% due to political decisions. Therefore, much of the failures were due to management's inability to plan effectively'*

***8qMB1**: 'Poor corporate performance can be said to be due to old equipment and technology, inability to respond to global competition and the non-existence of R & D. We also know of the fading away with the employees retiring and new world class practices having been accepted on our shores'*

***8qMW3: "****Big companies have split into smaller companies due to evolutionary breakdown. In other words, the large companies closed down but led to the birth of other smaller companies. The smaller companies emerged in new geographical locations which offered market opportunities. Other companies failed due to inefficient process or manufacturing methods"*

***8qMB2****: 'Large companies such as SARMCOL and Wayne failed because they grew too big and lost customer service, thereby neglected smaller customers and failed to satisfy them. As a result, they lost the market and went under'*

***8qFW1****: "Although not much could have been done by management to stop this downturn (because of global competition and the advert of rubber substitutes), management could have done more to up skill and train more technical rubber technologists who could have taken the industry forward"*

***8qMW4****: "The rubber industry suffered from the exposure to globalisation following the opening of the South African economy to international competition. The same way as the demise of the agricultural sector and textile industry, the rubber industry did not get import protection from the central government".*

***8qMW5****: "The South African industry suffered due to poor management, the fact that 70% of companies survived and only 30% failed is testimony to the fact management of the failed companies failed to strategise in taking their companies forward"*

***8qFW2****: "Local companies failed as a result of lack of government support and protection against cheap imports. Alternatively, companies that closed down failed to renovate and strategise in line with the changing business environment, for example, forming alliances with Chinese companies at the same time, they failed to pull their resources together and reduce cost of production through strategies such as the economies of scales"*

***8qMB3****: "Management overrides economics. Management relaxed and did not invest in capital expenditure, skills development and not qualified managers in South Africa. In other words, management contributed to the downfall of the rubber industry"*

***8qMB6****: "Corporate failures can be blamed on management who are not visionary and lack strategic thinking. South African industry has gone through immerse changes in the last 30 years in terms of economic, social, cultural and leadership changes and hence local managers needed to change to keep up with global changes and challenges"*

***8qMW7****: "If a company had been strategically managed, it would have adapted to its environmental challenges and therefore should then survive. The failure of a company is a sign that its management has failed to plan against evolutionary or global changes"*

***8qMW8*** *"There is low level of education among South African managers hence most lack the capabilities to manage in tough and turbulent times. This coupled with the lack of investment*

*companies are encouraged to invest at least 4% of their returns on R & D). What companies are doing now is simply twitting existing developments instead of developing new innovations. In other words, failure to capitalise also contributes to low efficiencies and high production costs and minimal margins or returns"*

***8qMB5**: "The cheap imports are the greatest causes of corporate failures in the rubber industry over the last 30 years. The Chinese's economics, Chinese expansion and the discounting techniques motivated over extending infrastructure development in developing countries and manipulation of the world's economics and markets meant that other economies suffer at the expense of the Chinese economy"*

***8qMW9:** "The corporate failures were a result of the lost opportunities during the apartheid era when South Africa companies spent time strategising on how to survive in a closed local market instead of moving forward and matching with global competition. After the attainment of democracy, the SA government allowed cheap imports to come in from the Far East and never thought of protecting the local industry from international competition. As a result, the imports took over the local industry and local firms could not compete at that level resulting in some closing shop"*

***8qMB6**: "The following factors are being cited as the main causes of corporate failures in the rubber industry: - the drop of the local market share due to world recessions and economic downturns, the end of apartheid meant the opening of global markets and increased competition, the loss of rubber to other polymers such as polyurethanes and plastics and lack of management capacity (lost opportunity to develop management skills in post-independence era, too much protection from sanctions during the apartheid and the exposure to global competition at democracy which exposed the faults of poor management)"*

***8qFW3**: "The apartheid era meant that South Africa had to strive to be self-contained, self-sufficient and innovative in order to survive the sanctions. During this era, companies lost the opportunity to develop and be competitive in the global economy and after the attainment of democracy, companies struggled to match and keep in step with the world, continued to inefficient with low productivity and so failed to match global competition"*

***8qMW10**: "A combination of poor management and globalisation has caused the shrinkage in growth of industry in South Africa. The lack of technically trained people in a highly technical industry has been a major factor leading to corporate failures in the rubber industry"*

***8qMB7**: "A combination of economic factors (financial cycle), poor management style that embraces technology and global vintage have contributed to corporate failures in the local industry and in particular, the rubber industry"*

***8qMW1**: "Most local companies closed down because shareholders lacked the confidence that such companies are able to operate at the desired profitability. The performance of the national economy, inflation and exchange rates are macro-indicators of such lack of confidence. The talent and capacity of management in South Africa will show quantum improvements where companies realise the necessity to employ university and college graduates that will think in strategic terms"*

***8qMW11**: "The following factors have contributed to the demise of the rubber industry in South Africa and these include the failure to change and be responsive to meet customers' requirements in a changing environment, looking at a volume strategy as opposed to profit making, not addressing the law of diminishing returns concept, not considering how much a customer is prepared to pay for a product and the lack of feedback for customers as to how well products are performing in the field"*

***8qMB8**: "The rampant corruption and the lack of support from central government has seen industry suffer as a result. On a related note, some companies have tended to cut short cuts and adopt strategies which are not sustainable coupled with effective leadership"*

***8qFW4**: "The lack of education and in-depth training among many South African managers has contributed to the lack of planning and the ultimate corporate failures in the local industry. The argument is that had management planned better, business could have adapted to the prevailing environment and could have saved most corporates from going under. The lack of succession planning remains the major factor in post-democratic South Africa"*

***8qMW12:** "Since management is ultimate responsible for the running and growth of a company, any business failures become the responsibility of management. Though there have been some economic and political factors which have had some negative impact on industry, management failed to plan for these factors by doing things differently. In other words, the lack of competitiveness, reluctance by management to embrace change is some of the faults that should be shouldered by management"*

***8qMB9**: "The fact that the outcome of any business is the responsibility of management, all other factors, should it be economic, political or otherwise should have been mitigated had management played its part. Management is responsible for seeing to it that business survives in a changing environment and stop any bleeding of the business should there any be such problem"*

***8qBW2: "**The failure of companies is the responsibility of management who should have planned for the long-term survival and understand the markets dictates"*

***8qMW13**: "Management is at fault, it should have planned for the bad times, conduct product development, employee morale and motivation, and expanding on market share"*

***8qMW14:*** *"Management should have planned for the tough times of having to compete in a global economy in post-democracy. Leadership must take the right decisions based on a scanned business environment, enhance moral among employees and adopt technology to compete with international standards"*

***8qBW3****: "Management was too rigid to adopt new systems during the 'good times' in preparation for the bad times. Management is equally responsible for encouraging the embracement of change as an opportunity to strengthen the robustness of the organisation through unity of purpose and therefore failure to recognise the need for such necessity resulted in the kind of trend being experienced in the local industry"*

***8qMW15:*** *"Management is the denominator to business success. The analytical mindset, good analysis provides the language for organising. It allows a common denominator for people to share and understand their driving efforts and provides the measure for performance. The key to analysing effectively is not to accept the conventional answer, but to delve deeper and look at the root of the problem or challenge and what impact it has on the individual or organisation"*

***<u>Question</u> 9: In your view, what are the important attributes that present and future managers need to pay attention to in ensuring effective management practice in organisations?***

***9qMW1****: "Managers must have a high sense of humanity, apathy and leadership skills. They must adapt to the local environment and understand the local environment and the dynamics within the global context. Leadership that builds and encourages team work is crucial in the current business environment"*

***9qMW2****: "Managers need to be disciplined (self-discipline), have integrity, honesty and courageous to venture into unfamiliar territories (based on informed decisions). Education is crucial and beneficial in today's business environment"*

***9qMB1:*** *"Managers need to have wide and in-depth company sector and product knowledge. They need to be honest and have the desire to explore new ideas and think outside the box and to challenge old ideas, methods and processes, be innovative and creative in their approach to challenges"*

***9qMW3****: "The leadership must be disciplined, always try to strike a balance between alternatives or available options. The challenge facing modern managers is that the majority of them have lost touch with effective management of cost structures and as a result they perpetuate poor practices which are counter-productive"*

***9qMB2**: "Managers need to know their people and manage them accordingly and not as physical assets (possessions). They need to use different management methods and styles for different people"*

***9qFW1**: "Leaders need to adhere to codes of ethical conduct and governance. They need to be familiar with legislation such as the LRA, BBBEE and BCE Acts, apply fair treatment of employees, understand the roles of all stakeholders in the business in achieving shareholder value and targets and appraise themselves with product knowledge"*

***9qMW4**: "Managers need to be acknowledgeable in their industry, product and technologies affecting their business and have the ability to form alliances with within their sector as a matter of necessity"*

***9qMW5**: "Leaders must strategise in overcoming challenges in the market, strike to grow the market, management costs and pricing and customer perceptions, needs and satisfaction"*

***9qFW2**: "Managers must have high personality profiles and be dynamic in their managerial approaches. They need to work united with their subordinates, must be educated with high intellectual skills required to manage at both cross-sectional and highest level. They must base their decisions on a wide knowledge of global business geopolitical and economics"*

***9qMB3:** "Management must be dynamic, understand the current fluid business environment, switched on and proactive. They need to be courageous, able to take calculative risks based on information that provides solutions to global challenges"*

***9qMW6**: "Management / leadership needs to focus on the people aspect and adopt the Ubuntu concept in the workplace. Managers need to play the role of coach, mentor and trainer to their subordinates. They need to invest and develop the human resources to ensure sustainability and continuity"*

***9qMW7**: "The leadership needs to take a longer-term strategic view of the business instead of managing by crisis. They need to facilitate and involve the workforce in the strategic plans of the organisation and develop all employees through training, education and mentorship (succession planning)"*

***9qMW8**: "Managers must be generators of innovation, educated, revolutionary and globally aware of what is going around them and the world over. They must be competent at the international level and embrace change, new systems, technology and strive to always improve efficiencies and productivity"*

***9qMB5**: "Corporate leadership should be receptive to change and new ideas, continuously upgrade skills and acquire modern techniques of dealing with challenges or improving business performance in line with the changing business environment"*

***9qMW9:*** *"Managers must be intelligent and emotionally good and stable; they must understand global events and be able to deal with transformation decisively"*

***9qMB6****: "Local managers need to take charge and run their own industry now that South Africa has benefited from modern management practices from the West through technology transfer and strategic alliances with foreign companies from the developed world"*

***9qFW3: "****The business environment is fast-changing and requires managers who are more educated and exposed to the new business systems and techniques, preferably young, flexible and dynamic to lead companies going forward"*

***9qMW10****: "Corporates need to be very selective in appointing people as managers based on their ability, education and experience"*

***9qMB7****: "Today's business challenges require managers who are hands-on, involved and prepared to get out of the ivory tower and actually participate in the operations of the company"*

***9qBW1****: "Future managers must be qualified within their disciplines and technically astute in respect of the manufacturing methods and systems and product requirements they supply"*

***9qMW11****: "Today the world of business requires democratic leaders who allow individuals to make suggestions regarding tasks and procedures. They need to be able to work with the individuals without losing the common touch and ensure personnel are properly trained to carry out their duties within the organisation"*

***9qMB8****: "Today's managers need to be focused and courageous to take on the world like the Chinese"*

***9qFW4****: "Managers need to be disciplined, have a sense of ownership and have the natural drive to motivate the entire workforce towards meeting corporate objectives"*

***9qMW12****: "Business managers need to be flexible to change, have the agility to change direction quickly and be responsive to dictates of global markets and new innovation"*

***9qMB9****: "Managers should possess exceptional skills that assist them in identifying trends, opportunities and threats. They must embrace change, read the future and question the status quo. They must be inspirational and invest in education and training that keeps them abreast of the dictates of the business world"*

***9qBW2****: "Future managers need to access vital information in regards to their operations, industry, sector, suppliers, products, geopolitical trends so as to make informed decisions"*

***9qMW13****: "Managers must be able to operate and engage with stakeholders at the highest level, give responsibility and recognise achievement, be fair and consistency in the way they handle employees and have the (big picture) vision"*

***9qMW14**: "Three important aspects that managers must possess – flexibility, agility and adaptation. They must consider all the risks, threats and opportunities, take decisions even without the all the information, with full conviction to execute them, understand the business, the social and business environment"*

***9qBW3**: "Managers need to plan and work differently, with this in mind that they need to fulfil the requirements of the customer at the end of the day. They must be able to manage diversity in the workplace and instil a sense of togetherness and collective effort"*

***9qMW15**: "Practical action combined with reflection in the abstract; Action without reflection is thoughtless; reflection without action is passive. In short reflecting thinking must be converted into practical doing. Experience is a by-product from taking the abstract and making it real, as well as understanding the process and outcome. If an individual does not understand the present how may he or she perceive and comprehend the future"*

***Question 10: The task and complexity of management has increased in the last 20 years owing to global competition, international trade and worker diversity, among others. What are some of the managerial challenges facing South African managers today?***

***10qMW1**: "The challenges that management faces today include labour destabilisation and work disruptions, inefficiency (low productivity rate) because of the difficulty in managing varied cultures typically of Africa as opposed to a homogeneous culture such as the Japanese and Germany cultures"*

***10qMW2**: "Some of the major challenges facing managers today are: exchange rate (managing the ups and downs of the rand against the stronger currencies such as the British pond and American dollar), shortage of skills (a major factor in South Africa) and labour unionisation. As a result of labour unionisation, South African companies are likely to move over being from labour intensive to mechanisation"*

***10qMB1**: "The world is an ever-changing place. New concepts, ideas, processes will have to be adopted. Competition is fiercer than ever before; new strategies will have to implement regularly and managers need to be 'street wise' one cannot simply live in isolation anymore"*

***10qMW3**: "Some of the challenges facing modern managers include: unionisation, false discipline, politics and failure to cut ties with friends at the work place. In this case, unionisation restricts flexibility; false expectation includes the generation of false belief of entitlement"*

***10qMB2**: "One of the biggest threats facing management today is unionisation. Managing in South African companies presents challenges in that the local context requires special attention*

*because of the multicultural nature of the population and employee diversity. Though some argue that management has become complex, others suggest that instead management has become simpler owing to more and easier reporting from the floor facilitated by technological innovation"*

***10qFW1**: "Transformation, changing legislation (BBBEE), the Rand/Dollar exchange rate (imports become expensive), shortage of skilled workforce and high illiteracy levels are some of the likely challenges facing business today and going forward"*

***10qMW4**: "The cost labour in South Africa versus that of other countries (Asian block) is relatively higher, which then translates into higher product cost? As a result, suggests have been made to automate or outsource toll manufacturing in those countries with low labour costs. The level of education and hence the mindset of people on the shop floor is a limitation to innovation, creativity and improvement. In addition, the multicultural nature of the South African nation (Rainbow nation) presents challenges for managers"*

***10qMW5**: "The limited market, increasing competition and unionisation are some of the challenges facing managers today. Unionisation affects economic progression and destabilises economic growth while the economic downturn entails a shrinking market size"*

***10qFW2**: "Possible challenges facing managers today include skills shortage, unionisation and cheap imports which compete with locally manufactured goods. Higher wage rates called for by unions are likely to cripple the economy and make South Africa less attractive as an investment destination"*

***10qMB3**: "There is a looming gap between the current pool of managers versus up and coming future managers. Legislation such as the BBBEE is likely to bring down industry and unionisation has made unions too powerful to control. What is required is an inclusive management, the philosophy of making people own their jobs and be part of the company's DNA"*

***10qMW6**: "The following list includes some of the challenges likely to affect business in the future: lack of technological advancement, increase in corruption and white colour crime, immorality, legislation (BBBEE), emigration (population expansion), skills shortage, HIV & Aids and globalisation"*

***10qMW7:** "Challenges that face the South African manager today include: the parochialism and lack of understanding of the global market place, the ever-changing success criteria in the market, the inability to understand the fundamentals of strategic planning, local rules and laws that contradict international requirements and the absence of an even playing ground that facilitates for exports and limits imports"*

***10qMW8**: "The country is faced with a problem where businesses are disinvesting and moving out due to political uncertainty, the lack of innovation, investors moving out of South Africa to other countries in Africa to explore untapped and richer oil and mineral fields and partly because of the downgrading of the economy"*

***10qMB5**: "The rate of investment in research and development (R & D) is significantly low and as a result companies are likely to struggle to match overseas product prices due to high cost of production. The solution to this is to form strategic alliances with overseas companies and gain technological and knowledge transfers"*

***10qMW9**: "Managers are faced with the challenge of understanding global events and trends and expanding (increasing market share) business outside the boarders of South Africa. Other challenges include – unionisation, exchange rate of the Rand against the stronger currencies (Dollar & Pond) and legislation (labour)"*

***10qMB6: "**Corporate leadership should be receptive to change and new ideas, continuously upgrade skills and acquire modern techniques of dealing with challenges or improving business performance in line with the changing business environment"*

***10qFW3**: "Challenges such as work ethics, governance, competition and unionisations have dominated the South African business environment. The literacy and skills levels are generally very low in South Africa and the country is relying on foreign expertise for scientific, technical and professional needs"*

***10qMW10**: "The challenges include: sourcing suitably trained and qualified people, ensuring sufficient profitability in a small local market to keep technology up to date and expanding into other African and international markets"*

***10qMB7: "**The lack of education and in-depth training among most South African managers has contributed to the lack of planning and the ultimate corporate failures in the local industry. The argument is that had management planned better, business could have adapted to the prevailing environment and could have saved most corporates from going under. The lack of succession planning remains the major factor in post-democratic South Africa"*

***10qBW1**: "The hostile, ungodly environment in which many South Africans live and work is the major challenge to local managers and has resulted in the chaos that exists in the country today. Operational efficiency and company performance well below expectation and potential is testimony of this. The lack of investor confidence is inevitable"*

***10qMW11**: "The challenges include: worker remuneration relative to production output including a softening in the economy as a whole, general compliance of employees at senior management level and the lack of understanding how an organisation operates and its structures needed to impact the market with its products and services"*

***10qMB8**: "Managers must be generators of innovation, educated, revolutionary and globally aware of what is going around them and the world over. They must be competent at the international level and embrace change, new systems, technology and strive to always improve efficiencies and productivity"*

***10qFW4**: "The challenges include the following: downgrade of economy, unfavourable legislation (for example, BBBEE), lack of protection of the local manufacturing in South Africa, the difficulty in attracting investors, expensive labour and possible power shortage in the country (Eskom)"*

***10qMW12**: "The challenge facing the South African industry is that the sector lacks specialists as most up and coming youth prefers to train in managerial programmes with the aim becoming managers. There are higher benefits and returns in managerial positions compared to the less recognised professional careers. Countries like Germany promote and reward technical and professional careers and have it mandatory to go through vocational training and work up through the ranks before getting the opportunity to enter into managerial positions"*

***10qMB9**: "South African managers face the challenge of political instability and economic downturn; the country's economy has just been recently downgraded by international financial institutions such as Fitch and Moody's. South Africa is a member of the BRICS countries and the smallest of the five economies. Therefore, South Africa's economy gets the greatest impact whenever there is a negative economic movement within the five economies"*

***10qBW2**: "The managers have the challenger of exhibiting exceptional behaviour such as discipline, fairness, humanity, integrity and safety concerns. Secondly, managers also need to understand business seasonality (cycles of business) and at the same time utilise the available resources"*

***10qMW13**: "The challenge facing the South African industry is that the sector lacks specialists as most youths prefer to train in managerial programmes with the aim becoming managers. There are higher benefits and returns in managerial positions compared to the less recognised professional careers. Countries like Germany promote and reward technical and professional careers and have it mandatory to go through vocational training and work up through the ranks before getting the opportunity to enter into managerial positions"*

***10qMW14**: "The challenges faced by local managers include: political interference in business, perception (the downgrading of the South African economy) and managing diversity and a multicultural workforce. The world economy is equally experiencing great challenges in the form of the ongoing commodity cycles in prices of minerals with China's demand having crushed and lowered world demand"*

***10qBW3**: "Challenges such as work ethics, governance, competition and unionisations have dominated the South African business environment. The literacy and skills levels are generally very low in South Africa and the country is relying on foreign expertise for scientific, technical and professional needs"*

***10qMW15: "**Globally the main three managerial challenges are: lead & develop, attract & engage and transform and reinvent. There are five main challenges which are specific to South Africa. These include leadership, retention and engagement of subordinates, managing diversity, talent acquisition and managing technology"*

# Annexure C

# Quantitative Data

# Analysis

# STATISTICAL QUANTATIVE DATA ANALSYSIS

## 1. FACTOR LOADING PER VARIABLE

**Component Matrix[a]**

Component 2 – Target Setting

| | |
|---|---|
| TS3 | .740 |
| TS4 | .709 |
| TS7 | .685 |
| TS2 | .614 |
| TS5 | .535 |

**Extraction Method: Principal Component Analysis.**

**a. 1 components extracted.**

**Component Matrix[a]**

Component 2 – Performance

| | |
|---|---|
| P6 | .751 |
| P4 | .742 |
| P5 | .625 |
| P3 | .602 |

**Extraction Method: Principal Component Analysis.**

**a. 1 components extracted.**

**Component Matrix[a]**

Component 3 – Performance Evaluation

| | |
|---|---|
| PE5 | .806 |
| PE3 | .718 |
| PE4 | .701 |
| PE2 | .687 |
| PE1 | .588 |

**Extraction Method: Principal Component Analysis.**

**a. 1 components extracted.**

Component 4 – Process Monitoring

| | |
|---|---|
| PM2 | .786 |
| PM3 | .771 |
| PM1 | .687 |
| PM4 | .678 |

**Extraction Method: Principal Component Analysis.**
**a. 1 components extracted.**

**Component Matrix[a]**

| | Component 5 – Incentive Management |
|---|---|
| IM5 | .805 |
| IM4 | .796 |
| IM7 | .723 |
| IM1 | .651 |
| IM2 | .645 |
| IM8 | .641 |
| IM3 | .622 |
| IM6 | .574 |

**Extraction Method: Principal Component Analysis.**

## 2. STATISTICAL ANALYSIS

| | | PROVINCE | YRS OF FIRM | POSITION OF RESP | YRS OF RESP | EMPLOYEES | BUSINESS | TYPE |
|---|---|---|---|---|---|---|---|---|
| N | Valid | 135 | 135 | 135 | 135 | 135 | 135 | 135 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| OWNERSHIP | CEO | PROD. MKT | EDUC | FEMALE TO MALE | Local TO Exp. | LABOUR |
|---|---|---|---|---|---|---|
| 135 | 135 | 135 | 135 | 135 | 135 | 135 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## 3. CUSTOM FREQUENCIES & PERCENTAGES

### PROVINCE

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Gauteng | 97 | 71.9 | 71.9 | 71.9 |
| | KZN | 23 | 17.0 | 17.0 | 88.9 |
| | Eastern Cape | 12 | 8.9 | 8.9 | 97.8 |
| | North West | 2 | 1.5 | 1.5 | 99.3 |
| | Free State | 1 | .7 | .7 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

### YRS OF FIRM

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 – 3 years | 15 | 11.1 | 11.1 | 11.1 |
| | 4 – 6 years | 6 | 4.4 | 4.4 | 15.6 |
| | 7 – 10 years | 5 | 3.7 | 3.7 | 19.3 |
| | Above 10 years | 109 | 80.7 | 80.7 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

### POSITION OF RESP.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1st Line Management | 32 | 23.7 | 23.7 | 23.7 |
| | Middle Management | 56 | 41.5 | 41.5 | 65.2 |
| | Senior Management | 47 | 34.8 | 34.8 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## YRS OF RESP.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Under 1 year | 16 | 11.9 | 11.9 | 11.9 |
| | 2-3 years | 30 | 22.2 | 22.2 | 34.1 |
| | 4-5 years | 24 | 17.8 | 17.8 | 51.9 |
| | 6-10 years | 30 | 22.2 | 22.2 | 74.1 |
| | Above 10 years | 35 | 25.9 | 25.9 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## EMPLOYEES

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1-50 | 30 | 22.2 | 22.2 | 22.2 |
| | 51-100 | 21 | 15.6 | 15.6 | 37.8 |
| | 101-500 | 47 | 34.8 | 34.8 | 72.6 |
| | 501-1 000 | 12 | 8.9 | 8.9 | 81.5 |
| | 1 001+ | 25 | 18.5 | 18.5 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## BUSINESS

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Manufacturing | 96 | 71.1 | 71.1 | 71.1 |
| | Rubber chemicals supplier | 11 | 8.1 | 8.1 | 79.3 |
| | Allied rubber products | 17 | 12.6 | 12.6 | 91.9 |
| | Other | 11 | 8.1 | 8.1 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## TYPE

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Private | 81 | 60.0 | 60.0 | 60.0 |
| | Public | 13 | 9.6 | 9.6 | 69.6 |
| | Multinational | 39 | 28.9 | 28.9 | 98.5 |
| | Conglomerate/consortium | 2 | 1.5 | 1.5 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## OWNERSHIP

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Family-Owned | 31 | 23.0 | 23.0 | 23.0 |
| | Non-Family Owned | 69 | 51.1 | 51.1 | 74.1 |
| | Other | 35 | 25.9 | 25.9 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## CEO

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | CEO-family member | 27 | 20.0 | 20.0 | 20.0 |
| | CEO-non-family member | 76 | 56.3 | 56.3 | 76.3 |
| | Other | 32 | 23.7 | 23.7 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## PRODUCT MARKET

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Competitive | 125 | 92.6 | 92.6 | 92.6 |
| | Monopolistic | 1 | .7 | .7 | 93.3 |
| | Other | 9 | 6.7 | 6.7 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## EDUCATION (LEVEL)

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Matric Level | 10 | 7.4 | 7.4 | 7.4 |
| | Diploma | 28 | 20.7 | 20.7 | 28.1 |
| | Degree | 97 | 71.9 | 71.9 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## FEMALE TO MALE (RATIO)

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | (1:1) | 14 | 10.4 | 10.4 | 10.4 |
| | (1:2) | 18 | 13.3 | 13.3 | 23.7 |
| | (1:3) | 23 | 17.0 | 17.0 | 40.7 |
| | (1:4) | 21 | 15.6 | 15.6 | 56.3 |
| | (1:5+) | 59 | 43.7 | 43.7 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

## LOCAL TO EXPATRIATES

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | (1:1) | 19 | 14.1 | 14.1 | 14.1 |
| | (2:1) | 15 | 11.1 | 11.1 | 25.2 |
| | (3:1) | 33 | 24.4 | 24.4 | 49.6 |
| | (4:1) | 15 | 11.1 | 11.1 | 60.7 |
| | (5:1) | 53 | 39.3 | 39.3 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

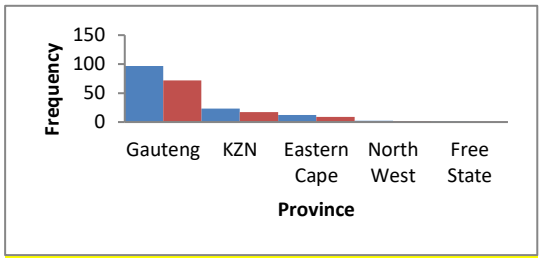
## LABOUR

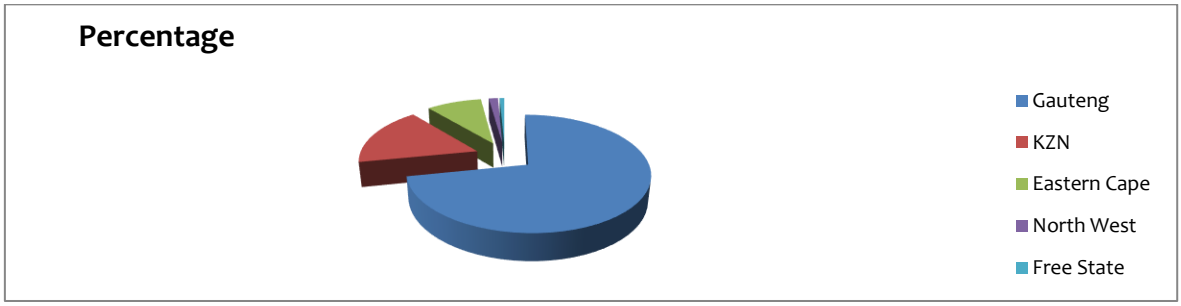
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Unionised Labour | 76 | 56.3 | 56.3 | 56.3 |
| | Non-Unionised Labour | 50 | 37.0 | 37.0 | 93.3 |
| | Other | 9 | 6.7 | 6.7 | 100.0 |
| | Total | 135 | 100.0 | 100.0 | |

# GRAPHS & DESCRIPTION

## 1. Statistics by province

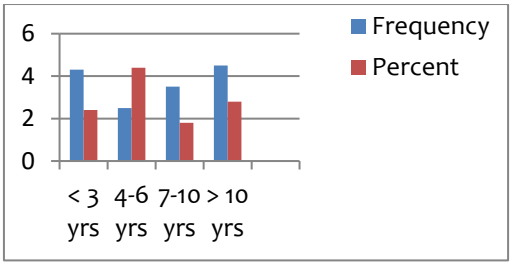
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | Gauteng | 97 | 71.9 |
| | KZN | 23 | 17.0 |
| | Eastern Cape | 12 | 8.9 |
| | North West | 2 | 1.5 |
| | Free State | 1 | .7 |
| | Total | 135 | 100.0 |

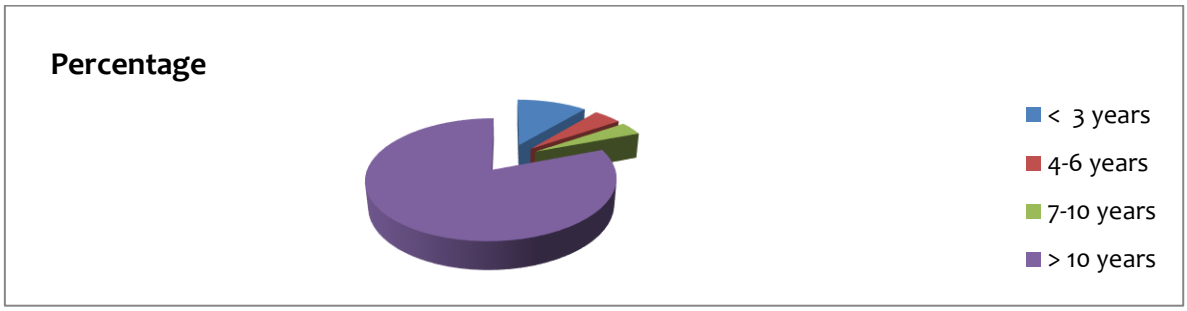



## 7. Years of firm (Company) in operation

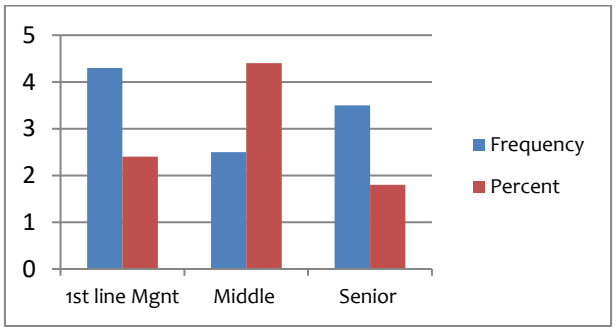
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | < 3 years | 15 | 11.1 |
| | 4 – 6 years | 6 | 4.4 |
| | 7 – 10 years | 5 | 3.7 |
| | Above 10 years | 109 | 80.7 |
| | Total | 135 | 100.0 |

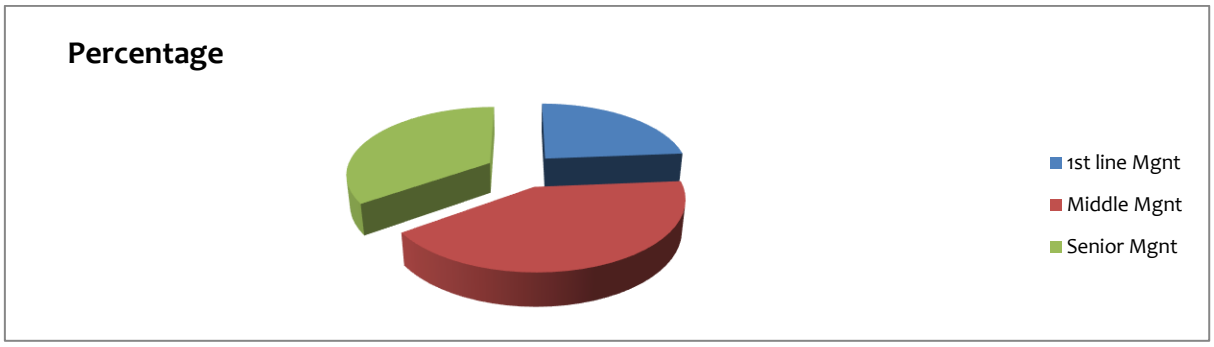


## 8. Management levels

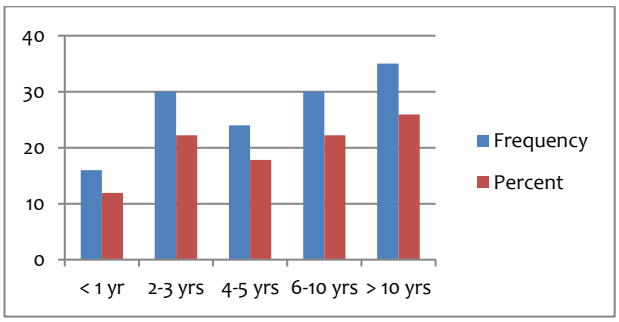
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | 1st line Management | 32 | 23.7 |
| | Middle Management | 56 | 41.5 |
| | Senior Management | 47 | 34.8 |
| | Total | 135 | 100.0 |

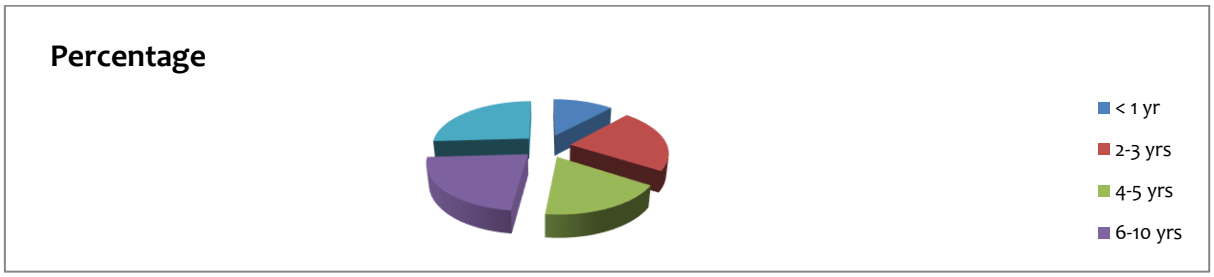



## 9. Work experience of participants

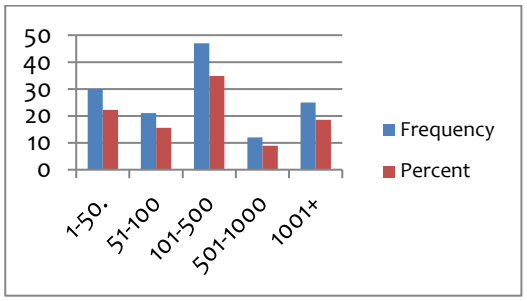
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | < 1 year | 16 | 11.9 |
| | 2-3 years | 30 | 22.2 |
| | 4-5 years | 24 | 17.8 |
| | 6-10 years | 30 | 22.2 |
| | > 10 years | 35 | 25.9 |
| | Total | 135 | 100.0 |

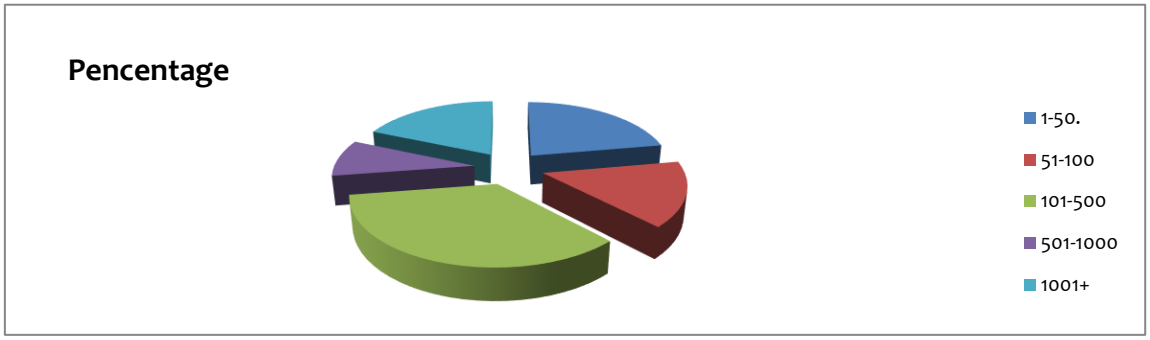


## 10. Size of company (employment levels)

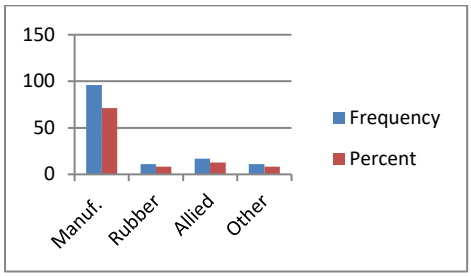
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | 1-50 | 30 | 22.2 |
| | 51-100 | 21 | 15.6 |
| | 101-500 | 47 | 34.8 |
| | 501-1 000 | 12 | 8.9 |
| | 1 001+ | 25 | 18.5 |
| | Total | 135 | 100.0 |

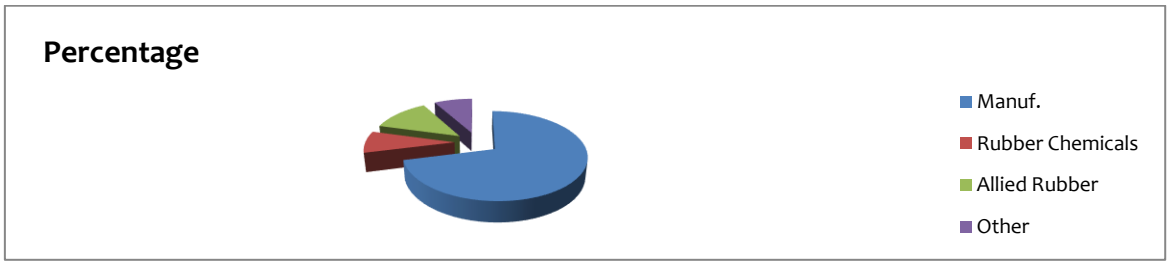



## 11. Nature of business

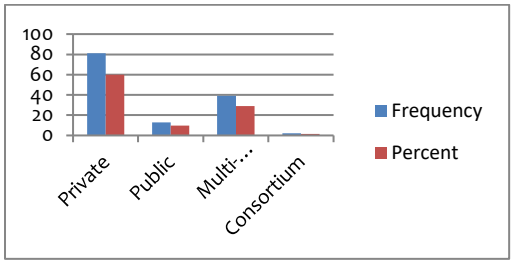
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | Manufacturing | 96 | 71.1 |
| | Rubber chemicals supplier | 11 | 8.1 |
| | Allied rubber products | 17 | 12.6 |
| | Other | 11 | 8.1 |
| | Total | 135 | 100.0 |

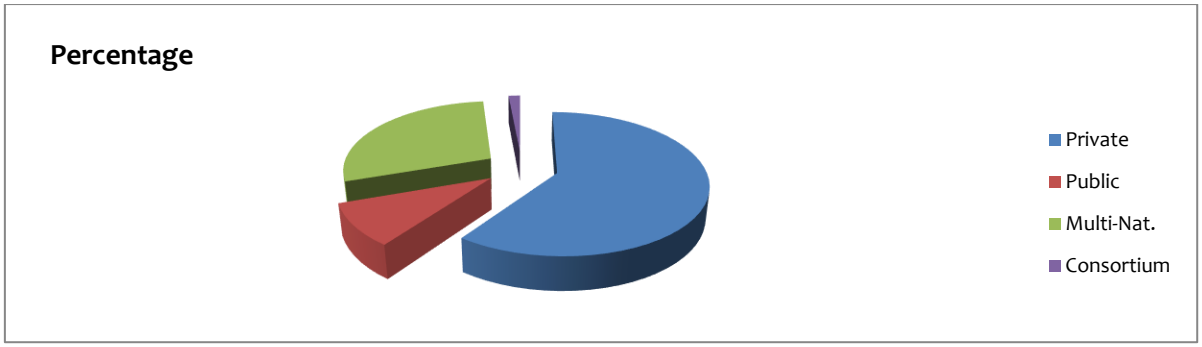


## 12. Type of company

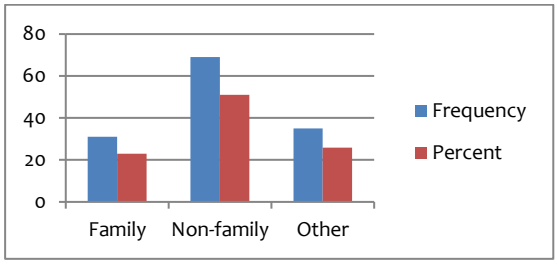
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | Private entities | 81 | 60.0 |
| | Public entities | 13 | 9.6 |
| | Multinationals | 39 | 28.9 |
| | Conglomerate/consortium | 2 | 1.5 |
| | Total | 135 | 100.0 |

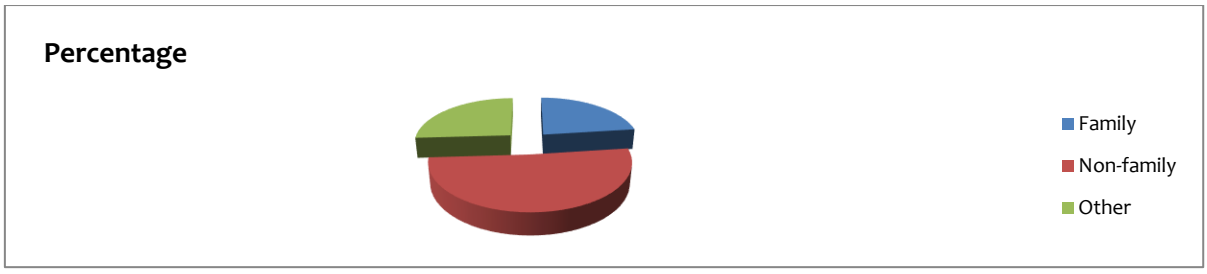



## 13. Ownership

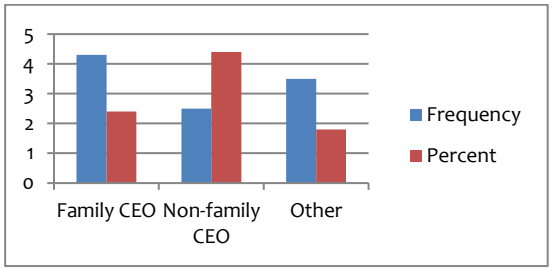
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | Family owned | 31 | 23.0 |
| | Non-Family owned | 69 | 51.1 |
| | Other | 35 | 25.9 |
| | Total | 135 | 100.0 |

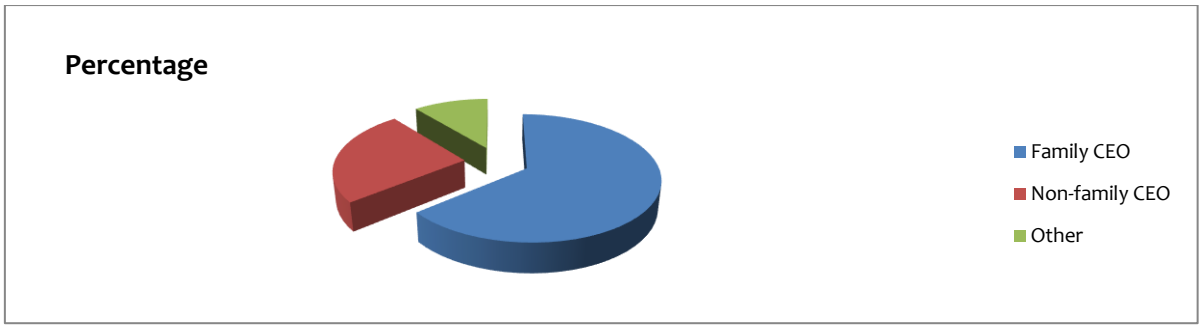


## 14. CEO (Management)

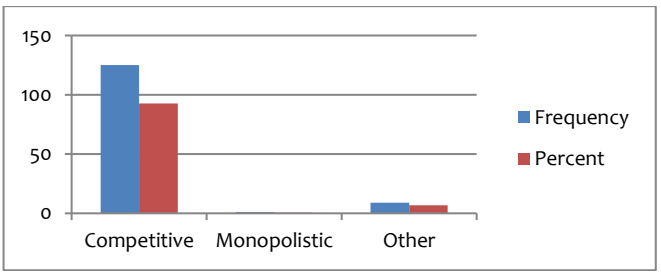
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | CEO: Family member | 27 | 20.0 |
| | CEO: Non-family member | 76 | 56.3 |
| | Other | 32 | 23.7 |
| | Total | 135 | 100.0 |

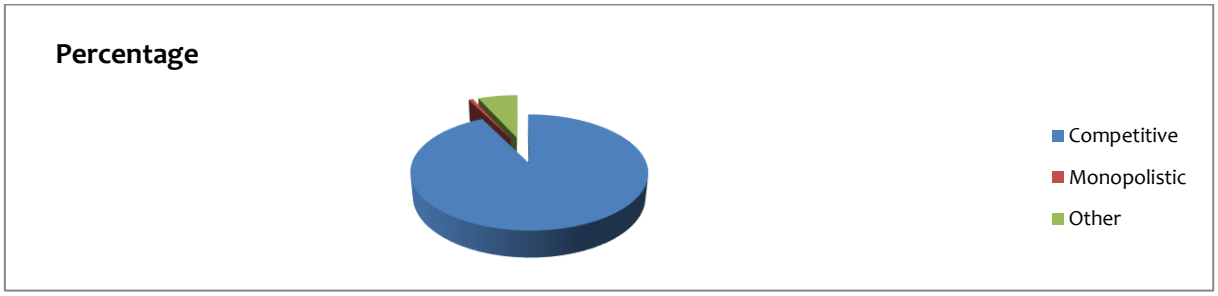



## 15. Product market

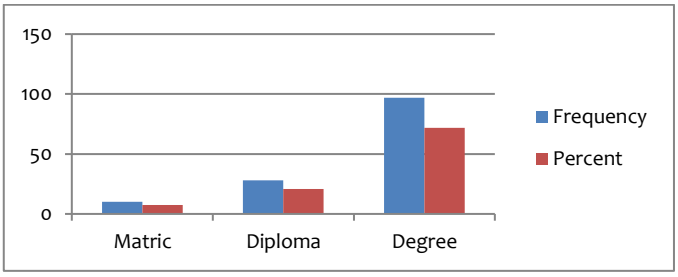
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | Competitive | 125 | 92.6 |
| | Monopolistic | 1 | .7 |
| | Other | 9 | 6.7 |
| | Total | 135 | 100.0 |

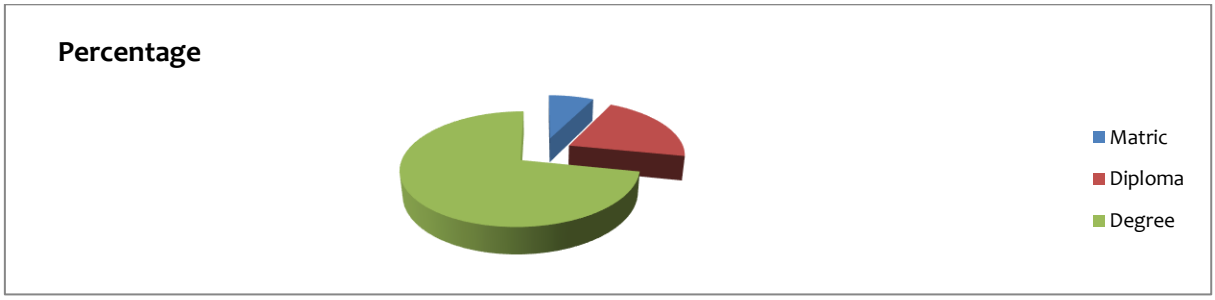


## 16. Education (participants)

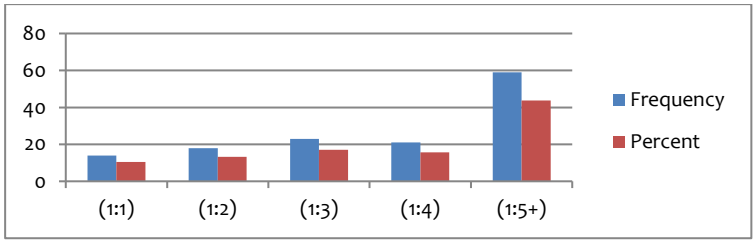
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | Matric | 10 | 7.4 |
| | Diploma | 28 | 20.7 |
| | Degree | 97 | 71.9 |
| | Total | 135 | 100.0 |

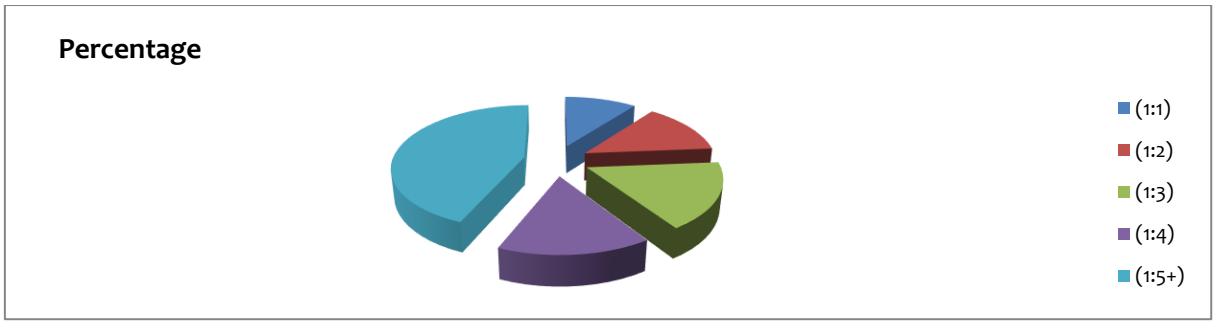



## 17. Female to male ratio

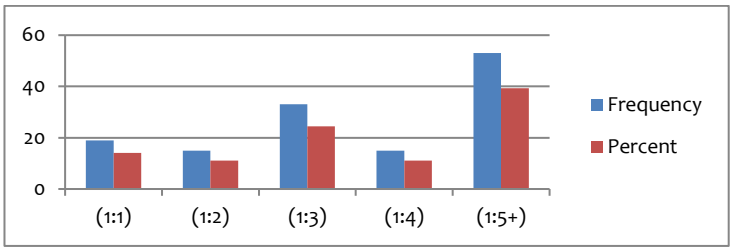
| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | (1:1) | 14 | 10.4 |
| | (1:2) | 18 | 13.3 |
| | (1:3) | 23 | 17.0 |
| | (1:4) | 21 | 15.6 |
| | (1:5+) | 59 | 43.7 |
| | Total | 135 | 100.0 |



## 18. Local to expatriate ratio

| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | (1:1) | 19 | 14.1 |
| | (2:1) | 15 | 11.1 |
| | (3:1) | 33 | 24.4 |
| | (4:1) | 15 | 11.1 |
| | (5:1) | 53 | 39.3 |
| | Total | 135 | 100.0 |

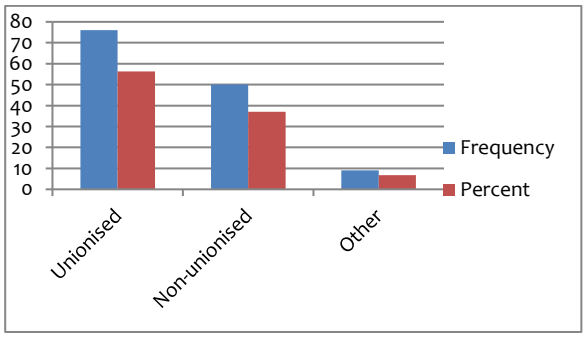


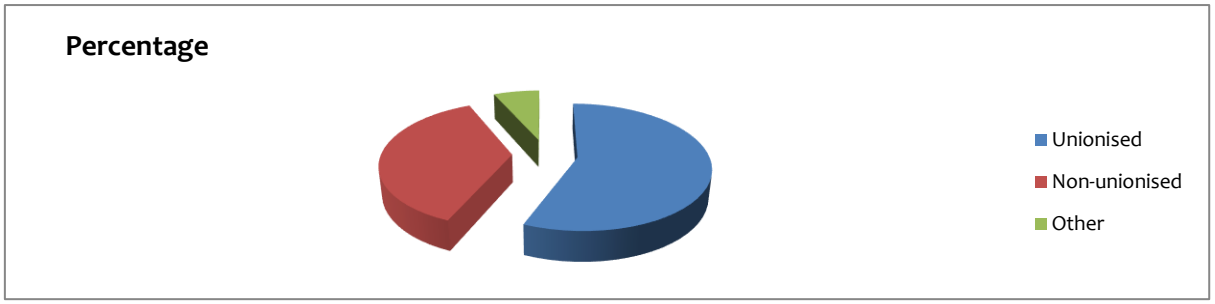




## 19. Type of labour

| | | Frequency | Valid Percent |
|---|---|---|---|
| Valid | Unionised | 76 | 56.3 |
| | Non-Unionised Labour | 50 | 37.0 |
| | Other | 9 | 6.7 |
| | Total | 135 | 100.0 |



## CUSTOMER TABLES

## (DESCRIPTIVE STATISTICS & PRINCIPAL COMPONENT ANALYSIS)

### Process Evaluation

| | | | Poor | Satisfactory | Very Good | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|
| P1 | Has your company adopted any modern manufacturing processes (TQM, JIT, lean) in the last five years? | Count | 34 | 46 | 55 | 2.16 | 0.800 |
| | | Row N % | 52.2% | 34.1% | 40.7% | | |
| P2 | What motivated the introduction of these modern processes? | Count | 5 | 28 | 102 | 2.72 | 0.528 |
| | | Row N % | 3.7% | 20.7% | 75.6% | | |
| P3 | On average how long does it take to resolve a process related problem from identification to resolution? | Count | 18 | 29 | 88 | 2.52 | 0.721 |
| | | Row N% | 13.3% | 21.5% | 65.2% | | |
| P4 | How does your company deal with repeated failures in your organisation? | Count | 4 | 52 | 79 | 2.56 | 0.555 |
| | | Row N % | 3.0% | 38.5% | 58.5% | | |
| P5 | What formal corrective action process addresses non-compliances in your organisation? | Count | 6 | 21 | 108 | 2.76 | 0.525 |
| | | Row N % | 4.4% | 15.6% | 80.0% | | |
| P6 | What platform allows for process improvements? | Count | 6 | 24 | 105 | 2.73 | 0.535 |
| | | Row N % | 4.4% | 17.8% | 77.8% | | |

### Target Setting (TS)

| | | | Poor | Satisfactory | Very Good | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|
| TS1 | Does your company engage in target/performance setting for its employees at every level in your organisation? | Count | 39 | 44 | 52 | 2.10 | 0.818 |
| | | Row N % | 28.9% | 32.6% | 38.5% | | |
| TS2 | What types of performance targets are set in your company? | Count | 11 | 31 | 93 | 2.61 | 0.636 |
| | | Row N % | 8.1% | 23.0% | 68.9% | | |
| TS3 | How does your company communicate performance targets to the shop floor workers? | Count | 33 | 22 | 80 | 2.35 | 0.849 |
| | | Row N % | 24.4% | 16.3% | 59.3% | | |
| TS4 | How do managers link performance targets to corporate objectives? | Count | 7 | 17 | 111 | 2.77 | 0.532 |
| | | Row N % | 5.2% | 12.6% | 82.2% | | |
| TS5 | What is the average time scale of targets setting in your organisation? | Count | 24 | 65 | 46 | 2.16 | 0.704 |
| | | Row N % | 17.8% | 48.1% | 34.1% | | |
| TS6 | In your view what is the rationale behind target setting? | Count | 1 | 15 | 119 | 2.87 | 0.355 |
| | | Row N % | 0.7% | 11.1% | 88.1% | | |
| TS7 | How often do employees meet set targets? | Count | 2 | 48 | 85 | 2.61 | 0.518 |
| | | Row N % | 1.5% | 35.6% | 63.0% | | |

### Performance Evaluation (PE)

| | | | Poor | Satisfactory | Very Good | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|
| PE1 | How do you relate short and long-term goals in your company? | Count | 6 | 33 | 96 | 2.67 | 0.560 |
| | | Row N % | 4.4% | 24.4% | 71.1% | | |
| PE2 | What KPI measurements does your company use for performance tracking? | Count | 10 | 34 | 91 | 2.60 | 0.625 |
| | | Row N % | 7.4% | 25.2% | 67.4% | | |
| PE3 | How often do senior management track individual performances? | Count | 11 | 30 | 94 | 2.61 | 0.635 |
| | | Row N % | 8.1% | 22.2% | 69.6% | | |
| PE4 | How does your company review (appraise) KPI's? | Count | 14 | 15 | 106 | 2.68 | 0.654 |
| | | Row N % | 10.4% | 11.1% | 78.5% | | |
| PE5 | What formal feedback system is used to review KPI's in your company? | Count | 20 | 20 | 95 | 2.56 | 0.740 |
| | | Row N % | 14.8% | 14.8% | 70.4% | | |

**Performance Monitoring (PM)**

| | | | Poor | Satisfactory | Very Good | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|
| PM1 | How are KPI's communicated to the relevant personnel or employees? | Count | 8 | 49 | 78 | 2.52 | 0.609 |
| | | Row N % | 5.9% | 36.3% | 57.8% | | |
| PM2 | How do you structure feedback meetings? | Count | 16 | 52 | 67 | 2.38 | 0.690 |
| | | Row N % | 11.9% | 38.5% | 49.6% | | |
| PM3 | What appraisal system does your company use? | Count | 25 | 72 | 38 | 2.10 | 0.679 |
| | | Row N % | 18.5% | 53.3% | 28.1% | | |
| PM4 | How does your company deal with non-performers or under achievers? | Count | 30 | 40 | 65 | 2.26 | 0.609 |
| | | Row N % | 22.2% | 29.6% | 48.1% | | |

**Incentive Management (IM)**

| | | | Poor | Satisfactory | Very Good | Mean | Standard Deviation |
|---|---|---|---|---|---|---|---|
| IM1 | How do senior managers identify talent in your company? | Count | 23 | 55 | 57 | 2.25 | 0.730 |
| | | Row N % | 17.0% | 40.7% | 42.2% | | |
| IM2 | How does your company develop talent in employees? | Count | 20 | 62 | 53 | 2.24 | 0.696 |
| | | Row N % | 14.8% | 45.9% | 39.3% | | |
| IM3 | What reward system is in place for top performers? | Count | xx | Xx | xx | 2.32 | 0.816 |
| | | Row N% | xx | Xx | xx | | |
| IM4 | How does your company identify people for promotion? | Count | 22 | 46 | 67 | 2.33 | 0.743 |
| | | Row N % | 16.3% | 34.1% | 49.6% | | |
| IM5 | How is the promotion system related to performance? | Count | 17 | 43 | 75 | 2.43 | 0.708 |
| | | Row N % | 12.6% | 31.9% | 55.6% | | |
| IM6 | What makes it distinctive to work for your organisation as opposed to your competitors? | Count | 10 | 54 | 71 | 2.45 | 0.631 |
| | | Row N % | 7.4% | 40.0% | 52.6% | | |
| IM7 | How does your company ensure staff retention? | Count | 27 | 68 | 40 | 2.10 | 0.700 |
| | | Row N % | 20.0% | 50.4% | 29.6% | | |
| IM8 | What human resources management (HRM) practices has your company adopted or put in place to create and promote a conducive work environment? | Count | 15 | 43 | 77 | 2.46 | 0.689 |
| | | Row N % | 11.1% | 31.9% | 57.0% | | |

## RELIABILITY – INCENTIVE MANAGEMENT

```
/VARIABLES=IM1 IM2 IM3 IM4 IM5 IM6 IM7 IM8
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE SCALE CORR
/SUMMARY=TOTAL CORR.
```

## SCALE: ALL VARIABLES

## Case Processing Summary

| | | N | % |
|---|---|---|---|
| Cases | Valid | 135 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 135 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

## Reliability Statistics

| Cronbach's alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .836 | .837 | 8 |

## Item Statistics

| | Mean | Std. Deviation | N |
|---|---|---|---|
| IM1 | 2.25 | .730 | 135 |
| IM2 | 2.24 | .696 | 135 |
| IM3 | 2.32 | .816 | 135 |
| IM4 | 2.33 | .743 | 135 |
| IM5 | 2.43 | .708 | 135 |
| IM6 | 2.45 | .631 | 135 |
| IM7 | 2.10 | .700 | 135 |
| IM8 | 2.46 | .689 | 135 |

## Inter-Item Correlation Matrix

| | IM1 | IM2 | IM3 | IM4 | IM5 | IM6 | IM7 | IM8 |
|---|---|---|---|---|---|---|---|---|
| IM1 | 1.000 | .451 | .265 | .491 | .410 | .318 | .375 | .273 |
| IM2 | .451 | 1.000 | .230 | .447 | .497 | .222 | .319 | .371 |
| IM3 | .265 | .230 | 1.000 | .476 | .446 | .356 | .377 | .295 |
| IM4 | .491 | .447 | .476 | 1.000 | .620 | .329 | .511 | .384 |
| IM5 | .410 | .497 | .446 | .620 | 1.000 | .364 | .548 | .419 |
| IM6 | .318 | .222 | .356 | .329 | .364 | 1.000 | .323 | .360 |
| IM7 | .375 | .319 | .377 | .511 | .548 | .323 | 1.000 | .449 |
| IM8 | .273 | .371 | .295 | .384 | .419 | .360 | .449 | 1.000 |

## Summary Item Statistics

| | Mean | Minimum | Maximum | Range | Maximum / Minimum | Variance | N of Items |
|---|---|---|---|---|---|---|---|
| Inter-Item Correlations | .390 | .222 | .620 | .398 | 2.789 | .009 | 8 |

## Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|---|
| IM1 | 16.33 | 12.060 | .529 | .338 | .822 |
| IM2 | 16.34 | 12.256 | .520 | .354 | .822 |
| IM3 | 16.27 | 11.809 | .499 | .302 | .827 |
| IM4 | 16.25 | 11.264 | .693 | .515 | .799 |
| IM5 | 16.16 | 11.416 | .702 | .528 | .799 |
| IM6 | 16.13 | 12.788 | .462 | .243 | .829 |
| IM7 | 16.49 | 11.864 | .605 | .406 | .812 |
| IM8 | 16.13 | 12.290 | .520 | .309 | .822 |

## Scale Statistics

| Mean | Variance | Std. Deviation | N of Items |
|---|---|---|---|
| 18.59 | 15.274 | 3.908 | 8 |

## RELIABILITY – PERFORMANCE EVALUATION

```
/VARIABLES=PE1 PE2 PE3 PE4 PE5
  /SCALE('ALL VARIABLES') ALL
  /MODEL=ALPHA
  /STATISTICS=DESCRIPTIVE SCALE CORR
  /SUMMARY=TOTAL CORR.
```

SCALE: ALL VARIABLES

### Case Processing Summary

| | | N | % |
|---|---|---|---|
| Cases | Valid | 135 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 135 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .745 | .741 | 5 |

### Item Statistics

| | Mean | Std. Deviation | N |
|---|---|---|---|
| PE1 | 2.67 | .560 | 135 |
| PE2 | 2.60 | .625 | 135 |
| PE3 | 2.61 | .635 | 135 |
| PE4 | 2.68 | .654 | 135 |
| PE5 | 2.56 | .740 | 135 |

### Inter-Item Correlation Matrix

| | PE1 | PE2 | PE3 | PE4 | PE5 |
|---|---|---|---|---|---|
| PE1 | 1.000 | .341 | .245 | .319 | .288 |
| PE2 | .341 | 1.000 | .361 | .288 | .436 |
| PE3 | .245 | .361 | 1.000 | .350 | .523 |
| PE4 | .319 | .288 | .350 | 1.000 | .492 |
| PE5 | .288 | .436 | .523 | .492 | 1.000 |

### Summary Item Statistics

| | Mean | Minimum | Maximum | Range | Maximum / Minimum | Variance | N of Items |
|---|---|---|---|---|---|---|---|
| Inter-Item Correlations | .364 | .245 | .523 | .278 | 2.133 | .008 | 5 |

### Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|---|
| PE1 | 10.45 | 3.951 | .398 | .176 | .736 |
| PE2 | 10.52 | 3.595 | .491 | .258 | .706 |
| PE3 | 10.50 | 3.506 | .522 | .306 | .695 |
| PE4 | 10.44 | 3.487 | .506 | .285 | .701 |
| PE5 | 10.56 | 2.994 | .628 | .426 | .650 |

### Scale Statistics

| Mean | Variance | Std. Deviation | N of Items |
|---|---|---|---|
| 13.12 | 5.150 | 2.269 | 5 |

## 8. RELIABILITY – PERFORMANCE MONITORING

```
/VARIABLES=PM1 PM2 PM3 PM4
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE SCALE CORR
/SUMMARY=TOTAL CORR.
```

## SCALE: ALL VARIABLES

### Case Processing Summary

| | | N | % |
|---|---|---|---|
| Cases | Valid | 135 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 135 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .704 | .709 | 4 |

### Item Statistics

| | Mean | Std. Deviation | N |
|---|---|---|---|
| PM1 | 2.52 | .609 | 135 |
| PM2 | 2.38 | .690 | 135 |
| PM3 | 2.10 | .679 | 135 |
| PM4 | 2.26 | .801 | 135 |

### Inter-Item Correlation Matrix

| | PM1 | PM2 | PM3 | PM4 |
|---|---|---|---|---|
| PM1 | 1.000 | .419 | .366 | .258 |
| PM2 | .419 | 1.000 | .464 | .375 |
| PM3 | .366 | .464 | 1.000 | .393 |
| PM4 | .258 | .375 | .393 | 1.000 |

### Summary Item Statistics

| | Mean | Minimum | Maximum | Range | Maximum / Minimum | Variance | N of Items |
|---|---|---|---|---|---|---|---|
| Inter-Item Correlations | .379 | .258 | .464 | .206 | 1.798 | .004 | 4 |

## Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|---|
| PM1 | 6.73 | 2.854 | .440 | .216 | .671 |
| PM2 | 6.87 | 2.454 | .556 | .318 | .600 |
| PM3 | 7.16 | 2.505 | .542 | .297 | .609 |
| PM4 | 6.99 | 2.395 | .441 | .206 | .681 |

## Scale Statistics

| Mean | Variance | Std. Deviation | N of Items |
|---|---|---|---|
| 9.25 | 4.130 | 2.032 | 4 |

## RELIABILITY – PERFORMANCE EVALUATION

```
/VARIABLES=P1 P2 P3 P4 P5 P6
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE SCALE CORR
/SUMMARY=TOTAL CORR.
```

**SCALE: ALL VARIABLES**

## Case Processing Summary

| | | N | % |
|---|---|---|---|
| Cases | Valid | 135 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 135 | 100.0 |

**a. Listwise deletion based on all variables in the procedure.**

## Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .650 | .661 | 6 |

## Item Statistics

| | Mean | Std. Deviation | N |
|---|---|---|---|
| P1 | 2.16 | .800 | 135 |
| P2 | 2.72 | .528 | 135 |
| P3 | 2.52 | .721 | 135 |
| P4 | 2.56 | .555 | 135 |
| P5 | 2.76 | .525 | 135 |
| P6 | 2.73 | .535 | 135 |

## Inter-Item Correlation Matrix

| | P1 | P2 | P3 | P4 | P5 | P6 |
|---|---|---|---|---|---|---|
| P1 | 1.000 | .405 | .260 | .106 | .216 | .324 |
| P2 | .405 | 1.000 | .112 | .181 | .181 | .181 |
| P3 | .260 | .112 | 1.000 | .300 | .140 | .283 |
| P4 | .106 | .181 | .300 | 1.000 | .290 | .377 |
| P5 | .216 | .181 | .140 | .290 | 1.000 | .324 |
| P6 | .324 | .181 | .283 | .377 | .324 | 1.000 |

## Summary Item Statistics

| | Mean | Minimum | Maximum | Range | Maximum / Minimum | Variance | N of Items |
|---|---|---|---|---|---|---|---|
| Inter-Item Correlations | .245 | .106 | .405 | .299 | 3.808 | .009 | 6 |

## Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|---|
| P1 | 13.28 | 3.204 | .417 | .268 | .599 |
| P2 | 12.72 | 4.025 | .348 | .188 | .619 |
| P3 | 12.92 | 3.568 | .349 | .158 | .623 |
| P4 | 12.88 | 3.896 | .380 | .229 | .608 |
| P5 | 12.68 | 4.025 | .351 | .156 | .618 |
| P6 | 12.70 | 3.747 | .485 | .265 | .575 |

## Scale Statistics

| Mean | Variance | Std. Deviation | N of Items |
|---|---|---|---|
| 15.44 | 5.039 | 2.245 | 6 |

## 9. RELIABILITY – TARGET SETTING

```
/VARIABLES=TS1 TS2 TS3 TS4 TS7
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE SCALE CORR
/SUMMARY=TOTAL CORR.
```

**Scale: ALL VARIABLES**

## Case Processing Summary

| | | N | % |
|---|---|---|---|
| Cases | Valid | 135 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 135 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

## Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .675 | .685 | 5 |

## Item Statistics

| | Mean | Std. Deviation | N |
|---|---|---|---|
| TS1 | 2.10 | .818 | 135 |
| TS2 | 2.61 | .636 | 135 |
| TS3 | 2.35 | .849 | 135 |
| TS4 | 2.77 | .532 | 135 |
| TS7 | 2.61 | .518 | 135 |

## Inter-Item Correlation Matrix

| | TS1 | TS2 | TS3 | TS4 | TS7 |
|---|---|---|---|---|---|
| TS1 | 1.000 | .260 | .402 | .223 | .141 |
| TS2 | .260 | 1.000 | .352 | .239 | .308 |
| TS3 | .402 | .352 | 1.000 | .377 | .375 |
| TS4 | .223 | .239 | .377 | 1.000 | .354 |
| TS7 | .141 | .308 | .375 | .354 | 1.000 |

## Summary Item Statistics

| | Mean | Minimum | Maximum | Range | Maximum / Minimum | Variance | N of Items |
|---|---|---|---|---|---|---|---|
| Inter-Item Correlations | .303 | .141 | .402 | .261 | 2.855 | .007 | 5 |

## Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|---|
| TS1 | 10.34 | 3.286 | .385 | .184 | .653 |
| TS2 | 9.83 | 3.680 | .416 | .180 | .630 |
| TS3 | 10.09 | 2.768 | .569 | .328 | .550 |
| TS4 | 9.67 | 3.925 | .423 | .204 | .632 |
| TS7 | 9.82 | 3.983 | .410 | .222 | .638 |

## Scale Statistics

| Mean | Variance | Std. Deviation | N of Items |
|---|---|---|---|
| 12.44 | 5.099 | 2.258 | 5 |

## EXPLORATORY FACTOR ANALYSIS

## (i). Incentive Management (IM)

**KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .865 |
| Bartlett's Test of Sphericity | Approx. Chi-square | 333.707 |
| | Df | 28 |
| | Sig. | .000 |

**Anti-image Matrices**

| | | IM1 | IM2 | IM3 | IM4 | IM5 | IM6 | IM7 | IM8 |
|---|---|---|---|---|---|---|---|---|---|
| Anti-image Covariance | IM1 | .662 | -.174 | .013 | -.135 | -.005 | -.110 | -.071 | .027 |
| | IM2 | -.174 | .646 | .037 | -.063 | -.145 | .031 | .037 | -.124 |
| | IM3 | .013 | .037 | .698 | -.138 | -.086 | -.133 | -.051 | -.025 |
| | IM4 | -.135 | -.063 | -.138 | .485 | -.143 | 6.275E-5 | -.086 | -.029 |
| | IM5 | -.005 | -.145 | -.086 | -.143 | .472 | -.059 | -.135 | -.037 |
| | IM6 | -.110 | .031 | -.133 | 6.275E-5 | -.059 | .757 | -.026 | -.141 |
| | IM7 | -.071 | .037 | -.051 | -.086 | -.135 | -.026 | .594 | -.152 |
| | IM8 | .027 | -.124 | -.025 | -.029 | -.037 | -.141 | -.152 | .691 |
| Anti-image Correlation | IM1 | .857[a] | -.266 | .020 | -.239 | -.008 | -.155 | -.113 | .039 |
| | IM2 | -.266 | .836[a] | .056 | -.113 | -.262 | .045 | .059 | -.186 |
| | IM3 | .020 | .056 | .881[a] | -.237 | -.149 | -.182 | -.079 | -.036 |
| | IM4 | -.239 | -.113 | -.237 | .866[a] | -.299 | .000 | -.160 | -.050 |
| | IM5 | -.008 | -.262 | -.149 | -.299 | .861[a] | -.099 | -.255 | -.065 |
| | IM6 | -.155 | .045 | -.182 | .000 | -.099 | .874[a] | -.039 | -.195 |
| | IM7 | -.113 | .059 | -.079 | -.160 | -.255 | -.039 | .880[a] | -.237 |
| | IM8 | .039 | -.186 | -.036 | -.050 | -.065 | -.195 | -.237 | .873[a] |

a. Measures of Sampling Adequacy(MSA)

**Communalities**

| | Initial | Extraction |
|---|---|---|
| IM1 | 1.000 | .424 |
| IM2 | 1.000 | .416 |
| IM3 | 1.000 | .387 |
| IM4 | 1.000 | .634 |
| IM5 | 1.000 | .649 |
| IM6 | 1.000 | .329 |
| IM7 | 1.000 | .523 |
| IM8 | 1.000 | .410 |

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

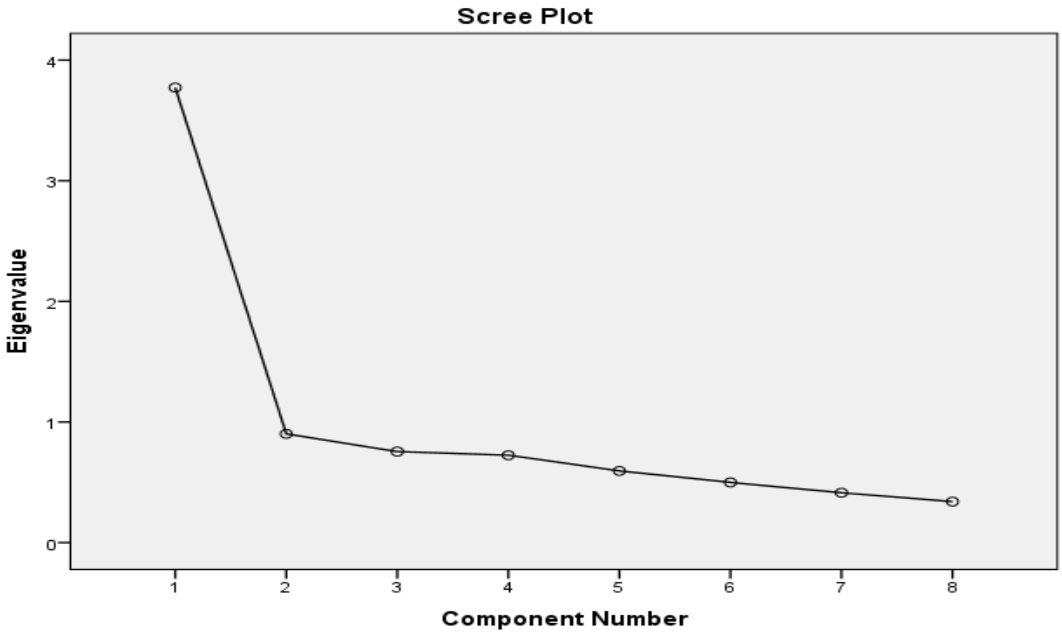
| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| Component | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.772 | 47.156 | 47.156 | 3.772 | 47.156 | 47.156 |
| 2 | .902 | 11.270 | 58.426 | | | |
| 3 | .755 | 9.434 | 67.861 | | | |
| 4 | .724 | 9.055 | 76.916 | | | |
| 5 | .594 | 7.429 | 84.345 | | | |
| 6 | .499 | 6.238 | 90.583 | | | |
| 7 | .413 | 5.166 | 95.748 | | | |
| 8 | .340 | 4.252 | 100.000 | | | |

**Extraction Method: Principal Component Analysis.**

**Component Matrix[a]**

| | Component 1 |
|---|---|
| IM5 | .805 |
| IM4 | .796 |
| IM7 | .723 |
| IM1 | .651 |
| IM2 | .645 |
| IM8 | .641 |
| IM3 | .622 |
| IM6 | .574 |

**Extraction Method: Principal Component Analysis. A. 1 components Extracted.**




## (ii). Performance Evaluation (PE)

**KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .765 |
| Bartlett's Test of Sphericity | Approx. Chi-square | 138.369 |
| | Df | 10 |
| | Sig. | .000 |

**Anti-image Matrices**

| | | PE1 | PE2 | PE3 | PE4 | PE5 |
|---|---|---|---|---|---|---|
| Anti-image Covariance | PE1 | .824 | -.176 | -.042 | -.146 | -.031 |
| | PE2 | -.176 | .742 | -.106 | -.021 | -.161 |
| | PE3 | -.042 | -.106 | .694 | -.069 | -.229 |
| | PE4 | -.146 | -.021 | -.069 | .715 | -.216 |
| | PE5 | -.031 | -.161 | -.229 | -.216 | .574 |
| Anti-image Correlation | PE1 | .797[a] | -.225 | -.055 | -.190 | -.044 |
| | PE2 | -.225 | .795[a] | -.147 | -.029 | -.246 |
| | PE3 | -.055 | -.147 | .779[a] | -.097 | -.363 |
| | PE4 | -.190 | -.029 | -.097 | .774[a] | -.338 |
| | PE5 | -.044 | -.246 | -.363 | -.338 | .719[a] |

a. Measures of Sampling Adequacy(MSA)

**Communalities**

| | Initial | Extraction |
|---|---|---|
| PE1 | 1.000 | .345 |
| PE2 | 1.000 | .472 |
| PE3 | 1.000 | .515 |
| PE4 | 1.000 | .491 |
| PE5 | 1.000 | .650 |

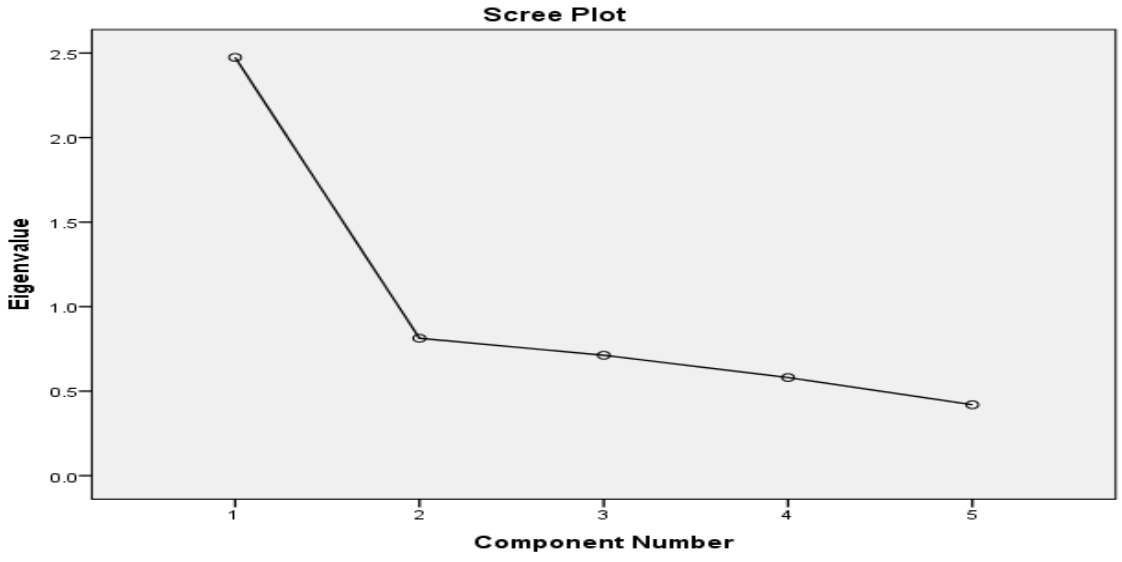
Extraction Method: Principal

**Component Analysis.**

**Total Variance Explained**

| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| Component | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.474 | 49.488 | 49.488 | 2.474 | 49.488 | 49.488 |
| 2 | .813 | 16.261 | 65.749 | | | |
| 3 | .712 | 14.249 | 79.998 | | | |
| 4 | .580 | 11.608 | 91.606 | | | |
| 5 | .420 | 8.394 | 100.000 | | | |

Extraction Method: Principal Component Analysis.



**Component Matrix[a]**

| | Component 1 |
|---|---|
| PE5 | .806 |
| PE3 | .718 |
| PE4 | .701 |
| PE2 | .687 |
| PE1 | .588 |

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

## (iii). Performance Monitoring (PM)

**KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .739 |
| Bartlett's Test of Sphericity | Approx. Chi-square | 93.774 |
| | Df | 6 |
| | Sig. | .000 |

**Anti-image Matrices**

| | | PM1 | PM2 | PM3 | PM4 |
|---|---|---|---|---|---|
| Anti-image Covariance | PM1 | .784 | -.205 | -.141 | -.053 |
| | PM2 | -.205 | .682 | -.205 | -.153 |
| | PM3 | -.141 | -.205 | .703 | -.186 |
| | PM4 | -.053 | -.153 | -.186 | .794 |
| Anti-image Correlation | PM1 | .759[a] | -.281 | -.190 | -.067 |
| | PM2 | -.281 | .717[a] | -.296 | -.208 |
| | PM3 | -.190 | -.296 | .731[a] | -.249 |
| | PM4 | -.067 | -.208 | -.249 | .767[a] |

a. Measures of Sampling Adequacy(MSA)

**Communalities**

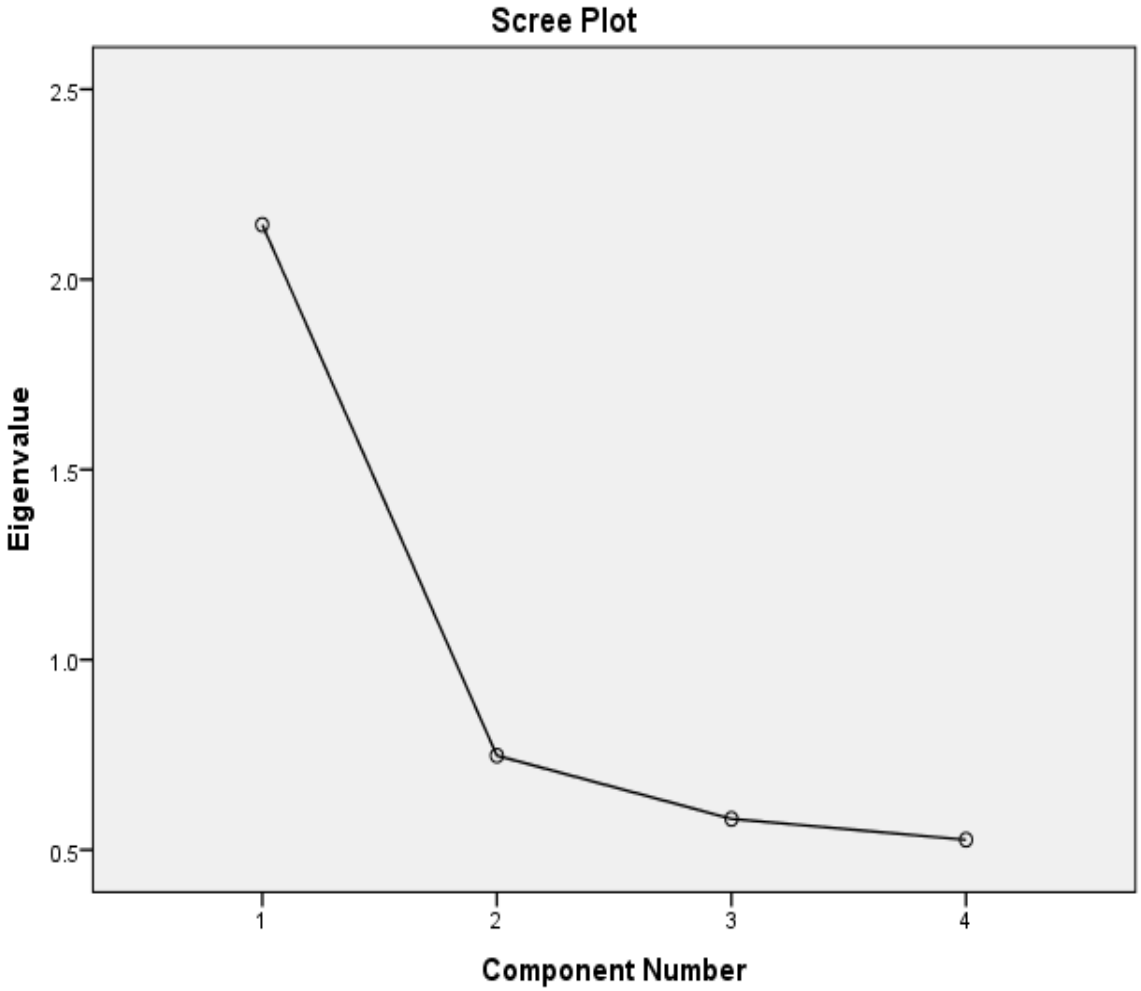
| | Initial | Extraction |
|---|---|---|
| PM1 | 1.000 | .472 |
| PM2 | 1.000 | .618 |
| PM3 | 1.000 | .595 |
| PM4 | 1.000 | .459 |

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| Component | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.144 | 53.600 | 53.600 | 2.144 | 53.600 | 53.600 |
| 2 | .748 | 18.700 | 72.300 | | | |
| 3 | .581 | 14.535 | 86.835 | | | |
| 4 | .527 | 13.165 | 100.000 | | | |

Extraction Method: Principal Component Analysis.




| | |
|---|---|
| PM2 | .786 |
| PM3 | .771 |
| PM1 | .687 |
| PM4 | .678 |

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

## (iv). Process Improvement (P)

**KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .688 |
| Bartlett's Test of Sphericity | Approx. Chi-square | 57.177 |
| | Df | 6 |
| | Sig. | .000 |

**Anti-image Matrices**

| | | P3 | P4 | P5 | P6 |
|---|---|---|---|---|---|
| Anti-image Covariance | P3 | .876 | -.176 | -.010 | -.153 |
| | P4 | -.176 | .790 | -.153 | -.205 |
| | P5 | -.010 | -.153 | .862 | -.193 |
| | P6 | -.153 | -.205 | -.193 | .780 |
| Anti-image Correlation | P3 | .706[a] | -.212 | -.012 | -.185 |
| | P4 | -.212 | .683[a] | -.185 | -.261 |
| | P5 | -.012 | -.185 | .699[a] | -.236 |
| | P6 | -.185 | -.261 | -.236 | .675[a] |

a. Measures of Sampling Adequacy(MSA)

**Communalities**

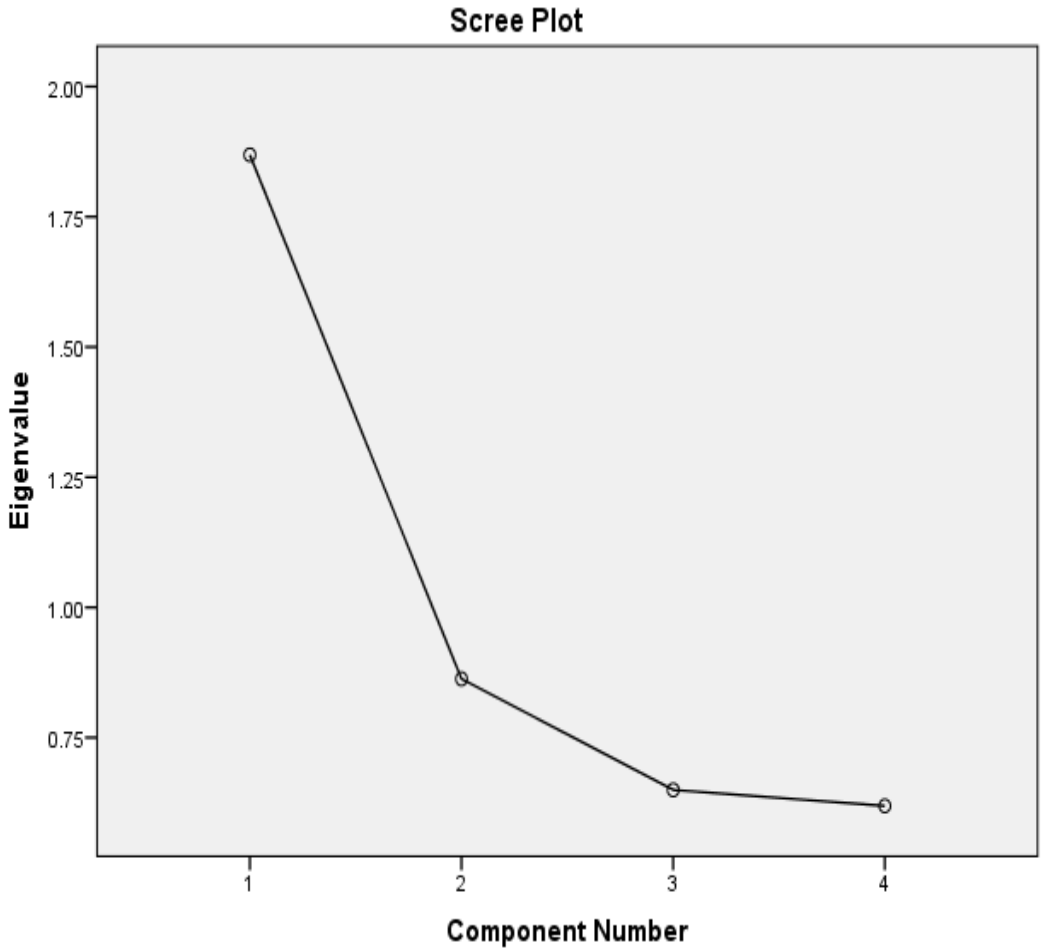
| | Initial | Extraction |
|---|---|---|
| P3 | 1.000 | .363 |
| P4 | 1.000 | .551 |
| P5 | 1.000 | .391 |
| P6 | 1.000 | .564 |

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| Component | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 1.869 | 46.722 | 46.722 | 1.869 | 46.722 | 46.722 |
| 2 | .863 | 21.569 | 68.290 | | | |
| 3 | .650 | 16.240 | 84.530 | | | |
| 4 | .619 | 15.470 | 100.000 | | | |

Extraction Method: Principal Component Analysis.




**Component Matrix[a]**

| | Component 1 |
|---|---|
| P6 | .751 |
| P4 | .742 |
| P5 | .625 |
| P3 | .602 |

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

## (v). Target Setting

**KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .749 |
| Bartlett's Test of Sphericity | Approx. Chi-square | 89.659 |
| | Df | 10 |
| | Sig. | .000 |

**Anti-image Matrices**

| | | TS2 | TS3 | TS4 | TS5 | TS7 |
|---|---|---|---|---|---|---|
| Anti-image Covariance | TS2 | .834 | -.181 | -.051 | -.039 | -.144 |
| | TS3 | -.181 | .735 | -.161 | -.100 | -.166 |
| | TS4 | -.051 | -.161 | .757 | -.190 | -.168 |
| | TS5 | -.039 | -.100 | -.190 | .874 | -.015 |
| | TS7 | -.144 | -.166 | -.168 | -.015 | .781 |
| Anti-image Correlation | TS2 | .768[a] | -.231 | -.064 | -.046 | -.178 |
| | TS3 | -.231 | .742[a] | -.216 | -.124 | -.220 |
| | TS4 | -.064 | -.216 | .736[a] | -.233 | -.218 |
| | TS5 | -.046 | -.124 | -.233 | .755[a] | -.018 |
| | TS7 | -.178 | -.220 | -.218 | -.018 | .753[a] |

a. Measures of Sampling Adequacy(MSA)

**Communalities**

| | Initial | Extraction |
|---|---|---|
| TS2 | 1.000 | .377 |
| TS3 | 1.000 | .548 |
| TS4 | 1.000 | .503 |
| TS5 | 1.000 | .286 |
| TS7 | 1.000 | .469 |

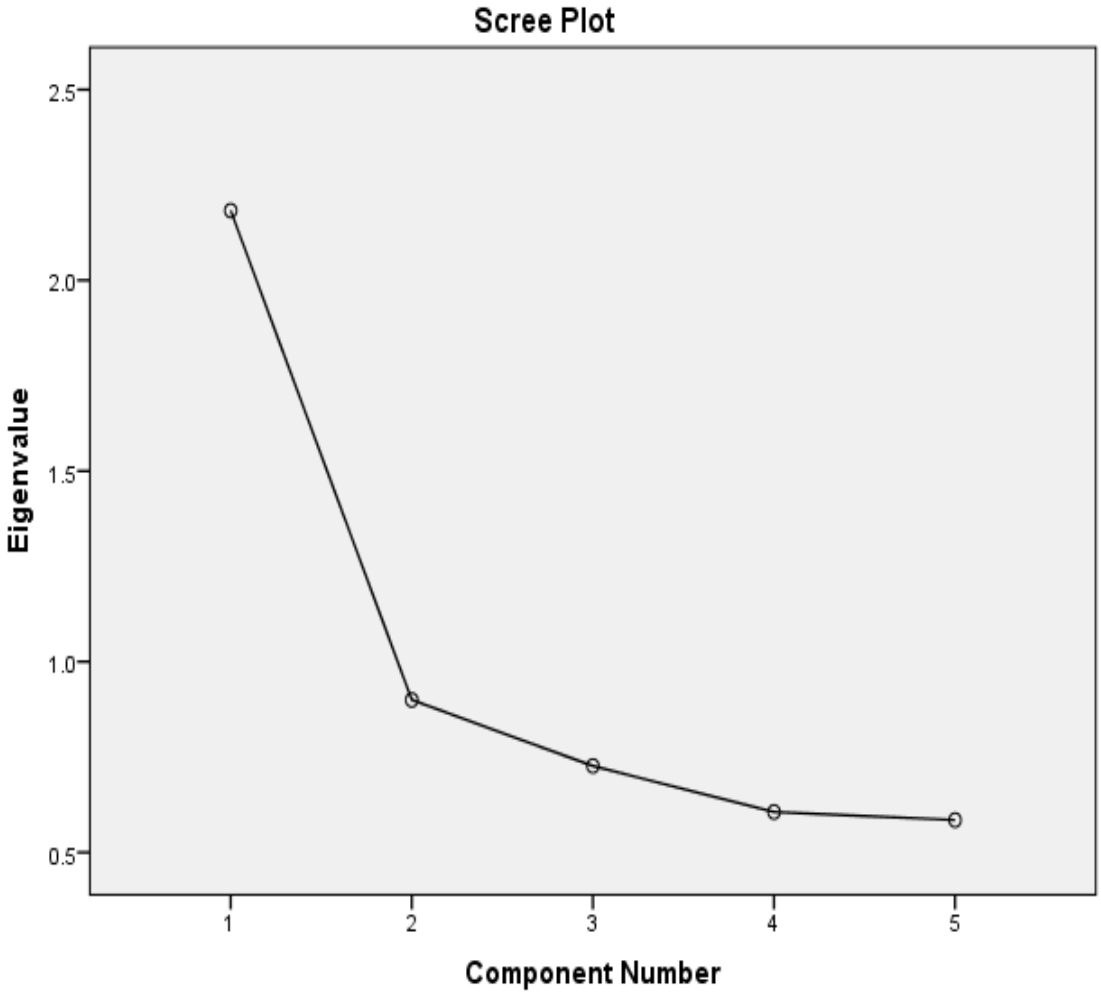
Extraction Method: Principal

**Component Analysis.**

**Total Variance Explained**

| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| Component | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.183 | 43.658 | 43.658 | 2.183 | 43.658 | 43.658 |
| 2 | .900 | 17.994 | 61.653 | | | |
| 3 | .727 | 14.533 | 76.186 | | | |
| 4 | .606 | 12.117 | 88.303 | | | |
| 5 | .585 | 11.697 | 100.000 | | | |

Extraction Method: Principal Component Analysis.




**Component Matrix[a]**

| | Component 1 |
|---|---|
| TS3 | .740 |
| TS4 | .709 |
| TS7 | .685 |
| TS2 | .614 |
| TS5 | .535 |

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

## 1. CORRELATIONS ANALYSIS

## The analysis

```
  CORRELATIONS
/VARIABLES=Target_Setting Process_Evaluation Performance_Evaluation Performance_Monitoring
  Incentive_Management Management_Score
/PRINT=TWOTAIL NOSIG
/MISSING=PAIRWISE.
```

## Table 1: Correlation output

| CORRECTIONS | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management | Management Score |
| Target Setting | Pearson Correlation | 1 | .525** | .548** | .421** | .511** | .708** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 |
| | N | 135 | 135 | 135 | 135 | 135 | 135 |
| Process Evaluation | Pearson Correlation | .525** | 1 | .552** | .639** | .614** | .764** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 | .000 |
| | N | 135 | 135 | 135 | 135 | 135 | 135 |
| Performance Evaluation | Pearson Correlation | .548** | .552** | 1 | .503** | .534** | .773** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 |
| | N | 135 | 135 | 135 | 135 | 135 | 135 |
| Performance Monitoring | Pearson Correlation | .421** | .639** | .503** | 1 | .717** | .786** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 |
| | N | 135 | 135 | 135 | 135 | 135 | 135 |
| Incentive Management | Pearson Correlation | .511** | .614** | .534** | .717** | 1 | .857** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | .000 |
| | N | 135 | 135 | 135 | 135 | 135 | 135 |
| Management Score | Pearson Correlation | .708** | .764** | .773** | .786** | .857** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 135 | 135 | 135 | 135 | 135 | 135 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | |

## Table 2: Configured correlation output

| Correlations | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management | Management Score |
| Target Setting | Pearson Correlation | 1 | .525** | .548** | .421** | .511** | .708** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 |
| | N (p-value) | | 135 | 135 | 135 | 135 | 135 |
| Process Evaluation | Pearson Correlation | | 1 | .552** | .639** | .614** | .764** |
| | Sig. (2-tailed) | | | .000 | .000 | .000 | .000 |
| | N (p-value) | | | 135 | 135 | 135 | 135 |
| Performance Evaluation | Pearson Correlation | | | 1 | .503** | .534** | .773** |
| | Sig. (2-tailed) | | | | .000 | .000 | .000 |
| | N (p-value) | | | | 135 | 135 | 135 |
| Performance Monitoring | Pearson Correlation | | | | 1 | .717** | .786** |
| | Sig. (2-tailed) | | | | | .000 | .000 |
| | N (p-value) | | | | | 135 | 135 |
| Incentive Management | Pearson Correlation | | | | | 1 | .857** |
| | Sig. (2-tailed) | | | | | | .000 |
| | N (p-value) | | | | | | 135 |
| Management Score | Pearson Correlation | | | | | | 1 |
| | Sig. (2-tailed) | | | | | | |
| | N (p-value) | | | | | | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | |

# Regression (Initial Analysis)

```
REGRESSION
 /DESCRIPTIVES MEAN STDDEV CORR SIG N
 /MISSING LISTWISE
 /STATISTICS COEFF OUTS CI(95) R ANOVA COLLIN TOL
 /CRITERIA=PIN(.05) POUT(.10)
 /METHOD=ENTER Target_Setting Process_Evaluation Performance_Evaluation Performance_Monitoring
   Incentive_Management
 /SCATTERPLOT=(*ZRESID ,*ZPRED)
 /RESIDUALS HISTOGRAM(ZRESID) NORMPROB(ZRESID)
 /CASEWISE PLOT(ZRESID) OUTLIERS(3)
 /SAVE MAHAL COOK.
```

**Descriptive Statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| Management Score | 73.81 | 10.717 | 135 |
| Target Setting | 2.5007 | .42873 | 135 |
| Process Evaluation | 2.6407 | .39776 | 135 |
| Performance Evaluation | 2.6237 | .45387 | 135 |
| Performance Monitoring | 2.3130 | .50807 | 135 |
| Incentive Management | 2.3231 | .48853 | 135 |

**Correlations**

| | | Management Score | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management |
|---|---|---|---|---|---|---|---|
| Pearson Correlation | Management Score | 1.000 | .708 | .764 | .773 | .786 | .857 |
| | Target Setting | .708 | 1.000 | .525 | .548 | .421 | .511 |
| | Process Evaluation | .764 | .525 | 1.000 | .552 | .639 | .614 |
| | Performance Evaluation | .773 | .548 | .552 | 1.000 | .503 | .534 |
| | Performance Monitoring | .786 | .421 | .639 | .503 | 1.000 | .717 |
| | Incentive Management | .857 | .511 | .614 | .534 | .717 | 1.000 |
| Sig. (1-tailed) | Management Score | . | .000 | .000 | .000 | .000 | .000 |
| | Target Setting | .000 | . | .000 | .000 | .000 | .000 |
| | Process Evaluation | .000 | .000 | . | .000 | .000 | .000 |
| | Performance Evaluation | .000 | .000 | .000 | . | .000 | .000 |
| | Performance Monitoring | .000 | .000 | .000 | .000 | . | .000 |
| | Incentive Management | .000 | .000 | .000 | .000 | .000 | . |
| N | Management Score | 135 | 135 | 135 | 135 | 135 | 135 |
| | Target Setting | 135 | 135 | 135 | 135 | 135 | 135 |
| | Process Evaluation | 135 | 135 | 135 | 135 | 135 | 135 |
| | Performance Evaluation | 135 | 135 | 135 | 135 | 135 | 135 |
| | Performance Monitoring | 135 | 135 | 135 | 135 | 135 | 135 |
| | Incentive Management | 135 | 135 | 135 | 135 | 135 | 135 |

**Variables Entered / removed[a]**

| Model | | Variables Removed | Method |
|---|---|---|---|
| 1 | Incentive Management, Target Setting, Performance Evaluation, Process Evaluation, Performance Monitoring[b] | . | Enter |

a. Dependent Variable: Management Score
b. All requested variables entered.

**Model Summary[b]**

| Model | R | R-Square | Adjusted R-Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .974[a] | .948 | .946 | 2.487 |

a. Predictors: (Constant), Incentive Management, Target Setting, Performance Evaluation, Process Evaluation, Performance Monitoring
b. Dependent Variable: Management Score

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 14592.377 | 5 | 2918.475 | 471.787 | .000[b] |
| | Residual | 797.994 | 129 | 6.186 | | |
| | Total | 15390.370 | 134 | | | |

a. Dependent Variable: Management Score
10. Predictors: (Constant), Incentive Management, Target Setting, Performance Evaluation, Process Evaluation, Performance Monitoring

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | | 95.0% Confidence Interval for B | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | T | Sig. | Lower Bound | Upper Bound | Tolerance | VIF |
| 1 | (Constant) | 4.552 | 1.601 | | 2.843 | .005 | 1.385 | 7.719 | | |
| | Target Setting | 5.076 | .645 | .203 | 7.866 | .000 | 3.799 | 6.353 | .603 | 1.658 |
| | Process Evaluation | 3.977 | .785 | .148 | 5.068 | .000 | 2.425 | 5.530 | .474 | 2.111 |
| | Performance Evaluation | 6.697 | .628 | .284 | 10.668 | .000 | 5.455 | 7.939 | .569 | 1.759 |
| | Performance Monitoring | 4.238 | .655 | .201 | 6.475 | .000 | 2.943 | 5.533 | .417 | 2.396 |
| | Incentive Management | 8.045 | .688 | .367 | 11.701 | .000 | 6.685 | 9.406 | .409 | 2.444 |

a. Dependent Variable: Management Score

**Collinearity Diagnostics[a]**

| Model | Dimension | Eigenvalue | Condition Index | Variance Proportions (Constant) | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 1 | 5.921 | 1.000 | .00 | .00 | .00 | .00 | .00 | .00 |
| | 2 | .030 | 14.008 | .14 | .07 | .00 | .02 | .25 | .12 |
| | 3 | .016 | 19.519 | .42 | .33 | .04 | .10 | .11 | .10 |
| | 4 | .013 | 21.217 | .05 | .21 | .00 | .81 | .04 | .16 |
| | 5 | .011 | 22.852 | .10 | .36 | .01 | .05 | .40 | .62 |
| | 6 | .008 | 26.648 | .29 | .04 | .95 | .01 | .20 | .00 |

a. Dependent Variable: Management Score

**Casewise Diagnostics[a]**

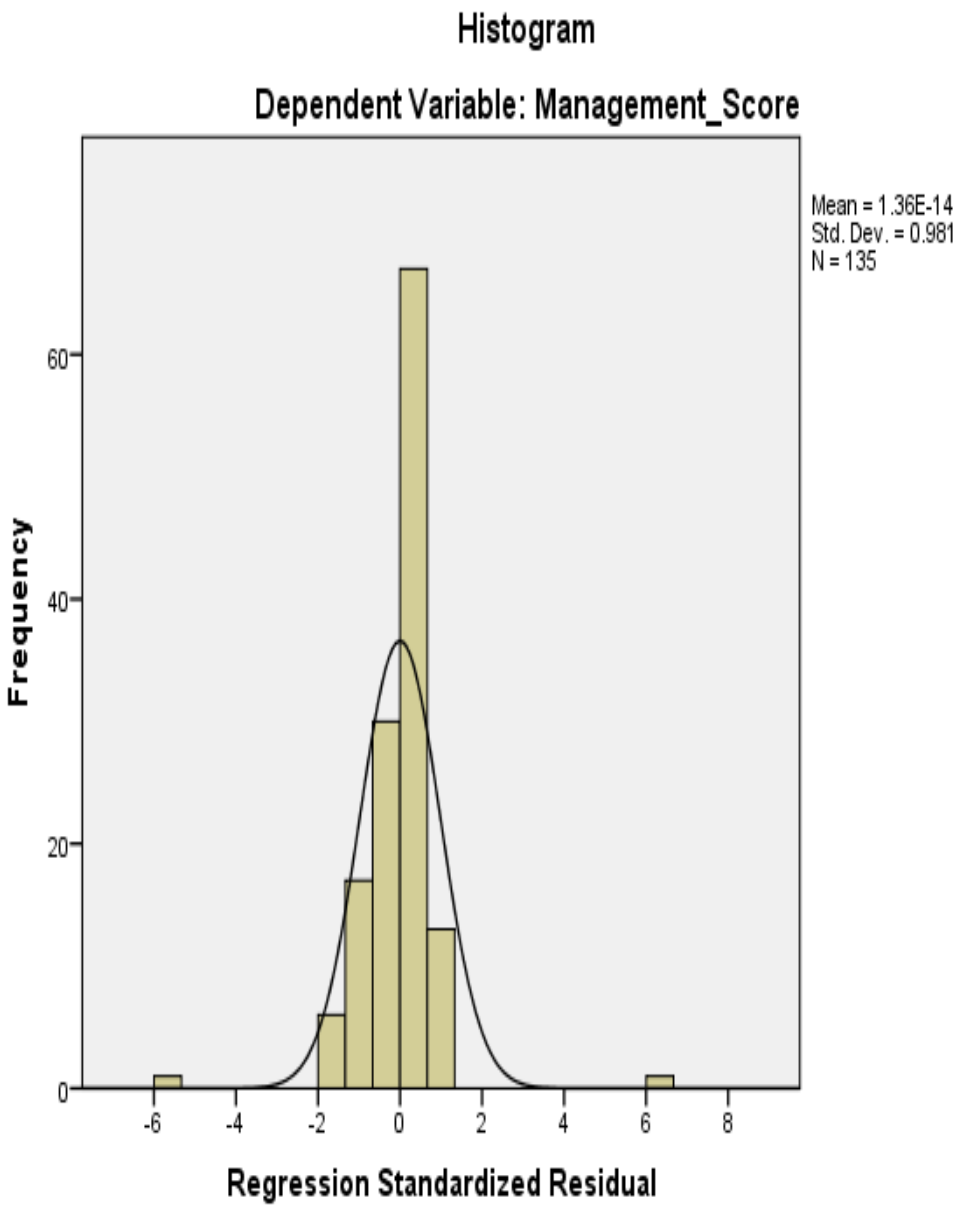
| Case Number | Std. Residual | Management Score | Predicted Value | Residual |
|---|---|---|---|---|
| 131 | 6.566 | 85 | 68.67 | 16.330 |
| 132 | -5.862 | 70 | 84.58 | -14.579 |

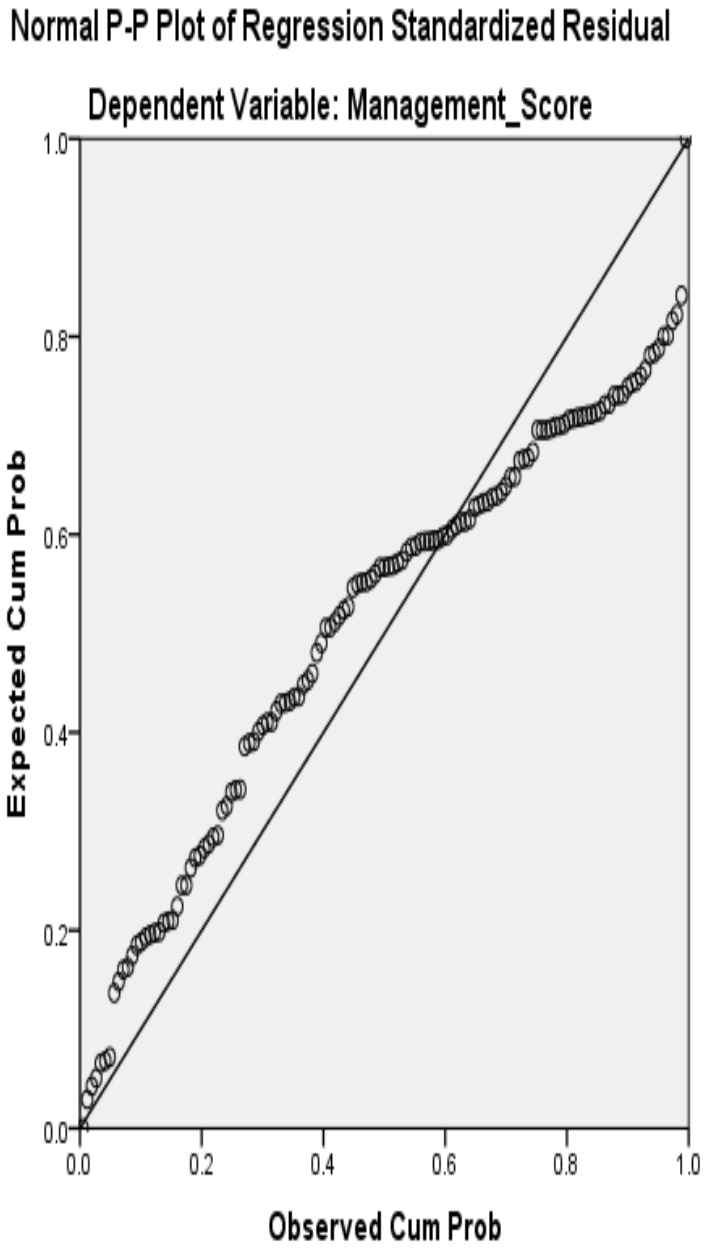
a. Dependent Variable: Management Score

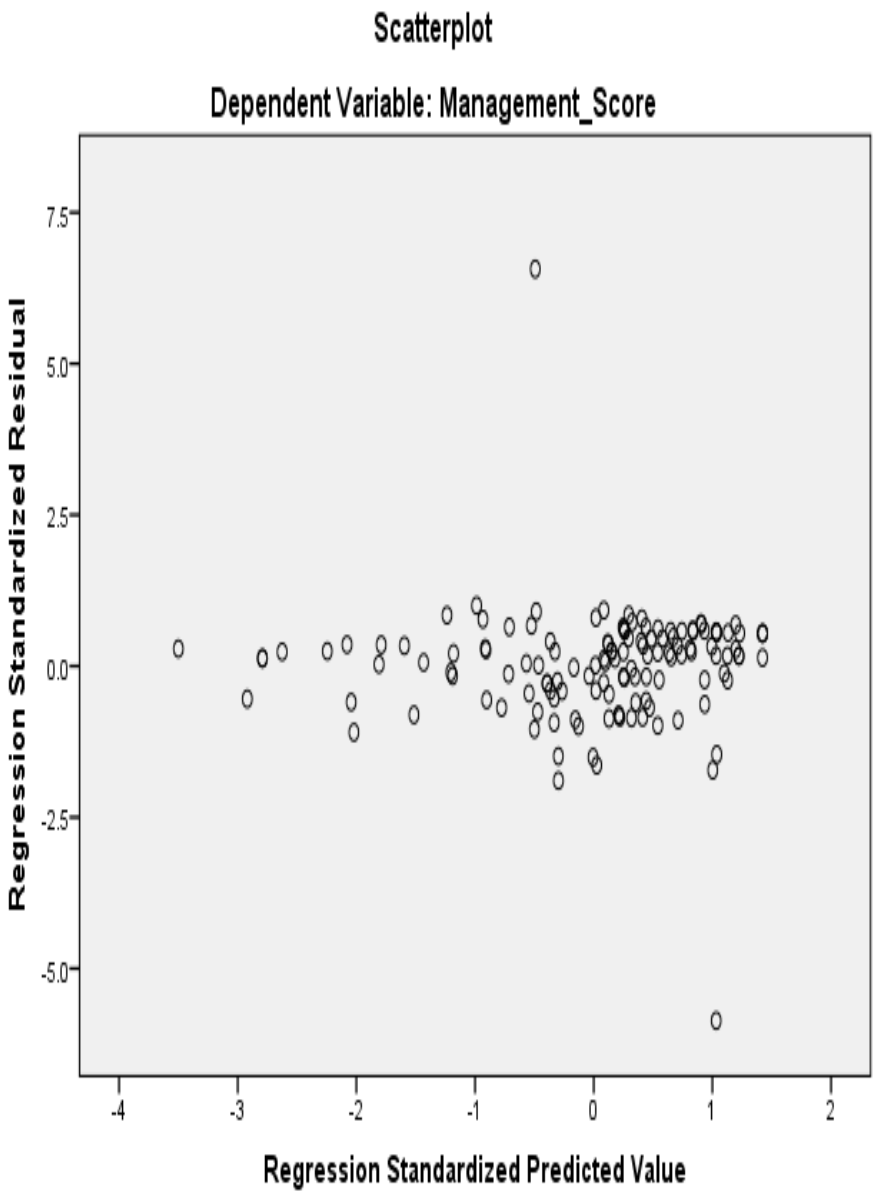
**Residuals Statistics[a]**

| | Minimum | Maximum | Mean | Std. Deviation | N |
|---|---|---|---|---|---|
| Predicted Value | 37.29 | 88.66 | 73.81 | 10.435 | 135 |
| Std. Predicted Value | -3.500 | 1.422 | .000 | 1.000 | 135 |
| Standard Error of Predicted Value | .282 | 1.041 | .499 | .161 | 135 |
| Adjusted Predicted Value | 37.17 | 88.65 | 73.82 | 10.432 | 135 |
| Residual | -14.579 | 16.330 | .000 | 2.440 | 135 |
| Std. Residual | -5.862 | 6.566 | .000 | .981 | 135 |
| Stud. Residual | -5.921 | 6.624 | -.001 | .996 | 135 |
| Deleted Residual | -14.875 | 16.622 | -.003 | 2.513 | 135 |
| Stud. Deleted Residual | -6.911 | 8.123 | .002 | 1.119 | 135 |
| Mahal. Distance | .728 | 22.465 | 4.963 | 4.209 | 135 |
| Cook's Distance | .000 | .131 | .005 | .016 | 135 |
| Centered Leverage Value | .005 | .168 | .037 | .031 | 135 |

a. Dependent Variable: Management Score


Histogram
Dependent Variable: Management_Score
Mean = 1.36E-14
Std. Dev. = 0.981
N = 135
Frequency
60
40
20
0
-6
-4
-2
0
2
4
6
8
Regression Standardized Residual


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Management_Score
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0




```
/NOORIGIN
/DEPENDENT Management_Score
/METHOD=ENTER Target_Setting Process_Evaluation Performance_Evaluation Performance_Monitoring
Incentive_Management
/SCATTERPLOT=(*ZRESID ,*ZPRED)
/RESIDUALS HISTOGRAM(ZRESID) NORMPROB(ZRESID)
/CASEWISE PLOT(ZRESID) OUTLIERS(3)
/SAVE MAHAL COOK.
```

## Regression (Final Model)

```
REGRESSION
 /DESCRIPTIVES MEAN STDDEV CORR SIG N
 /MISSING LISTWISE
 /STATISTICS COEFF OUTS CI(95) R ANOVA COLLIN TOL
 /CRITERIA=PIN(.05) POUT(.10)
```

**Descriptive Statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| Management Score | 73.91 | 10.699 | 134 |
| Target Setting | 2.5000 | .43025 | 134 |
| Process Evaluation | 2.6399 | .39914 | 134 |
| Performance Evaluation | 2.6343 | .43840 | 134 |
| Performance Monitoring | 2.3116 | .50971 | 134 |
| Incentive Management | 2.3274 | .48782 | 134 |

**Correlations**

| | | Management Score | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management |
|---|---|---|---|---|---|---|---|
| Pearson Correlation | Management Score | 1.000 | .714 | .771 | .778 | .794 | .855 |
| | Target Setting | .714 | 1.000 | .524 | .575 | .421 | .516 |
| | Process Evaluation | .771 | .524 | 1.000 | .580 | .639 | .620 |
| | Performance Evaluation | .778 | .575 | .580 | 1.000 | .532 | .529 |
| | Performance Monitoring | .794 | .421 | .639 | .532 | 1.000 | .724 |
| | Incentive Management | .855 | .516 | .620 | .529 | .724 | 1.000 |
| Sig. (1-tailed) | Management Score | . | .000 | .000 | .000 | .000 | .000 |
| | Target Setting | .000 | . | .000 | .000 | .000 | .000 |
| | Process Evaluation | .000 | .000 | . | .000 | .000 | .000 |
| | Performance Evaluation | .000 | .000 | .000 | . | .000 | .000 |
| | Performance Monitoring | .000 | .000 | .000 | .000 | . | .000 |
| | Incentive Management | .000 | .000 | .000 | .000 | .000 | . |
| N | Management Score | 134 | 134 | 134 | 134 | 134 | 134 |
| | Target Setting | 134 | 134 | 134 | 134 | 134 | 134 |
| | Process Evaluation | 134 | 134 | 134 | 134 | 134 | 134 |
| | Performance Evaluation | 134 | 134 | 134 | 134 | 134 | 134 |
| | Performance Monitoring | 134 | 134 | 134 | 134 | 134 | 134 |
| | Incentive Management | 134 | 134 | 134 | 134 | 134 | 134 |

**Variables Entered / removed[a]**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | Incentive Management, Target Setting, Performance Evaluation, Process Evaluation, Performance Monitoring[b] | . | Enter |

a. Dependent Variable: Management Score
b. All requested variables entered.

**Model Summary[b]**

| Model | R | R-Square | Adjusted R-Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .973[a] | .948 | .946 | 2.497 |

a. Predictors: (Constant), Incentive Management, Target Setting, Performance Evaluation, Process Evaluation, Performance Monitoring
b. Dependent Variable: Management Score

**ANOVA[a]**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 14427.125 | 5 | 2885.425 | 462.941 | .000[b] |
| | Residual | 797.800 | 128 | 6.233 | | |
| | Total | 15224.925 | 133 | | | |

a. Dependent Variable: Management Score
b. Predictors: (Constant), Incentive Management, Target Setting, Performance Evaluation, Process Evaluation, Performance Monitoring

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | | 95.0% Confidence Interval for B | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. | Lower Bound | Upper Bound | Tolerance | VIF |
| 1 | (Constant) | 4.574 | 1.612 | | 2.838 | .005 | 1.385 | 7.763 | | |
| | Target_Setting | 5.097 | .658 | .205 | 7.744 | .000 | 3.794 | 6.399 | .584 | 1.711 |
| | Process_Evaluation | 3.994 | .793 | .149 | 5.034 | .000 | 2.424 | 5.564 | .467 | 2.140 |
| | Performance_Evaluation | 6.653 | .677 | .273 | 9.821 | .000 | 5.313 | 7.994 | .531 | 1.882 |
| | Performance_Monitoring | 4.258 | .667 | .203 | 6.386 | .000 | 2.939 | 5.578 | .406 | 2.465 |
| | Incentive_Management | 8.026 | .699 | .366 | 11.481 | .000 | 6.643 | 9.409 | .403 | 2.481 |

a. Dependent Variable: Management Score

**Collinearity Diagnostics[a]**

| Model | Dimension | Eigenvalue | Condition Index | Variance Proportions (Constant) | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 1 | 5.923 | 1.000 | .00 | .00 | .00 | .00 | .00 | .00 |
| | 2 | .030 | 13.963 | .14 | .06 | .00 | .02 | .24 | .12 |
| | 3 | .015 | 19.640 | .39 | .47 | .03 | .01 | .10 | .10 |
| | 4 | .013 | 21.712 | .20 | .01 | .00 | .52 | .14 | .41 |
| | 5 | .010 | 24.133 | .00 | .44 | .01 | .42 | .37 | .37 |
| | 6 | .008 | 26.595 | .27 | .02 | .96 | .03 | .15 | .00 |

a. Dependent Variable: Management Score

**Casewise Diagnostics[a]**

| Case Number | Std. Residual | Management Score | Predicted Value | Residual |
|---|---|---|---|---|
| 115 | -5.842 | 70 | 84.59 | -14.585 |
| 121 | 6.544 | 85 | 68.66 | 16.336 |

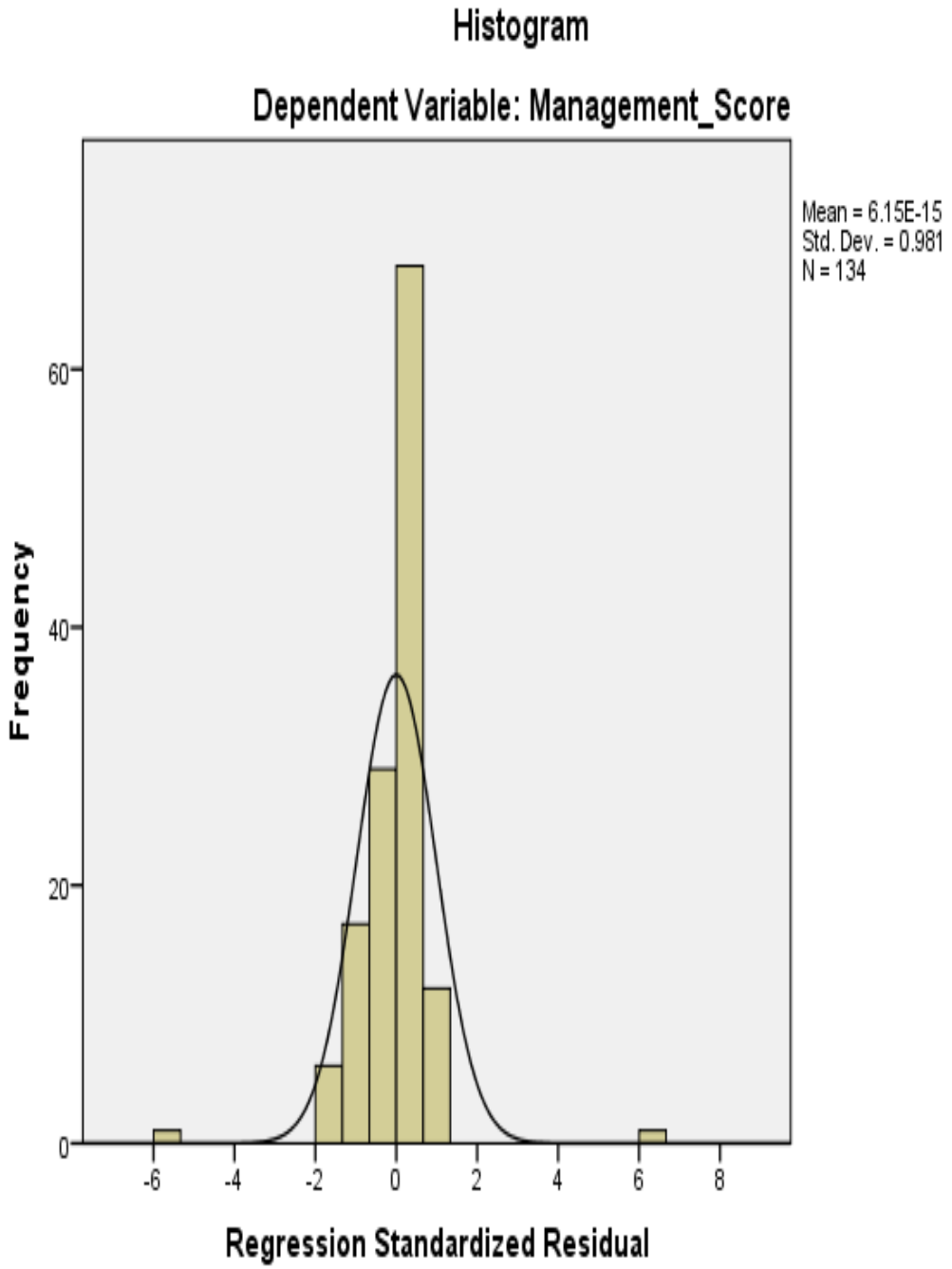
a. Dependent Variable: Management Score

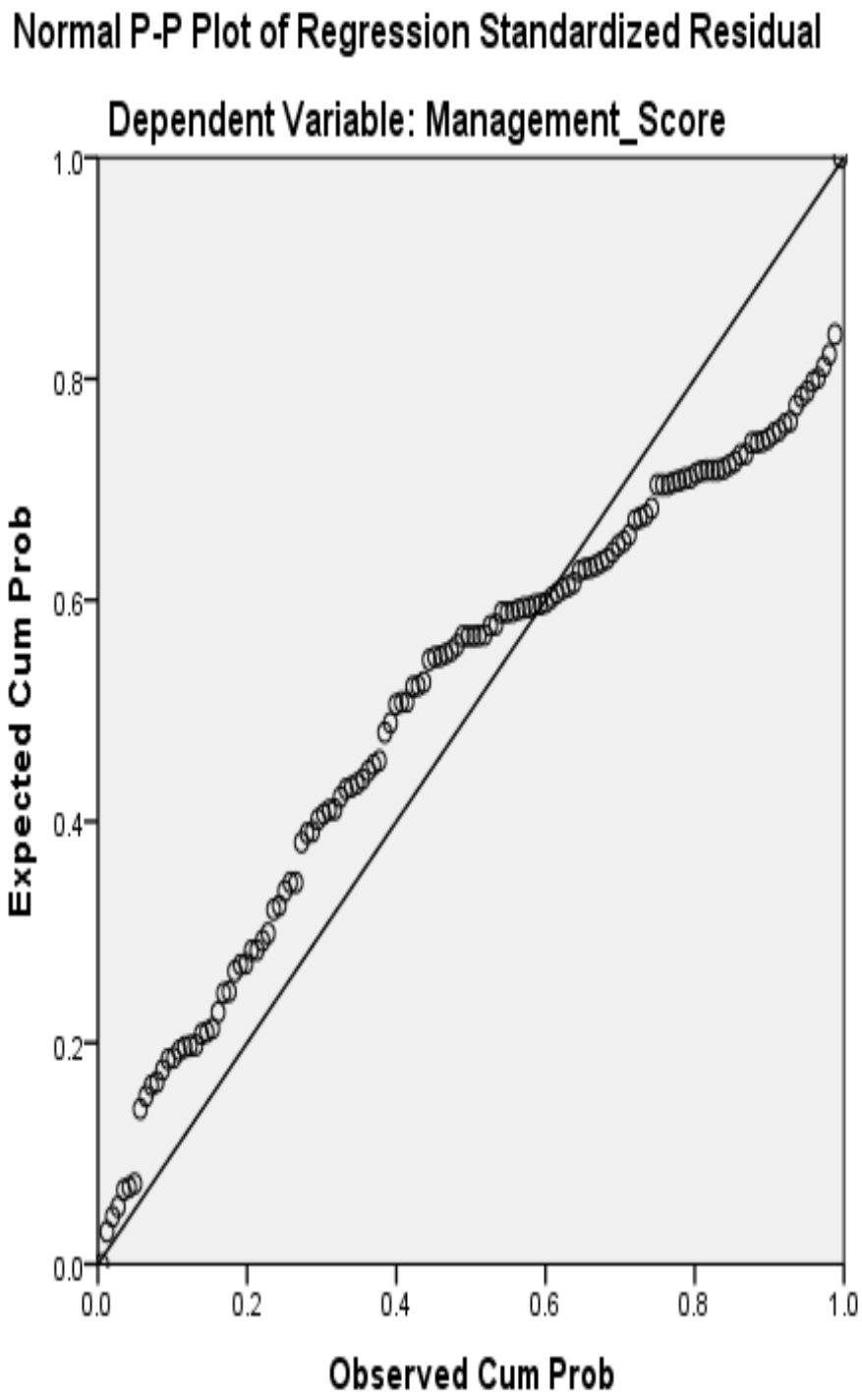
**Residuals Statistics[a]**

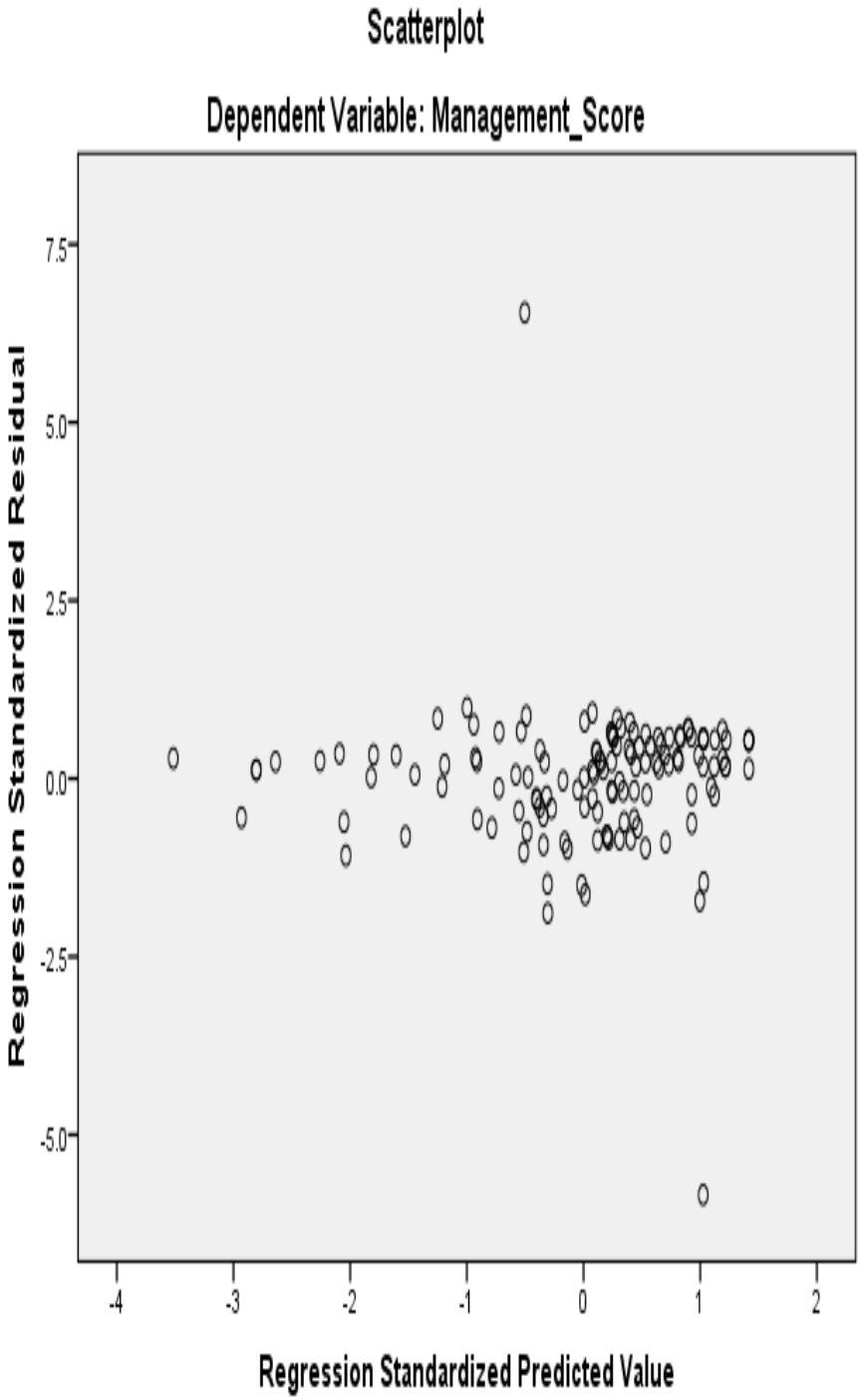
| | Minimum | Maximum | Mean | Std. Deviation | N |
|---|---|---|---|---|---|
| Predicted Value | 37.29 | 88.66 | 73.91 | 10.415 | 134 |
| Std. Predicted Value | -3.516 | 1.416 | .000 | 1.000 | 134 |
| Standard Error of Predicted Value | .285 | .957 | .504 | .158 | 134 |
| Adjusted Predicted Value | 37.17 | 88.65 | 73.91 | 10.411 | 134 |
| Residual | -14.585 | 16.336 | .000 | 2.449 | 134 |
| Std. Residual | -5.842 | 6.544 | .000 | .981 | 134 |
| Stud. Residual | -5.902 | 6.603 | -.001 | .996 | 134 |
| Deleted Residual | -14.884 | 16.632 | -.003 | 2.523 | 134 |
| Stud. Deleted Residual | -6.890 | 8.099 | .002 | 1.119 | 134 |
| Mahal. Distance | .747 | 18.558 | 4.963 | 4.020 | 134 |
| Cook's Distance | .000 | .132 | .005 | .016 | 134 |
| Centered Leverage Value | .006 | .140 | .037 | .030 | 134 |

a. Dependent Variable: Management Score

**Charts**


Histogram
Dependent Variable: Management_Score
Mean = 6.15E-15
Std. Dev. = 0.981
N = 134
Frequency
60
40
20
0
-6
-4
-2
0
2
4
6
8
Regression Standardized Residual


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Management_Score
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0


Scatterplot
Dependent Variable: Management_Score
Regression Standardized Residual
7.5
5.0
2.5
0.0
-2.5
-5.0
-4
-3
-2
-1
0
1
2
Regression Standardized Predicted Value

# Annexure D

## Tables & Figures

-

## Quantitative Data

## Analysis

**Table 5.20: ANOVA Table**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| **Model** | | **Sum of Squares** | **Df** | **Mean Square** | **F** | **Sig.** |
| 1 | Regression | 14592.377 | 5 | 2918.475 | 471.787 | 0.000 |
| | Residual | 797.994 | 129 | 6.186 | | |
| | Total | 15390.370 | 134 | | | |
| a. Dependent Variable: Management Score | | | | | | |
| • Predictors: Incentive Management, Target Setting, Performance, Evaluation, Process Evaluation and Performance Monitoring | | | | | | |

**Table 5.21: Correlation output**

| Correlations | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Target Setting** | **Process Evaluation** | **Performance Evaluation** | **Performance Monitoring** | **Incentive Management** | **Management Score** |
| Target Setting | Pearson Correlation | 1 | 0.525** | 0.548** | 0.421** | 0.511** | 0.708** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 |
| | N (p-value) | | 135 | 135 | 135 | 135 | 135 |
| Process Evaluation | Pearson Correlation | | 1 | 0.552** | 0.639** | 0.614** | 0.764** |
| | Sig. (2-tailed) | | | 0.000 | 0.000 | 0.000 | 0.000 |
| | N (p-value) | | | 135 | 135 | 135 | 135 |
| Performance Evaluation | Pearson Correlation | | | 1 | 0.503** | 0.534** | 0.773** |
| | Sig. (2-tailed) | | | | 0.000 | 0.000 | 0.000 |
| | N (p-value) | | | | 135 | 135 | 135 |
| Performance Monitoring | Pearson Correlation | | | | 1 | 0.717** | 0.786** |
| | Sig. (2-tailed) | | | | | 0.000 | 0.000 |
| | N (p-value) | | | | | 135 | 135 |
| Incentive Management | Pearson Correlation | | | | | 1 | 0.857** |
| | Sig. (2-tailed) | | | | | | 0.000 |
| | N (p-value) | | | | | | 135 |
| Management Score | Pearson Correlation | | | | | | 1 |
| | Sig. (2-tailed) | | | | | | |
| | N (p-value) | | | | | | |
| ** Correlation is significant at the 0.01 level (2-tailed) | | | | | | | |

**Table 5.22: Coefficients table**

| Model | B | Std. Error | Beta | T | Sig. | Lower Bound | Upper Bound | Tolerance | VIF |
|---|---|---|---|---|---|---|---|---|---|
| (Constant) | 4.552 | 1.601 | | 2.843 | 0.005 | 1.385 | 7.719 | | |
| Target Setting | 5.076 | 0.645 | 0.203 | 7.866 | 0.000 | 3.799 | 6.353 | 0.603 | 1.658 |
| Process Evaluation | 3.977 | 0.785 | 0.148 | 5.068 | 0.000 | 2.425 | 5.530 | 0.474 | 2.111 |
| Performance Evaluation | 6.697 | 0.628 | 0.284 | 10.668 | 0.000 | 5.455 | 7.939 | 0.569 | 1.759 |
| Performance Monitoring | 4.238 | 0.655 | 0.201 | 6.475 | 0.000 | 2.943 | 5.533 | 0.417 | 2.396 |
| Incentive Management | 8.045 | 0.688 | 0.367 | 11.701 | 0.000 | 6.685 | 9.406 | 0.409 | 2.444 |

**Table 5.24: Variance inflation factor**

| Model | Sig. | Tolerance | VIF |
|---|---|---|---|
| (Constant) | 0.005 | _ | _ |
| Target Setting | 0.000 | 0.603 | 1.658 |
| Process Evaluation | 0.000 | 0.474 | 2.111 |
| Performance Evaluation | 0.000 | 0.569 | 1.759 |
| Performance Monitoring | 0.000 | 0.417 | 2.396 |
| Incentive Management | 0.000 | 0.409 | 2.444 |

- In table (Table 5.24, ref. appendix), the VIF for each of the five variables is within the required rule of < 10. In other words, there is no multicollinearity between the independent variables.

**Table 5.25: VIF table**

| | Target Setting | Process Evaluation | Performance Evaluation | Performance Monitoring | Incentive Management |
|---|---|---|---|---|---|
| VIF | 1.658 | 1.658 | 1.658 | 1.658 | 1.658 |
| VIF Limit | < 10 | < 10 | < 10 | < 10 | < 10 |

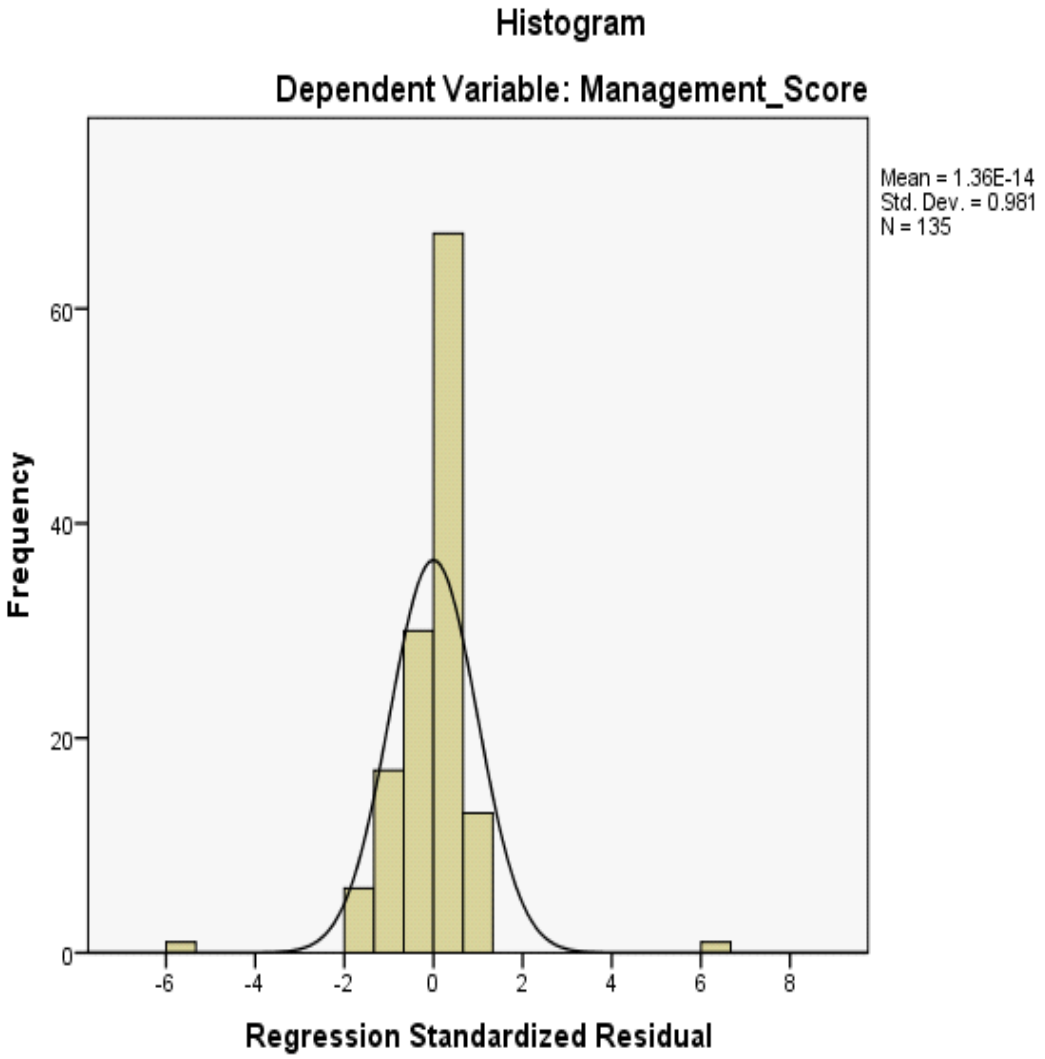



**Figure 5.1: Normality (Histogram)**

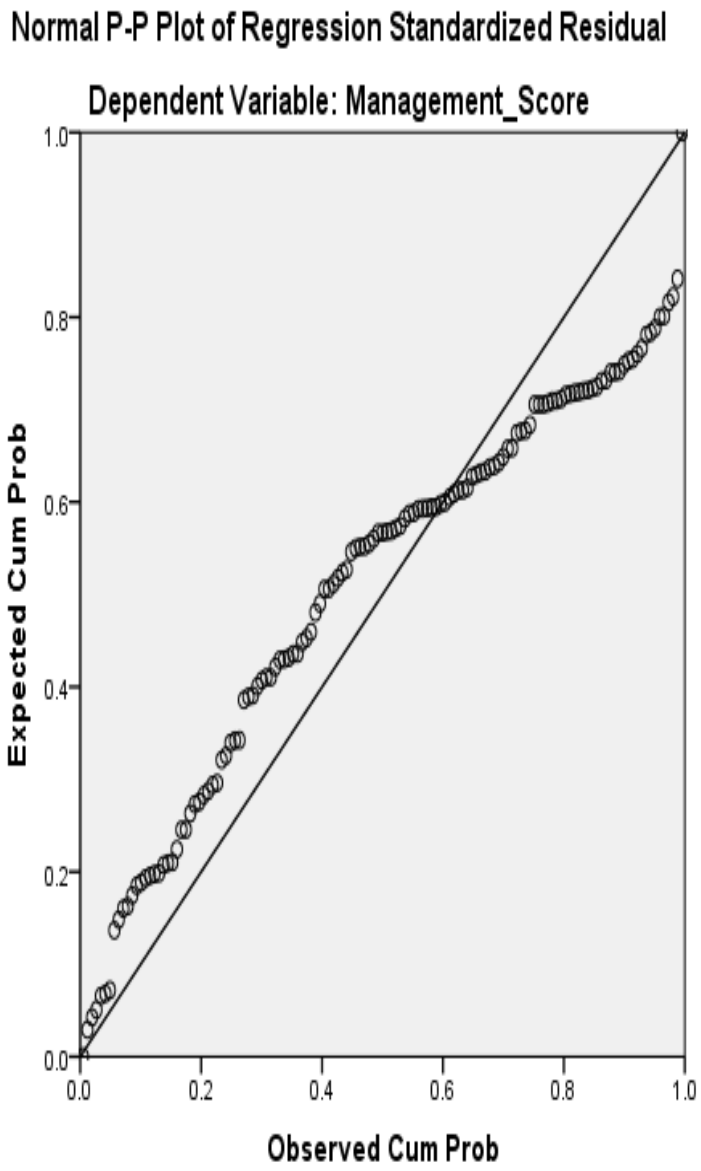



**Figure 5.2: The probability plot (P-P)**

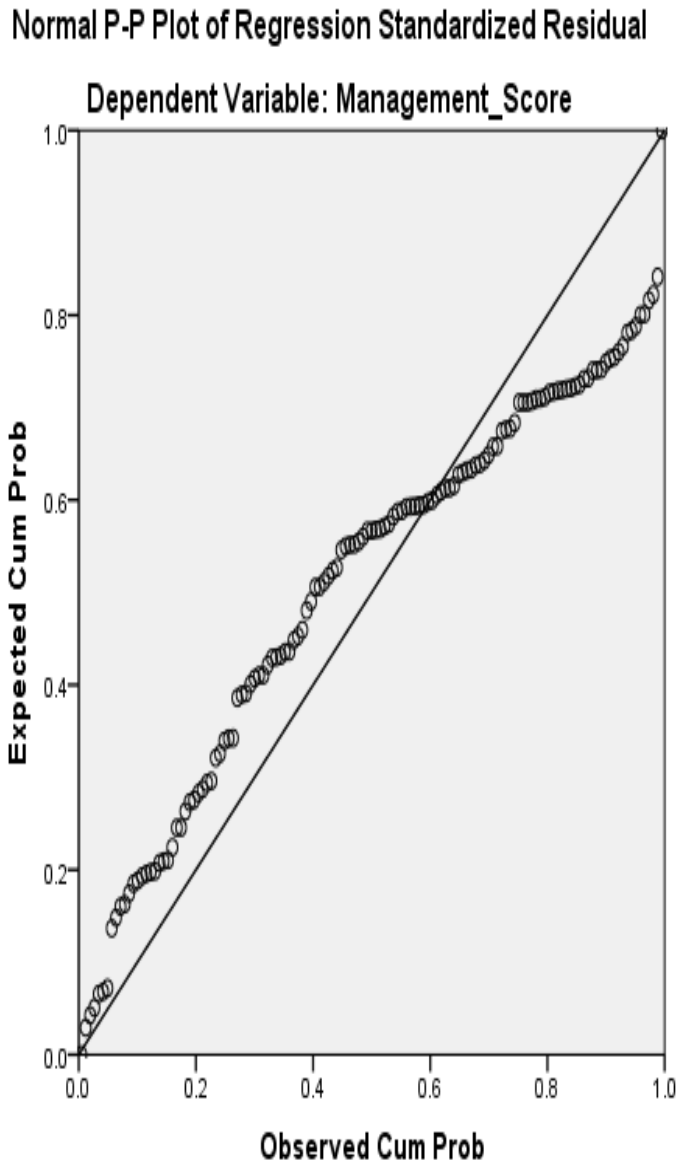



**Figure 5.2: The probability plot (P-P)**

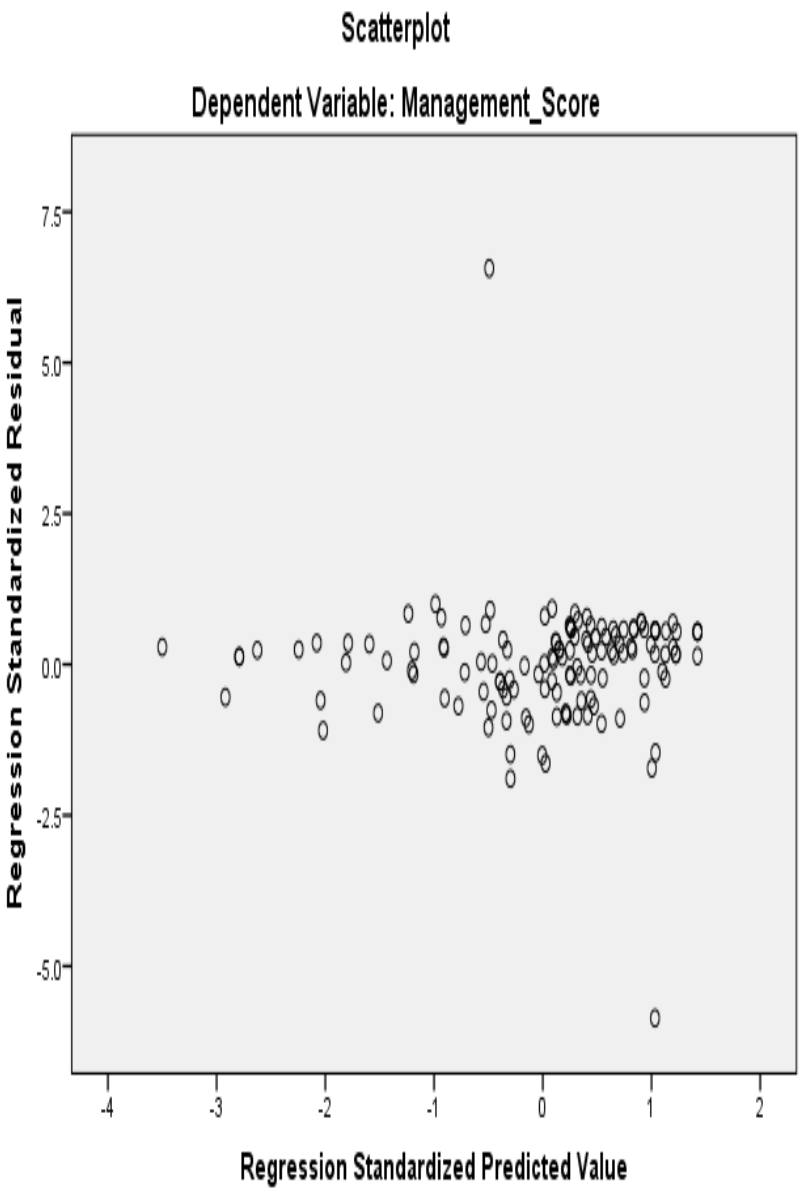



**Figure 5.3: Scatter plot of homoscedasticity**

**Table 5.26: Residual statistics**

| Residuals Statistics[a] | | | | | |
|---|---|---|---|---|---|
| | **Minimum** | **Maximum** | **Mean** | **Std. Deviation** | **N** |
| Predicted Value | 37.29 | 88.66 | 73.81 | 10.435 | 135 |
| Standard. Predicted Value | -3.500 | 1.422 | .000 | 1.000 | 135 |
| Standard Error of Predicted Value | 0.282 | 1.041 | 0.499 | 0.161 | 135 |
| Adjusted Predicted Value | 37.17 | 88.65 | 73.82 | 10.432 | 135 |
| Stud. Residual | -14.579 | 16.330 | 0.000 | 2.440 | 135 |
| Standard Residual | -5.862 | 6.566 | 0.000 | 0.981 | 135 |
| Stud. Residual | -5.921 | 6.624 | -0.001 | 0.996 | 135 |
| Deleted Residual | -14.875 | 16.622 | -0.003 | 2.513 | 135 |
| Stud. Deleted Residual | -6.911 | 8.123 | 0.002 | 1.119 | 135 |
| Mahalanobis Distance | 0.728 | 22.465 | 4.963 | 4.209 | 135 |
| Cook's Distance | 0.000 | 0.131 | 0.005 | 0.016 | 135 |
| Centered Leverage Value | 0.005 | 0.168 | 0.037 | 0.031 | 135 |
| a. Dependent Variable: Management Score | | | | | |

**Table 5.27: Residual sstatistics (outliers)**

| Residuals Statistics[a] | | | | | |
|---|---|---|---|---|---|
| | **Minimum** | **Maximum** | **Mean** | **Std. Deviation** | **N** |
| Predicted Value | 37.29 | 88.66 | 73.91 | 10.415 | 134 |
| Standard Predicted Value | -3.516 | 1.416 | .000 | 1.000 | 134 |
| Standard Error of Predicted Value | 0.285 | 0.957 | 0.504 | 0.158 | 134 |
| Adjusted Predicted Value | 37.17 | 88.65 | 73.91 | 10.411 | 134 |
| Stud. Residual | -14.585 | 16.336 | 0.000 | 2.449 | 134 |
| Standard Residual | -5.842 | 6.544 | 0.000 | 0.981 | 134 |
| Stud. Residual | -5.902 | 6.603 | -0.001 | 0.996 | 134 |
| Deleted Residual | -14.884 | 16.632 | -0.003 | 2.523 | 134 |
| Stud. Deleted Residual | -6.890 | 8.099 | 0.002 | 1.119 | 134 |
| Mahalanobis Distance | 0.747 | 18.558 | 4.963 | 4.020 | 134 |
| Cook's Distance | 0.000 | 0.132 | 0.005 | 0.016 | 134 |
| Centered Leverage Value | 0.006 | 0.140 | 0.037 | 0.030 | 134 |
| a. Dependent Variable: Management Score | | | | | |

**Table 5.28: The Beta coefficients**

| Coefficients[a] | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Unstandardised Coefficients | | Standardised Coefficients | | | 95.0% Confidence Interval for B | | Collinearity Statistics | |
| Model | | B | Std. Error | Beta | T | Sig. | Lower Bound | Upper Bound | Tole-rance | VIF |
| 1 | (Constant) | 4.574 | 1.612 | | 2.838 | 0.005 | 1.385 | 7.763 | | |
| | Target Setting | 5.097 | 0.658 | 0.205 | 7.744 | 0.000 | 3.794 | 6.399 | 0.584 | 1.711 |
| | Process Evaluation | 3.994 | 0.793 | 0.149 | 5.034 | 0.000 | 2.424 | 5.564 | 0.467 | 2.140 |
| | Performance Evaluation | 6.653 | 0.677 | 0.273 | 9.821 | 0.000 | 5.313 | 7.994 | 0.531 | 1.882 |
| | Performance Monitoring | 4.258 | 0.667 | 0.203 | 6.386 | 0.000 | 2.939 | 5.578 | 0.406 | 2.465 |
| | Incentive Management | 8.026 | 0.699 | 0.366 | 11.481 | 0.000 | 6.643 | 9.409 | 0.403 | 2.481 |
| a. Dependent Variable: Management Score | | | | | | | | | | |

**Table 5.29: Model summary (The R-square)**

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R-Square | Adjusted R-Square | Std. Error of the Estimate |
| 1 | 0.974[a] | 0.948 | 0.946 | 2.487 |
| Predictors: (Constant), Incentive Management, Target Setting, Performance, Evaluation, Process Evaluation, Performance Monitoring | | | | |
| b. Dependent Variable: Management Score | | | | |

**Table 5.30: B & Beta coefficients**

| Managerial Practices | Unstandardised Coefficients | Standardised Coefficients |
|---|---|---|
| | B | Beta |
| (Constant) | 4.574 | - |
| Target Setting | 5.097 | 0.205 |
| Process Evaluation | 3.994 | 0.149 |
| Performance Evaluation | 6.653 | 0.273 |
| Performance Monitoring | 4.258 | 0.203 |
| Incentive Management | 8.026 | 0.366 |

**……Last page……**

**_____End_____**