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# Managerial competencies for managing stakeholders in the retail environment

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# MANAGERIAL COMPETENCIES FOR MANAGING STAKEHOLDERS IN THE RETAIL ENVIRONMENT

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A research report submitted to the
Faculty of Business Administration, Johannesburg,
in partial fulfilment of the requirements for the degree of
Master of Management.

Johannesburg
**November 1992**

## ABSTRACT

The South African socio-political environment in which organisations have operated in over the last fifteen years, has been extremely turbulent in both the internal and external domain of the organisation. Due to the nature of the South African society, organisations have thus had to take cognizance of the groups or individuals who affect or are affected by the organisations' purpose in order to ensure its continued business survival.

The purpose of this study was to identify the most critical stakeholders existing in the retail environment for management and the managerial competencies required to manage those stakeholder relationships effectively.

As no significant prior research in this area had been found, the nature of the research was exploratory and took the form of theory building as opposed to theory testing. A questionnaire survey was conducted in one retail organisation nationally, across two managerial levels. The questionnaire comprised of open and closed questions, aimed at -

- identifying the most critical stakeholders in the retail environment;
- determining if there is a correlation between the time spent attending to stakeholder concerns and the perceived importance of the various stakeholders;
- identifying the managerial competencies required to manage those stakeholder relationships effectively, by rating the managerial competencies as identified by Dulewicz (1989);
- identifying the potential stakeholders in the retail environment.

As the data was ordinal, non-parametric statistics were carried out, and tests for between group differences were calculated.

The research confirmed that the four most critical stakeholders in the retail environment existing for both store managers and general managers, as being customers, employees,

suppliers and the community. Those stakeholders were included in the research questionnaire used to identify managerial competencies. A surprise finding was that trade unions were ranked by general managers as the fifth most important stakeholder affecting the achievement of business success whereas the store managers rated them eighth.

As a result of the research, it can be concluded that management align their time spent on the various stakeholders according to the importance of the stakeholders in the retail environment. Furthermore, the competencies required to manage the various stakeholder relationships are significantly different from one another.

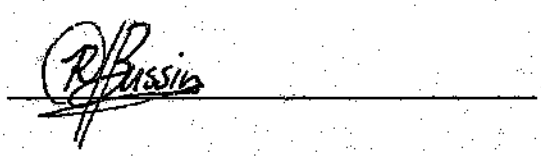
In addition, the research also highlighted the need for specific competencies to manage specific stakeholders and that they were perceived to be different in importance for general managers and store managers.

The results also reflected a wide range in importance of the competencies for managing stakeholder relationships. This suggests that it is not possible to provide one stakeholder management training programme encompassing all the skills required to manage stakeholder relationships effectively, but rather a wide range and array of training and development is needed to assist management manage their stakeholder relationships effectively.

In conclusion, it was the first academic attempt used in South Africa as a means of identifying the most critical stakeholders affecting the achievement of business success and the managerial competencies required to manage those stakeholders effectively. The method used proved to be highly successful in determining a cohesive group of critical stakeholders for one organisation, and a distinctive grouping of competencies required to manage stakeholder relationships more effectively. Furthermore, the method used in the study could be used in organisations as a valuable management development instrument aimed at creating some certainty in an ever changing world.

## DECLARATION

I declare that this report is my own, unaided work. It is being submitted in partial fulfilment of the requirements for the degree of **Master of Management** in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.



**REMEGA HELEN BUSSIN**

3rd day of **November, 1992**

## DEDICATION

To my mother and father, in fondest appreciation of their invaluable intangible contributions, love and support;

and

to Stephen and Simonne

for being the pot of gold at the end of the rainbow !

## ACKNOWLEDGEMENTS

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A Journey to **Cape MaClear**, which facilitated a discovery of my own competencies.

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# CHAPTER 1

# INTRODUCTION TO THE RESEARCH

## 1.0 Introduction

In Chapter One the research rationale and a brief overview of the further chapters in this research are discussed. Chapter Two explores significant prior research in the area of stakeholders and competencies, as well as the business context in which the research was conducted. This chapter concludes with a statement of the research problem. The research methodology used in this research as well as limitations and key assumptions are detailed in Chapter Three. The results of the research are presented in Chapter Four, followed with an analysis and interpretation of the results in Chapter Five. Finally, the research report is concluded in Chapter Six which covers a discussion of the results, limitations and the contributions which this report may make to the existing body of knowledge.

## 1.1 Background to the Research Questions

There can be little doubt that South Africa is moving towards a new, different and in many ways a more challenging business environment wherein business has been called upon to react proactively to these challenges (Bernstein, 1988; Binedell, 1987; Burgess, 1989; Welsh, 1988). The stability and predictability of the 1950's and 1960's has been replaced by ambiguity, paradox and an increasing rate of change (Human and Berthon, 1990).

As stated by Post (1978) organisations of all sizes and types face the challenge of operating in a social setting that is increasingly complex and

inherently political. He states that the manner in which organisations respond to this commercial and social complexity is fundamental to their institutional legitimacy and their business survival. He further states that the most challenging frontiers of professional management today are probably those in which change is occurring most rapidly, where the least is known, where the most speculation occurs, and where the opportunities for imaginative executive leadership are greatest (Post, 1978).

Today, organisations are viewed and are recognised to be "open", inextricably interwoven and thus interdependent with the complex fabric of their environment (Emery, 1969). Further, this fabric is fast becoming global in nature and organisations can no longer be viewed as separate. They are viewed as part of their wider environment, and the current emphasis on the customer and service suggests a growing awareness of this interdependence (Human and Berthon, 1990).

Business in South Africa has increasingly been called upon to become involved in activities and issues that transcend the boundaries of the traditional management of the firm and take part in the social restructuring of society (Bernstein, 1988; Burgess, 1989; Godsell, 1987). Andrews (1988) states that the combined affect of changes in our society have resulted in the workplace playing a much more important role in the socialisation and self-actualisation of individuals. Hence, the absolute necessity for every business manager to involve him or herself in the serious re-evaluation and development of the organisations' human resources, and generally in constant assessment of changing environmental factors (Andrews, 1988).

According to Tromp (1990) during the eighties "managing the environment came to be seen as a prime responsibility of managers". Beckhard (1985) states that managers themselves can significantly influence the environment within which their organisations operate and should not accept it as fixed. Williams (1982) in Tromp (1990, p. 30) emphasises the rate at which this

environment is changing and points out that not only the rate of change but also the complexity of change poses specific threats to organisations should they not be able to adapt and adjust proactively.

Freeman (1984) states that the environmental shifts that have occurred, place a need for a radical rethinking of our model of the firm (be it a production or a managerial view point). He further states that we need a theory or set of concepts which can turn external change into internal change, thereby reducing uncertainty and discomfort. Such an "intellectual" or "conceptual" move serves as a legitimising force so that changes can be positively managed. Freeman (1984) thus suggests that one possible approach to this conceptual problem of dealing with the external environment of the firm is to redraw the picture of the firm which takes into account all of those groups and individuals that can affect, or are affected by the accomplishment of the organisational purpose. Furthermore, each of these groups plays a vital role in the success of the business organisation, and each of these groups have a "stake" in the modern corporation. Hence the term "stakeholder" and "the stakeholder model of framework" or "stakeholder management". This allows managers responsible for that stakeholder relationship to identify the strategic issues that affect that stakeholder and to formulate, implement and monitor strategies for dealing with that stakeholder group (Freeman, 1984).

Regaining or improving our position in the international business arena, will pose new challenges to business in gaining and maintaining a competitive edge (Tromp, 1990). In order to maintain and attain a competitive advantage will require numerous and diverse managerial competencies. Klemp (1982) defines a job competency as "an underlying characteristic of a person which results in effective and/or superior performance in a job".

It has been argued by De Vries (1984) that developing skilled manpower represents an essential requirement for the sustenance of the South African economic system and therefore has a profound effect on the quality of life

of all her peoples. Therefore, if any company or organisation wishes to operate successfully in South Africa, or anywhere in the world for that matter, then the development of skilled manpower represents a priority (De Vries, 1984). This process is imposed by a dynamic environment with resulting changing skills requirements (De Vries, 1984).

## 1.2 The Research Questions

Thus, a key problem South African managers are facing today is an ever changing complex environment. There is a need to understand what the nature of the complexity is and identify the key competencies required of managers to manage their various stakeholders effectively. By focusing on stakeholders, management will be better able to understand and manage the complexity in the external environment, and thus anticipate stakeholder expectations timeously. According to Tromp (1990) at the 1990 Conference of the European Foundation for Management Development, it appeared that the main task of any manager still remains the satisfaction of the customer by providing quality in terms of products and services. Hussey and Langham (1979) state that the task of management is to interpret stakeholders' needs and influences, define corporate objectives, and plan and implement strategies which achieve these objectives and exploit the market opportunities all within the context of the business environment.

Given that there is agreement that the main task of any manager is the satisfaction of the customer by providing quality in terms of products and services, and that business in South Africa operates in a complex and turbulent environment :

1. Who are the most critical stakeholders existing in the retail environment ?

2. What are the managerial competencies required of managers to manage the stakeholder relationships effectively ?

In summary, this research was designed to identify and rate the most critical stakeholders existing in the internal and external environment of one retail organisation for both store managers and general managers. Furthermore, to identify whether there is a correlation between the time spent attending to stakeholder concerns and the most critical stakeholders in the retail environment.

Thereafter, the research aims to identify and rate the most critical supra-competencies identified by Dulewicz (1989) needed for managing stakeholder relationships in both the internal and external retail environment. Participants are asked to state the stakeholders with whom they have the most difficulty managing and the reasons therefor.

Finally, the research aims to identify the perceived future stakeholders existing in the retail environment and their training and development needs. As no significant prior research was identified which determined competencies for managing stakeholder relationships, this research takes the form of theory building and is exploratory and descriptive in its nature.

## 1.3 Importance of the Research

There can be little doubt that there is a marked difference in the managerial composition of South Africa's workforce to those of the sophisticated economies of the first world countries (De Vries, 1984). Furthermore, the onus of responsibility on our high level manpower to create employment for the huge unskilled section of the South African labour force is much larger than is the case in developed countries.

De Vries (1984) further states that this large scale surplus of unskilled workers necessitates the rapid development of skilled manpower via improved and accelerated training and educational methods. In short, if the country is to achieve a real growth rate of 5% per annum, a growth rate of

at least 3,2% in trained manpower is imperative, provided the difference is made up in productivity (De Vries, 1984). Hence, there is an onus on organisations to identify managerial potential that is more representative and a better reflection of the wider South African society at large, as well as to train and develop their human resources. As stated by Livingston (1971) how effectively a manager performs on the job cannot be predicted by the number of degrees he holds, the grades he receives in school or the formal education programmes he attends. Hence the research thus advocates a competency based approach in identifying specific job profiles as well as the selection and recruitment of staff.

Bluen and Burns (1990) conducted a study amongst line management, human resource practitioners and human resource managers to identify the human resource research priorities of the 1990's.

From the list of thirty nine human resource research priorities, the following were identified as second and third respectively :

1. The impact of socio-political and economic impacts on human resource management as well as the commensurate impact on organisations and employees.

2. Appropriate management training and development for the South African scenario. Specifically, a need was expressed to research the exact concepts and competencies managers of the 1990's required relevant to the South African conditions.

It is believed that the stakeholder concept of identifying managerial competencies forces organisations to be future orientated and outward focused as opposed to introspective and myopic in terms of their current job functions, that is tasks and responsibilities, thereby being proactive instead of reactive. Tombari (1984) states that when organising around stakeholder concerns, the corporate unit concentrates on the expectations of these

groups and how they fit the issues. The idea behind such a design is to have a business unit that can deal with its many publics. Units in this arrangement seem to concentrate on the relationships with the corporate publics and focus on developing specialised skills to deal with each of them. Furthermore, Tombari (1984) states that when arranged by stakeholder groups, each unit has the flexibility to deal with issues as they develop and there is no need to increase units as new issues evolve.

This is particularly pertinent to the retail industry, due to its high public profile as well as the nature of the retail environment, that is labour intensive and the wide customer base for which retail organisations provide goods and services. Hence, the research proposes to identify the most critical stakeholders in the retail environment, in order to assist management to create meaning of the turbulence existing in the external and internal environments. Furthermore, the research aims to identify a "profile" of the most critical competencies required to manage stakeholder relationships more effectively in order to assist in the selection and recruitment of managerial potential for the positions of store managers and general managers. Finally, the research aims to provide significant and meaningful input into the training and development requirements of existing and potential retail managers.

As stated by Porter (1990) national prosperity is created, not inherited. It does not grow out of a country's natural endowments, its labour pool, its interest rates or currency value, as classical economists insist. A nation's competitiveness depends on the capacity of its industry to innovate and upgrade.

## 1.4 Limitations and Key Assumptions

The following limitations are detailed :

The population from which the sample was drawn, that is the retail industry, is too large to investigate in the present study. The survey was limited to store managers and general managers in a large South African retail company. The study was conducted in the Pick 'n Pay group of companies. The results cannot therefore be automatically generalised to retail companies outside of the Pick 'n Pay group of companies as the nature of jobs may differ from company to company. The sample is from the retail industry and the results may not be generalised beyond that industry.

Data was collected using a questionnaire. Although data collection via this method is used extensively in the social sciences, it may be argued that there is a large element of subjectivity in the use of questionnaires which could bias the results. The purpose of the questionnaire is to seek perceptions as well as differing views and opinions, and hence subjectivity in terms of the person's world view could once again bias the outcome.

The research questionnaire was administered in English. Although English is the spoken or espoused medium of communication in the researched company, there are many people in the South African context whose home language is not English. It may have influenced the understanding and interpretation of the questionnaire in a manner not intended by the researcher.

The research questionnaire was confidential, however, the fact that the researcher never remained anonymous and was known to most respondents, could have influenced the responses by the participants completing the questionnaire in a manner that could make them appear more favourable. The respondents may have attempted to "give the right answers" despite the anonymity of the reply form.

Research involves the researcher, and the questions and answers are thus open to those interpreting them. The researcher also brings into the research her own interpretations and personal bias.

## 1.5 Structure of the Report

The research report is structured in the following manner :

**Chapter 2 - Literature Review**

This Chapter embodies the literature review and commences with a brief overview of the context in which the research is analyzed - namely an open systems approach. The notion that business does not operate in a vacuum but is an interdependent component of the environment, and as such has a larger role to play in the broader socio-political and economic environment is discussed. This provides the foundation and rationale for investigating the importance of identifying managerial competencies for managing stakeholder relationships in the retail environment.

**Chapter 3 - Research Methodology**

The research process is discussed in greater detail in this Chapter. Specifically the survey population, survey sample, structure and design of the questionnaire as well as the pilot study and method of collecting data are detailed. The survey method of data collection is also defended.

**Chapter 4 - Research Results**

The research results of the statistical analysis are presented in this Chapter. The sample demographics are detailed describing the sample composition. This is followed by a discussion of the statistical techniques employed and the corresponding results.

**Chapter 5 - Discussion and Interpretation of the Results**

This Chapter begins with an analysis of the results and their relevance in terms of the reviewed literature. The findings with regard to the research questions are explored and discussed. The open ended questions are discussed with reference to the literature.

**Chapter 6 - Conclusion and Recommendations**

In this Chapter, final conclusions are drawn. The scope of the research will be discussed and the major findings will be made with regard to the perceptions of the most critical stakeholders existing in the retail environment for store managers and general managers, as well as the competencies required to manage stakeholder relationships. The contribution which this report may make to the existing body of knowledge is detailed and suggestions and recommendations for future research are made.

# CHAPTER 2

# LITERATURE REVIEW

## 2.0 Introduction

The essence of this research rests on the assumption that organisations in today's ever changing environment do not exist and operate in a vacuum but function in an open system that is both affected by and affects the external and internal environment. Furthermore, if organisations want to be successful, they will have to align their strategies in accordance with the environment in order to achieve an organisation - environment fit, thus attempting to maintain some kind of equilibrium or competitive advantage. A system's framework will therefore be used as an aid to understanding and conceptualising the impact of internal and external stakeholders on the organisation. The aspect of stakeholders and competencies will be explored after first gaining an appreciation of the environment in which business is currently operating, managerial demands and the role of business.

## 2.1 Systems Approach

Systems theory contains the doctrine that the whole of a structure or entity is more than the sum of its parts, and therefore helps organise a large body of information that otherwise might make little sense (Beach, 1985). Furthermore, systems theory aids in diagnosing the interactive relationships among task, technology, environment and organisation members. As stated by Koehler (1938) in Emery (1969, p. 9) the value of a systems approach to management is that the primary task of management is to manage the boundary conditions of the enterprise, that is those levels of exchange with the environment which allow it to survive and grow. Furthermore, they can

be managed only by managing the co-variation of internal and external processes and thereby members of the organisation seek to maintain the organisation and to have it survive (Beach, 1985). For this reason a systems approach will be adopted as a framework in which the research will be analyzed.

### 2.1.1 Definition of Systems

Systems are neither new or startling in their fundamentals. A system has been defined in the Oxford Dictionary as simply "a set or assemblage of connected, or interdependent, so as to form a complex unity, a whole composed of parts in orderly arrangement according to some scheme or plan". This definition thus suggests that almost all life is a system, that business, government, universities are interconnected with various other systems and each within it has a number of sub-systems. Senge (1990) states that systems thinking is a discipline for seeing wholes. It is a framework for seeing inter relationships rather than things, for seeing patterns of change rather than static snapshots.

### 2.1.2 The Organisation of a System

General Systems Theory has become popular in the past twenty five years because of its apparent ability to serve as a universal model of systems including diverse physical biological, social and behavioural phenomena (Beach, 1985).

The development of general systems theory has drawn from concurrent conceptions in cybernetics, meteorology, information theory, game theory and network theory in mathematics each of which, has returned to its contributions (Emery, 1969).

It was Von Bertalanffy (1950) in Emery and Trist (1965), a theoretical biologist who was generally credited with having first formulated the

general outline of the general systems theory, who in terms of the general transport equation which he introduced, first fully disclosed the importance of openness or closedness to the environment as a means of distinguishing living organisms from inanimate objects.

Senge (1990) states that it is a set of general principles distilled over the course of the twentieth century, spanning fields as diverse as the physical and social sciences, engineering and management.

Systems thinking is a discipline for seeing the structures that underlie complex situations, and for discerning high from low leverage change (Senge, 1990). He further states that systems thinking starts with understanding the feedback concept, whereby it shows how actions can reinforce or counter balance each other. Furthermore, it helps us recognise types of structures that recur again and again.

Carleo and Adams (1980) state that a system can be either "closed" or "open". A system is regarded as open if it exchanges information, energy or material with its environment. It is regarded as closed if it does not have such interactions with its environment.

According to Kast (1980) all living organisms and social organisms are open systems, as they exchange information, energy and materials with their external environment. In systems thinking, it is an axiom that every influence is both cause and effect, and nothing is influenced in one direction. This cause effect relationship is known as the "feedback process" (Senge, 1990).

All organisations are dependent for their survival on exchanges with the environment. Business, furthermore has always been subject to external influences, however, the boundaries between business and its environment have become more permeable, and external forces are

having a greater impact upon internal management practices (Kast, 1980).

The environment is everything external to the organisation's boundary and has been viewed in many different ways (Emery and Trist, 1965; Kast, 1980; Lawrence and Lorsch, 1967). Kast (1980) differentiates the environment into two different streams, namely the societal or general environment and the task specific environment. Many forces in the general environment influence business such as basic culture, including historical background, ideologies and values.

The task environment encompasses the forces relevant to an individual business such as customers, suppliers, competitors, regulators etc., the forces in the general environment are continually breaking through to the task environment and hence the distinction between the general and task environment is not static (Kast, 1980).

Lawrence and Lorsch (1967) view an organisation as an open system in which the behaviours of members are themselves interrelated and the behaviours of members of an organisation are interrelated and interdependent. Furthermore, under this concept of a system, the behaviour of any one manager can be seen as determined not only by his own personality needs and motives but also by the way his personality interacts with those of his colleagues (Lawrence and Lorsch, 1967). This relationship among organisation members is also influenced by the nature of the task being performed, by the formal relationships, rewards and controls and by the existing ideas within the organisation about how a well accepted member should behave.

In summary, all living organisms are open systems and as such are part of sub-systems that are interrelated and connected. If a system is to achieve dynamic homeostasis, or a kind of dynamic equilibrium, it must have feedback. How organisations respond and adapt to meet those

challenges is of paramount importance, if the organisation values its long-term survival.

## 2.2 A Changing Environment

There seems to be little doubt worldwide that the environment in which business operates is rapidly changing (Buchholz, 1986; O'Neal, 1985). It appears that major socio political, economic and technological moves are in progress. It has been termed by Alvin Toffler (1980) as "The Third Wave" and by Charles Handy (1989) as "The Age of Unreason".

From such descriptions, it appears that the environment is in a period of massive transition and that a period of this nature, full of potentials and risks, requires recognition of the signals of change in order that we as individuals and society, suffer less and prosper more (Handy, 1990; Tombari, 1984). According to Barczak, Smith and Wilemon (1987) the sources of change are varied, often unpredictable and difficult to understand. It is further stated that in the past decade, companies have had to deal with such traumas as dramatic technological shifts, deregulation, economic uncertainty, fast growth, increased global competition and major shifts in demography and values.

As stated by Tombari (1984) four basic trends have emerged through the haze of change, as follows :

* Exponential growth of knowledge.

* Rapid rate of change in every phase of the environment - social, political, economic and technological.

* Blurring of lines between the public and private sectors - involvement of government in everyday business practices.

* Increasing demand by employees and public interest groups for participation in management.

Understanding what the underlying trends in the environment are, permits an enterprise to anticipate the types of issues forming and what their possible impacts will be.

The more the environment is understood, the greater are the chances of recognising issues that offer opportunities and threats. Without an understanding of environmental change, managers are ill prepared to deal with issues when they surface.

As summarised by Morland in Ba[illegible]k et al., (1987, p 23) :

> "With some effort, we could learn to cope with very high speed change that flowed along a reasonably predictable course. The greater the challenge by far, is to cope with high speed change that is subject to frequent alterations in direction. More difficult still is to cope with change that follows an apparently random course where the linkages between cause and effect are obscure. Those are the kinds of unsettling changes we all face more frequently with each passing day. In such a world, behaviour that has been reinforced by yesterday's success can become a liability tomorrow when the environment shifts".

Strauss (1990) states that South Africa is moving towards a new, different and in many ways a more challenging business environment, of which some changes are already apparent, some have yet to emerge, some are clearly positive but there is uncertainty about others. Furthermore, these changes, whether perceived as positive or not, in the political, social and economic environment will fundamentally alter the way business will be conducted (Bernstein, 1988; Kane-Berman, 1988; Nel, 1990; Welsh, 1988).

* Increasing demand by employees and public interest groups for participation in management.

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### 2.2.1 Managing in a Changing Environment

Much has been said by numerous researchers and academics about managing in a changing world, and the need to develop new managerial skills and values in the market place to cope with these changes (Buchholz, 1986; Bordow and Stephenson, 1984; O'Neal, 1985; Tombari, 1984). The consequence of change is that management is not what it used to be or not what we thought it was. Yesterday's managerial skills and values are becoming obsolete and will become even more so as the pace of change escalates (O'Neal, 1985).

In recent years managers have had to face new and more intense problems in directing the work of their subordinates. Labour difficulties, energy shortages, rising costs, lack of capital and increased government regulations have all contributed to problems of productivity and profitability. The manager has to work under pressure to achieve organisational goals in spite of the complications of modern economics (Bordow and Stephenson, 1984; Jones and Woodcock, 1988).

According to Jones and Woodcock (1988) new laws governing how one fires and hires people have been passed, people no longer seem committed to working fairly for a fair wage. Soaring interest rates have made improvement of plant and machinery difficult. Public pressure groups attempt to force organisations to change their products and services, conserve the environment, and alter their consumption of energy. The market place has become less predictable.

The rules have changed and the changes are irreversible. People now know how to organise against managers and they have legal support that they can use in the process. Managers must be careful not to foul the environment, waste energy or discriminate against women and minority groups (Buchholz, 1986; Tombari, 1984) All of these

changes that affect the work of managers require that they look at their responsibilities differently. It is also more imperative than ever to keep in touch with changes in the outside world. The individual manager has to accomplish tasks by supervising the work of others in a world which contains more pressures and restrictions than ever before.

2.2.1.1 The Role of the Manager in a Changing Environment

As asserted by Held (1967) in Buchholz (1986, p. 11) the major problems confronting a business executive are becoming less business and more societal in one or another of their aspects and increasingly, societal problems are becoming governmental in nature. Thus, in addition to technical, administrative and human relations skills, the manager of a modern corporation must also learn and develop skills that are relevant to the public policy dimension of a manager's task. Tombari (1979) in Buchholz (1986, p. 12) has described the role of the manager as being politico-economic in nature. According to Bordow and Stephenson (1984) this new emphasis on externalities is likely to change the role of top management at the very least as he attempts to maintain an equilibrium in the internal and external environment.

Tombari (1984) states that top managers of corporations spend a major portion of their time today dealing with environmental problems. These include addressing social concerns of society, complying with new social legislation, communicating with legislators and government executives concerning new proposed laws and regulations, meeting with various self-interest groups concerning their demands and/or grievances and administering their organisations in such a way as to respond to the new attitudes of people working in the organisations. He further

states that the increased attention of top management time to social and political questions results.in different allocations of time of lower level managers than in the past. They too are spending more time on social or political issues and are being measured more and more on their performance in these areas.

Bower (1988) argues that we must understand what aspects of top management work change and what new roles are defined once one accepts and organises to deal with both activities that are external to the firm, that is policy making activities as well as internal to the firm, that is trade unions.

Hence, it can be stated that managers require new skills and values in order to cope with changes in the internal and external environment. Furthermore, being a good technical specialist was sufficient for managing yesterday's corporation, however today one must have a more of a generalist orientation to be a good manager and know-how to deal with more parameters, and more publics and be better informed on a wide range of issues (Buchholz, 1986).

2.2.1.2 Managerial Skills and Values in a Changing Environment

According to O'Neal (1985) managers who do not understand environmental trends and therefore do not change their values and develop new skills will lead their organisations into inefficiency, takeover or oblivion. Furthermore, skills and values that managers needed in yesterday's organisations are at odds with the environment they now must operate in and are in fact counterproductive in today's companies (O'Neal, 1985). Management development specialists need to understand what happens to the general management functions, when some of the resources needed to implement an intended strategy, and those

who assess the value and affect the shape of the corporate purpose will always be outside the firm (Bower, 1988).

According to O'Neal (1985), some of the skills that managers lack are entrepreneurial skills, necessary for survival in a competitive continually developing service economy, strategic planning skills for effectively meeting long term customer needs and analytical skills for conceptualising how one manages in an environment of constant flux.

Katz (1974) identifies three basic skill categories : technical, human and conceptual. Technical skill is proficiency in a specific activity involving specific procedures, techniques or tools. Human skill is the ability to work with other people - subordinates, superiors and groups. Conceptual skill is the ability to visualise, understand and relate various elements/activities to the whole of an organisation, a market, a community or a nation. O'Neal (1985) adds another category, i.e. foundation or basic skill. Foundation skill comprises the basic skills everyone needs for interacting in an organisation such as, the ability to communicate verbally and to narrate, to make numerical calculations, to manage one's time, to understand organisational etiquette and to make ethical judgments. Without these rudimentary skills, managers cannot effectively plan, direct, control or assess work activities.

Buchholz (1986) states the following management skills and knowledge as being important in relating to the external environment :

1. A broadened awareness of influences in the external environment that affect the corporation and management decision making.

2. The ability to integrate traditional business concerns with influences from the external environment into a comprehensive decision making framework, based on a holistic view of business and its relationship to the larger society in which it functions.

3. The development of political skills (compromise and negotiation) to resolve the conflicting interests among different constituencies that have different values and objectives.

4. The need for communication skills to articulate business' position on a very complex public issue and persuade people that this position has met and deserves serious consideration.

5. The development of intellectual skills to analyze and understand complex public issues - the ability to think clearly about these issues and exchange ideas with the various business publics.

According to O'Neal (1985) a great many human skills are needed to manage effectively, but the most important is a capability for managing change. This skill is rooted in an understanding that organisations are political systems in which issues of power, influence, resistance and conflict must be dealt with. Furthermore, conflict management becomes increasingly important with more integration of groups and individuals with different demands, needs, goals and interests. In addition, managers must be able to make necessary modifications in organisational culture according to changing values, beliefs and norms of employees. Finally, if a manager is to be effective, he

or she must have a vision of the organisation as a political / social / technical system.

In summary, it can be stated that organisations today are operating in an extremely turbulent and ever-changing environment, both internationally as well as in South Africa. In order to maintain a competitive advantage, managers need to be equipped with the relevant knowledge, skills, and hold the attitudes and values to cope with these changes, in order to manage their environment with greater success.

## 2.3 Management Education and Training

Management education is often criticised for not producing competent managers (Hofmeyr, 1990; Tromp, 1990). There is a grave shortage of skilled and management people in the economy. Unskilled labour is outpacing the addition to high level manpower, which is a precondition for its employment (Hofmeyr, 1990; Sadie, 1988). According to Nel and Nel (1990), current estimates are that there will be in excess of 210 000 management vacancies by the year 2000. This is against an estimated maximum of 42 000 available Whites for managerial positions. There will be a shortage of approximately 200 000 technically skilled people by the year 2000.

The research of Human (1988) in Human and Human (1989, p. 17) suggests that the paradigms of most White South African managers are such as to place a low priority on management development, moreover the research has also indicated an antipathy to the development of Blacks. Management development is a strategic issue which should be recognised by top management during the strategic planning process (Human and Human, 1989). Furthermore, it is not an issue which should be consigned to the personnel department but rather, its importance should be recognised at the strategic level and weighed up against other strategic decisions.

Research findings by Hofmeyr (1990) found that there was a need for attitudinal change, the need to move away from discrimination, and the need for tolerance and openness. He further states that one purpose of management education in this country is to prepare students for institutional and societal change, therefore management educationalists will have to pay far more attention to change processes, how it takes place and how it is resisted. Furthermore, values and ethical considerations underlie attitudes and it seems that managers, particularly South African managers, need to understand what values are, gain an insight into the values that determine their own behaviour and be able to compare and contrast their values with those of others. In terms of the current debate, managers need to have the opportunity to think through different and competing value systems and related concepts such as liberty, justice, equality, rights, privileges, power, competition and co-operation (Hofmeyr, 1990). As stated by Searle (1989), the primary role of business is business and not politics or matters of a socio-political nature, however in the circumstances in which we find ourselves today, it is not possible to ignore political and socio-political factors.

Binedell (1987) suggests that organisations adopt a major management education programme that addresses the values, attitudes and perceptions of what is largely a managerial elite. Furthermore, he suggests that the views and visions of white managers concerning the process of social change and the role of business within that process needs to be challenged, reassessed and shaped.

In the literature, various management education strategies are found (Cunningham, 1988; Hofmeyr, 1990; Margerison, 1989; Mumford, 1988; Tromp, 1990). However, considering the age and qualifications of candidates for senior management positions as well as the level of knowledge and skills required for the position concerned, not all of these are likely to be optimal.

There appears to be consensus amongst most of the prominent authors in their field of management education, that the focus must be learner orientated and a work related teaching or learning process needs to be adopted (Tromp, 1990).

Cunningham (1988) is of the opinion that in the future, the process aspect will become more important than the content and delivery aspects. Finally, the skill to manage successfully in a fast and changing environment such as that in South Africa, cannot be taught by means of a recipe approach, and it is therefore important that organisations adopt an integrated and holistic approach drawing from numerous multi-disciplinary approaches covering a wide range of topics and a variety of learning techniques and strategies (Tromp, 1990).

The political challenges in South Africa probably rank higher in South Africa than in many other countries in the world and therefore by making potential managers more politically aware, they would be more prepared to take up leadership positions in business in the future (Hofmeyr, 1990).

In conclusion, it is beyond the scope of this research to discuss the challenges facing management education in South Africa today, suffice to say that numbers of students and of certificates issued are no guarantee of the educational quality, which is conducive to the required culture of development and work ethic. According to Sadie (1988) the quality depends upon the educators and they are a product of their social environment, and so the outcome devolves upon whether this environment is hospitable to the evolution of quality people in the economic sense.

In summary, the purpose of this research hopes to identify the training and development requirements required to manage the current and future stakeholder relationships and thus provide input into the management development needs of the researched company.

## 2.4 The Role of Business

The business organisation used to be viewed solely as an economic institution having economic responsibilities (Buchholz, 1986; Tombari, 1984). These economic responsibilities included producing goods and services to meet consumer needs, providing employment for most of the nations' work force, paying dividends to shareholders and making provision for future economic growth.

If the economic responsibilities were fulfilled adequately, business was considered to have discharged its obligations to society and made its maximum contribution to society's wealth, as wealth was defined in economic terms and measured by economic criteria (Buchholz, 1986).

However, during the past fifteen to twenty years, a dramatic change has taken place in the environment in which business functions as society has devoted a lot of its time and attention to issues such as pollution control, work place safety and health, equal opportunity for minorities, product quality and safety. The different ways in which companies operate in a competitive market system can result in conflicts between a business venture and environmental forces.

As stated by many business leaders in Buchholz (1986, p 10), a summary of statements by selected leaders are as follows :

> "No longer are society's wants and needs vis-a-vis business measured, strictly in terms of market place demand. Instead, the corporation is now viewed as having a wide variety of responsibilities transcending the market place. Some of those responsibilities are to society at large. Whether a business has social responsibilities is a subject of widespread debate. Today, I know of no leader of business who sees his function as limited to the pursuit of profit. I know of none who does not realise that the business that for profits sake ignores the impacts of its actions on society is not likely to make profit very long."

The results are felt by many people, shareholders, employees, customers and the general public. Each group therefore may have conflicting perceptions of what a business organisation should be providing in societal as well as economic terms. At the core of many of these disagreements are some fundamental concepts that tend to shape business environmental interchanges, namely economic rationality, legitimacy and responsibility.

There are many differing schools of thought on the above three notions. However, due to growing public criticism of business and the loss of legitimacy experienced by the business as a social institution, companies cannot expect to leave a sociopolitical problem and walk off without providing resources to resolve it (Davis, 1980; Keim, 1981; Tombari, 1984; Ullman, 1985). This school of thought, moreover considers business as having considerable power to bring about societal change and should exercise that benefit to society. Business persons are in a special position, they will be listened to more carefully and government will watch more closely what they do (Coleman, 1988).

The modern notion of legitimacy according to Tombari (1984) has been taken to a higher order of complexity than its older version. It once may have been sufficient to argue that the legitimacy of the corporation rested on its ability to produce goods and services efficiently and at affordable prices. Currently, arguments seem to focus on how the corporation will respond to the broad expectations and needs of society, and the debate has moved to a political plane.

A survey in America has shown that people question the honesty, integrity and dependability of business and that there is a decline in the moral legitimacy of business (Buchholz, 1986). Silk and Vogel in Tombari (1984, p. 81) contend that the legitimacy of business centres around two basic questions : By what right do you who manage these large corporations exercise your power? And what means do we have to ensure that corporate

power will be exercised in accordance with some generally accepted notion of public interest?

Tombari (1984) states that in a democratic society greater participation will probably be demanded by corporate constituents - stockholders, employees, customers, suppliers and the general public for some say in the affairs of business. It has been suggested by Kristol in Tombari (1984, p. 81), that this desire for increased involvement stems from the perception that large corporations have lost their connection with the values of society which they were supposed to serve. Others such as Yankelovich in Tombari (1984, p. 81) indicate that the public seeks more input into corporate decision making because it tends to mistrust the management of large firms in the way they perform their tasks.

Silk and Vogel in Tombari (1984, p. 82) further state that no longer is the corporations conscience to be the sole judge of how management fulfils its obligations to society, but society itself has a right to define and shape corporate actions and objectives.

### 2.4.1 The Role of Business in a Changing South Africa

Much has been said and stated about the role of business in South Africa by politicians, government, business and academics (Bernstein, 1988; Burgess, 1989; Godsell, 1987; Nel, 1990).

Management have been urged continuously to take a more proactive stance about bringing about change in the internal business environment, via removal of discrimination employment practices and affirmative action programmes and in the external environment by being proactive with primary health, education, housing and social upliftment programmes (Bernstein, 1988; Godsell, 1987; Van Lingen, 1987; Zimbler, 1988).

Van Lingen (1987) states that Black power is now a force in our society, which is not new but it has acquired new confidence and avenues for "expression". Black consumption is a political weapon, the image of the company, its role in the social struggle, have for the Black consumer often become more important than product quality or price. Profit is not only a dirty word, but its traditional function is entangled with a web of political mythology that constitutes or equates the capitalist system with the apartheid government under which it operates. As stated by Nel and Nel (1990) consumerism has become a very powerful force dictating the trends in a society. Furthermore, the Black society of the future will be able to either reward or punish any organisation who is not in keeping with the needs and aspirations of the majority of consumers (Nel and Nel, 1990).

Business has a responsibility to its shareholders and employees to strive for an environment which is conducive to growth, increased profit and greater opportunity (Burgess, 1989; Strauss, 1990). In addition, long term prosperity is a major strategic issue. It is therefore true to say that the majority of employees expect business to play a more meaningful and active role in the change process, provided this is done with sensitivity and with all the audiences in mind. Business should assume a more active role in helping to find the best solution to our complex problems (Burgess, 1989).

Hence, it can be concluded that business both in America as well as South Africa have come to the realisation that the notion of the firm in a free enterprise system is not only to provide goods and services for the benefit of society, but that it has a responsibility and social obligation to ensure the legitimacy of a free market enterprise system by responding proactively to the demands of the various constituents that are affected either directly or indirectly by its business operations.

In South Africa it has also been suggested by the now legitimate voices representing many of the country's less advantaged and developed communities that business ought to play a greater role in shaping the future of the society and specifically their future regulatory environment (Binnedell, 1987; Burgess, 1989; Strauss, 1990). Furthermore, it will not be enough for companies to be good corporate citizens as society is demanding far more than that (Bernstein, 1988; Botha, 1990; Godsell, 1987; Strauss, 1990; Van Lingen, 1987; Van Zyl, 1988). If the business community fails to respond both constructively and aggressively, it will have only itself to blame if its views are not taken into account (Strauss, 1990). It is suggested that business ought to come forward timeously with their resources and analytical skills to assertively engage the political parties involved in the negotiation process.

In summary, business can no longer "turn a blind eye" to the environment in which it has been operating, and not take cognizance of the requests of a democratic society. It needs to become an active participant in the socio-political arena and concern itself with issues beyond the production of goods and services if it hopes to ensure its long-term survival.

## 2.5 Stakeholders

### 2.5 1 Definition of a Stakeholder

According to Freeman (1984), the word "stakeholder" first appeared in the management literature in an internal memorandum at the Stanford Research Institute in 1963. It was meant to generalise the notion of stockholders as the only group to whom management need be responsive. The term "stakeholders" were thus defined as "those groups without whose support the organisation would cease to exist"

(Freeman, 1984). Stakeholders refers to groups of constituents who have a legitimate claim on the firm (Freeman, 1984; Pearce, 1982). This legitimacy is established through an exchange relationship. March and Simon (1958) in Hill and Jones (1992, p. 133) state that each of these groups can be seen as supplying the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied by inducements.

2.5.2 Stakeholder Expectations

The stakeholder theory thus suggests that a firm has obligations not only to shareholders and customers, but to all individuals and organisations with which it has transactions and relations (Sturdivant, 1979). Hussey and Langham (1979) claim that the firm exists because of its markets, and the markets themselves are also in a dynamic relationship with the environment. However, the firm, although it cannot exist without a market, does not exist solely to serve that market. Different stakeholders have different expectations and perceptions of the business, all of which have an interest in the continuation of the business, although their objectives might be very different (Hussey and Langham, 1979).

According to Honeyborne (1987), management would not be able to formulate corporate strategy without first understanding the needs and concerns of the stakeholder groups. If corporate strategy failed to take account of stakeholder groups, the support would not be forthcoming to ensure continued survival of the firm.

According to Hill and Jones (1992) the expectations are as follows : Stockholders provide the firm with capital. In exchange they expect the firm to maximise the risk adjusted return on their investment. Creditors provide the firm with finance and in exchange they expect their loans to be repaid on schedule. Managers and employees provide the firm

with time, skills and human capital commitments and in exchange they expect fair income and adequate working conditions. Customers supply the firm with revenues and in exchange expect value for money. Suppliers provide the firm with inputs and seek fair prices and dependable buyers. Local communities provide the firm with locations, a local infrastructure and perhaps favourable tax treatment and in exchange, they expect corporate citizens who enhance and do not damage the quality of life. The general public, as tax payers, provides the firm with a national infrastructure, in exchange, they expect corporate citizens who enhance and do not damage the quality of life and do not violate the rules of the game established by the public through their legislative agents (Hill and Jones, 1992).

Manning (1988) further argues that the demands of these various stakeholders are usually in conflict and are seldom in alignment with management goals. In effect, these individuals and groups "vote" for or against the success of the organisation and self interest always prevails. He further states that once business had to deal with a few easy to identify stakeholders and now every manager has multiple constituencies, including insiders - employees - but also many outsiders, suppliers, customers, competitors, government, media, civic bodies, trade unions. Each has a different perception of reality, a different agenda, different ways of making its presence felt and different power to play with.

According to Hill and Jones (1992) stakeholders differ with respect to the size of their stake in the firm. As stated by Williamson (1984) in Hill and Jones (1992, p. 133) the magnitude of an individual actors' stake is a function of the extent to which that actor's exchange relationship with the firm is supported by investments in specific assets. By specific assets, we mean assets that cannot be redeployed to alternative use without a loss of value. For example, employees with general purpose skills and knowledge can leave the firm and be

replaced without productive loss to either worker or the firm (assuming efficient labour markets). In such cases, their "stake" is low. Alternatively employees with skills that are uniquely tailored (specialised) to the requirements of the firm cannot leave without bearing substantial exit losses.

According to Hussey and Langham (1979) stakeholders are influenced by their perception of the firm, its markets and the environment. The way in which employees perceive profit, for example, will affect their view of what the firm should achieve, its strategy and its wages policy, and is a potential recipe for conflict.

According to their perceptions of the firm and also their own requirements as individuals, so the stakeholder groups will behave. Furthermore, it is partly from the behaviour of the stakeholders that the management of the firm draws its own perception and in turn causes the organisation to behave in a particular way (Hussey and Langham, 1979).

Thus, it is the responsibility of management of the firm to not only interpret the requirements of its stakeholders, but to decide which objectives it will meet and which it will not. It is therefore critical that for organisations to survive, management have the necessary competencies in order to interpret and manage stakeholder relationships effectively.

### 2.5.3 The Stakeholder Concept

According to Freeman (1984), the original work at the Stanford Research Institute (SRI) led to the stakeholder theory being used and applied in the corporate planning, systems theory, corporate social responsibility theory and organisation theory.

In the 1970's, the stakeholder concept began to surface in a number of places in the strategic planning literature. Freeman (1984) states that the basic idea stemmed from the research and writing in the area of the corporate planning literature insofar as planning and policy are concerned with the configuration of an organisation's resources in relationship to its external environment. Thus, the concept of "stakeholder theory" grew when various researchers - Hasselhorf, 1976; Rothschild, 1976; Derkindern et al., 1979; King et al., 1978 in Freeman (1984, p. 34) started using stakeholder theory to explain how corporations plan. In particular, it was used to account for the move away from an "owner view" of corporate planning to that which actively used the theory to assess strategy formulation and techniques for strategy analysis.

The systems model of stakeholders re-emphasises participation and is a far reaching view of the nature of organisations and society. Furthermore, it has been quite useful in problem formulation and represents an ongoing stream of research using the stakeholder concept.

The question of corporate social responsibility of business organisations was also re-evaluated with reference to the stakeholder concept developed at SRI (Freeman, 1984). According to Freeman (1984), the distinguishing feature of the literature on corporate social responsibility is that it can be viewed as applying the stakeholder concept to non-traditional stakeholder groups who are usually thought of as having adversarial relationships within the firm and less emphasis is placed on satisfying owners' and comparatively more emphasis is put on the public or community of employees.

Freeman (1984) states that the organisation theory literature stops short, for the most part of producing a framework for setting and implementing direction in organisations. He further states that

Thompson's (1976) classic study of organisations resurrected the notion of clientele as a way to designate outside groups, and put the notion quite simply that we are now working with those organisations in the environment which makes a difference to the organisation in question.

According to Freeman (1984) it is precisely this notion of "those groups who make a difference" which underlies the stakeholder concept. His approach is primarily concerned with the management of the relationships of those groups which make a difference. Or stated differently, how can executives in corporations begin to understand and manage in the external environment which they currently face? Hence, this research is building on Freeman's work by looking at the competencies required of individuals to manage stakeholder relationships.

### 2.5.4 Freeman's Theory on Stakeholders

Freeman (1984) states that by using the concept of "stakeholder" managers and theorists will come to see these groups as having a "stake". Furthermore, the term "stakeholder" connotes "legitimacy" and while managers may not think that certain groups are "legitimate" in the sense that their demands on the firm are inappropriate, strategic managers need to acknowledge the legitimate claims of other stakeholders on the firm (Pearce, 1982).

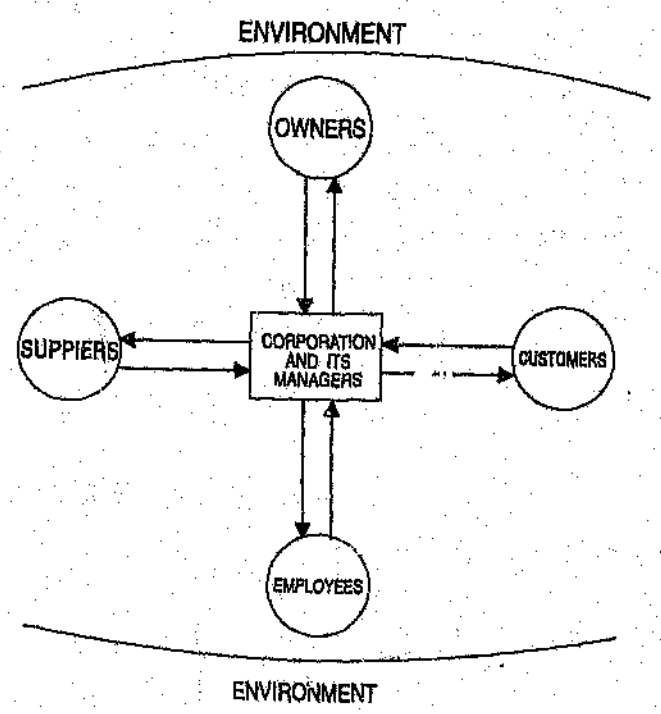
According to Tombari (1984) societal or political management determines the legitimacy and viability of the firm in society. It concerns itself with the firm's non-commercial environment, legislative and regulatory governmental bodies, as well as social groups which have a "stake" in the firm. The end product of societal management are the freedoms, constraints and rules of the game, under which the firm operates within society. For this reason, the researcher feels that

it is appropriate to research the competencies required to manage stakeholder relationships.

Freeman (1984) has argued that the turbulence in the external environment has had a major impact on the way business currently operates and performs. Furthermore, the current theories and approaches emphasise the static nature of organisations and the predictable and relatively certain parts of an organisation's external environment. As this study examines both internal and external stakeholders, the researcher will discuss internal and external change in greater detail. Freeman (1984) explains that the turbulence business managers have experienced in recent years can be understood as coming from two main sources, namely internal change and external change :

2.5.4.1 Internal Change

Figure 1 - **Internal Change - The Managerial View of the Firm :**



It is suggested that change has occurred in each of the relationships in **Figure 1.**

According to Freeman (1984), internal change requires us to constantly reassess current objectives and policies in light of new demands by groups that we are used to dealing with such as customers, employees, and their unions, stockholders and suppliers. Internal change requires action and occurs within the current "filing system" (Freeman, 1984). Furthermore, it happens according to well-understood rules, and difficult as it is, internal change is what we are used to dealing with on a daily basis, but it does not directly challenge our conceptual map of the world.

Examples of internal changes that have occurred over the past few years are as follows :

(a) Customers

According to Freeman (1984) customers have many more choices today. "Made in Japan" has set new standards of quality, and where these standards have been ignored, the customer relationships have changed dramatically. Burgess (1990) states that research at Wits continually proves South African consumers are subject to the same influences as consumers around the world. He states that the relative weight of different influences is different, but the basic influences are the same.

(b) Employees

In America the workforce is younger and its values are changing. According to Freeman (1984), many have argued that authoritarian management styles must be replaced

with a more "human" approach, or that the concept of "participation" must be explored in practice.

Tombari (1984) states that in the social realm individual expectations seem to be rising while traditional social institutions are failing. Individuals are demanding more from their jobs as well as from all that serve them. He further states that things that were once considered expectations, are now considered in some cases rights or entitlements. Instead of supporting live institutions, people are forming groups to protect their rights through political action.

Tombari (1984) further states that underlying values and attitudes seem to be in conflict. Once accepted life styles and values such as hard work, personal responsibility, competition and rewards for ability, seem to clash with those that centre on the "rights revolution". The values of the old appear to contrast markedly with those of the young. Some groups want to go "back to basics" while others press forward to "the good life".

Freeman (1984) further states that employees are often times customers, stockholders and members of special interest groups. The internal change in this relationship therefore must be analyzed in conjunction with the external changes surrounding the organisation.

In South Africa the current recession, according to Stratoudakis (1992) has led to a steep decline in employment levels. Since 1989 the rate of decline in employment has been sharper than in the last two decades. The main reasons for this are the long recession, the fact that it was initiated after a lengthy period of low growth

and trade union activity which continued to exert strong upward pressure on wages until the middle of the year.

Furthermore, as stated by Stratoudakis (1992) at an industrial level, employers and unions are co-ordinating collective bargaining forums addressing industrial relations and specific economic issues, such as job security, and job creation schemes, moratorium on retrenchments, provident and pension funds, literacy and training. Taxation and VAT as well as poverty relief programmes are also being encouraged and discussed by employers, unions and worker bodies.

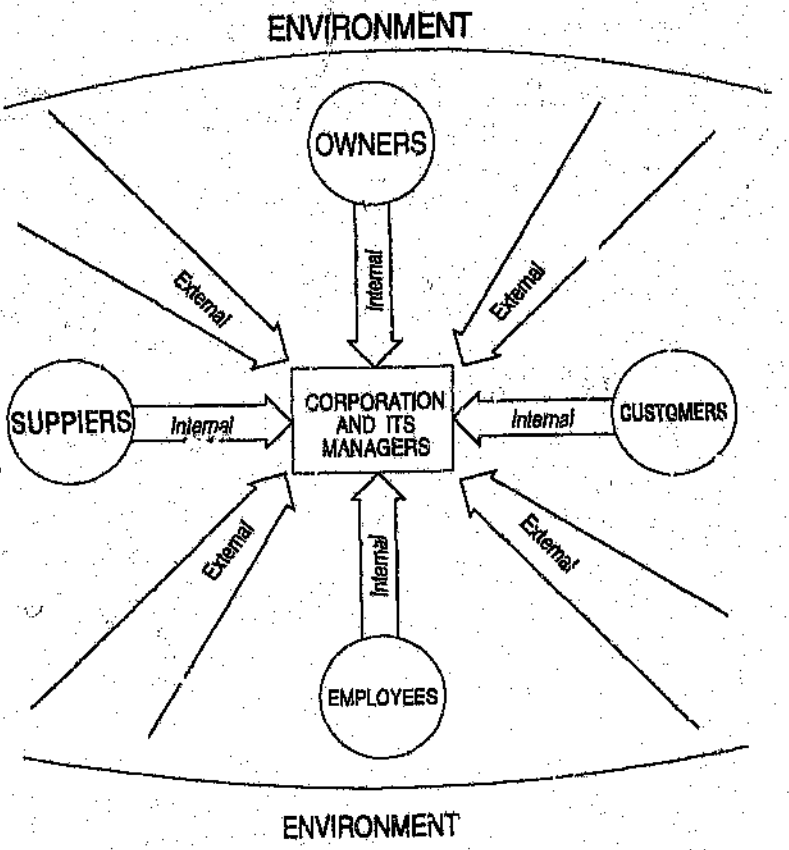
2.5.4.2 External Change

External change according to Freeman (1984) is the emergence of new groups, events and issues which cannot be readily understood within the framework of an existing model or theory. Furthermore, external change causes uncertainty, and it makes us uncomfortable because it cannot be readily assimilated into the relatively more comfortable relationships with suppliers, owners, customers and employees.

Freeman (1984) further argues that external change can be understood in terms of the emergence of several new groups and the restructuring of the relationships of lesser importance. Many of these changes have been around for some time, yet we have been slow to incorporate them into our framework for managing the firm (Freeman, 1984). So, events and pressure groups with which we should be familiar become crises because we have not incorporated the idea of their existence into our day-to-day routine.

**Figure 2** depicts the difference between internal and external change. It is important to note that the difference between internal and external change is relative to a particular framework or theory (Freeman, 1984).

Figure 2 - **The Difference Between Internal and External Change :**




Moss Kanter (1983) further states that even the best leader may not be able to control an organisation, or accomplish all its objectives in a turbulent environment in which the organisation's success may depend less on its own decisions than on decisions made elsewhere, by others according to different criteria.

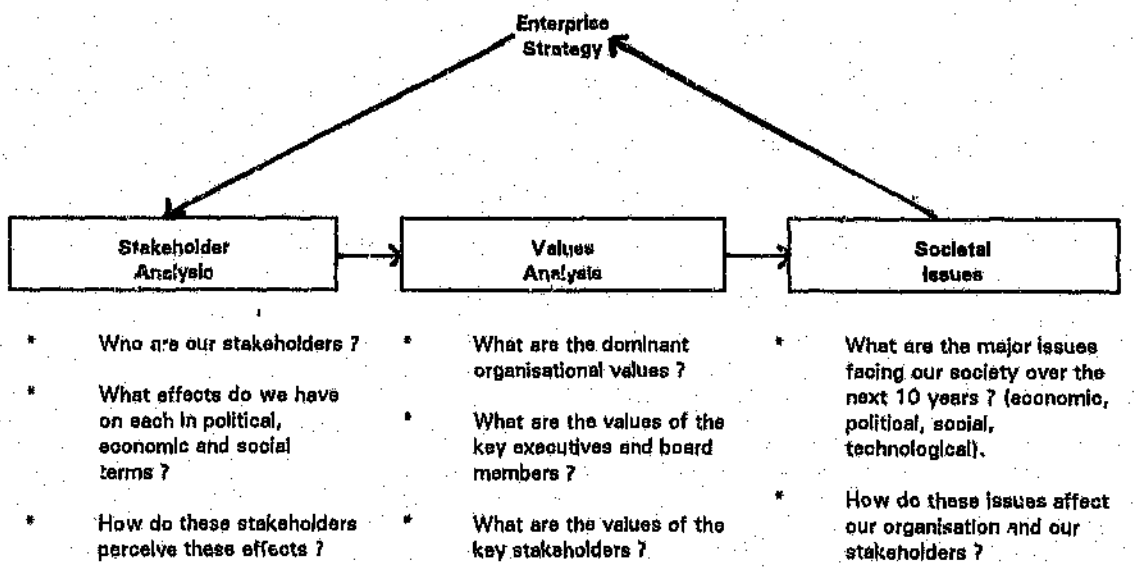
According to Manning (1988), every manager likes to think he is in control of his company's destiny. However, in reality most managers are out of control most of the time, their stakeholders are pulling the strings and external events are their masters.

2.5.4.3 Stakeholder Framework

Freeman (1984) states that from a rational perspective, business needs to understand who the stakeholders are in the organisation and what are the perceived stakes. Secondly, business needs to understand the organisational processes used to either implicitly or explicitly manage the organisation's relationships with its stakeholders and whether these processes "fit" with the rational "stakeholder" map of the organisation. Finally, the businesses must understand the set of transactions or bargains among the organisation and its stakeholders and decide whether these negotiations "fit" with the stakeholder map and the organisational processes for stakeholders.

Freeman (1984) thus starts his model on stakeholders, by firstly examining the "enterprise strategy" and by answering the question "what do we stand for"? The basic model discusses the following factors, stakeholder analysis, values analysis and societal issues as seen in the **Figure 3** below.

Figure 3 - **Enterprise Level Strategy :**



Freeman (1984) thus suggests that in formulating enterprise strategy, stakeholder analysis is used to help executives think through the effects that their actions have on external groups at a macro level. Furthermore, he suggests that without such an analysis, answering "what do we stand for" will be done in a vacuum, and the result may well not be acceptable to those groups whom it will affect.

Freeman (1984) argues that it is imperative to analyze the values of the organisation, and claims that if there is dissonance between the values of an organisation and its members, and dissonance between the values of a "stakeholder organisation" and its members, then it is little wonder that successful transactions ever occur. Thus, the task in assessing values, would be to determine the intrinsic and instrumental values of executives, and the intrinsic and instrumental values of the organisation and thereafter, to look at and analyze the difference (Freeman, 1984). Conflicts and inconsistencies between executives and the organisation would be realised. Thereafter, the intrinsic and instrumental values of the stakeholders would be examined before recognising the conflicts among organisations and their stakeholders.

Finally, Freeman (1984) suggests that the firm, embark on a social issues analysis and determine, what the major issues facing society today are, what the major issues facing our society in the next 5 to 10 years are, and the central differences between these two sets of issues. He suggests that the firm divide these issues into economic, technological, political, social and managerial. He states that there are many ways to put these pieces of analysis together into a statement of enterprise level strategy, however, the outcome should be some sort of "fit" with the society in which managers find themselves.

## 2.5.5 Stakeholder Management

The move today is from stakeholder influence towards stakeholder participation and co-operation (Dill, 1975; Van den Bergh, 1992). Through a co-operative strategy, a firm builds good will, credibility and trust with its stakeholders (Tombari, 1984). Furthermore, Tombari states that the firm is thus able to combine its own long run objectives with those of its constituency and enables a firm to manage stakeholder expectations without manipulating them. Binedell (1987) states that stakeholder management is becoming increasingly important in South Africa, as multiple stakeholders make demands on organisations. He further states that the traditional managerial model of the firm has as the stakeholders, the customers, suppliers and their employees. He argues that in turbulent times this is too narrow a focus and that the model of stakeholder analysis should be broadened to include the forces and issues that work in the macro environment.

According to Sturdivant (1979), the most efficient and effective strategies for managing stakeholder relations involves efforts which simultaneously deal with issues affecting multiple stakeholders. Furthermore, in order for the stakeholder management process to occur, a company must first be aware of its strategic options, and secondly have participative input from a number of people with diverse backgrounds and knowledge of different stakeholder groups (Sturdivant, 1979).

The term "stakeholder management" may imply manipulation, it is in fact more akin to the development of marketing strategy : know your market (and segments thereof); know yourself (objectives resources); devise the appropriate strategy (Sturdivant, 1979). It has been suggested by sociologists that stakeholders need to be viewed in a holistic fashion and dimensions such as sex, age, ethnic background and community ties need to be looked at (Dill, 1975). As, out of their

characteristics as persons and groups, out of single and hybrid roles that they play, come the stances that stakeholders take vis-a-vis strategic decision making in the firm.

Binedell (1987) states that in order to understand the stakeholders, organisations need to systematically engage, understand, negotiate and respond to various stakeholders' interests in order to play a more effective role. Such an analysis will furthermore give new insight to management and broaden their understanding of the values and assumptions that are driving behaviour in society and more specifically their market places. He suggests that we need to change our organisation mentality from one of efficiency and a narrow coping with problems to organisations that are willing to experiment, feel, sense, and willing to challenge the way things are done. Thus, organisations should try and find methods of managing through a fundamentally different paradigm of organisation management.

Finally, the notion of stakeholder management does not suggest that managers must change their attitudes to conform with activists or vice versa, nor does it imply that managers should roll over and play dead in the face of opposing views (Sturdivant, 1979). It does argue strongly for recognising that significant attitudinal differences are likely to exist and suggests the importance of understanding the attitudes and behaviour of stakeholder groups. It further permits stakeholder values to be incorporated with those of management, resulting in a closer, more positive relationship (Tombari, 1984).

2.5.5.1 The Role of Management in Managing Stakeholders

According to Hill and Jones (1992) whatever the magnitude of their stake, each stakeholder is part of a connected group with implicit and explicit contracts with the firm. As a group, however, managers are unique in this respect because of their

position at the centre of the nexus of contracts. Furthermore, according to Hill and Jones (1992), managers are the only group of stakeholders who enter into a contractual relationship with all other stakeholders. They also posit that managers are the only group of stakeholders with direct control over the decision making apparatus of the firm (although some stakeholders, and particularly those suppliers of capital, have indirect control). Therefore, according to Hill and Jones (1992) it is incumbent upon managers to make strategic decisions and allocate resources in the manner most consistent with the claims of stakeholder groups.

Management must therefore balance conflicting interests and somehow create a sense of harmony between stakeholders so that they collectively can help the firm rather than harm it. Manning (1988) further claims that managers have failed to take charge, as for too long, they have lived with benevolent stakeholders (or in the South African context, subservient stakeholders) who have chosen not to exercise their real power, or to challenge managers' control.

As has been evident in South Africa, both in an industrial as well as a commercial setting, people have increasingly voiced their opinion via strikes, mass action and stay aways. Management will therefore need to learn to manage stakeholder expectations both internal and external to the organisation more efficiently.

### 2.5.6 Significant Prior Research

According to Freeman (1984) the following research was conducted in the United States of America with regards to stakeholders :

- Sturdivant (1979) investigated whether the values of senior management and certain stakeholders in the firm were different. He found that there were fundamental differences in the values of executives and activists when measured by the Sturdivant-Ginter questionnaire.

- Sonnenfeld (1981) surveyed the forest products industry in an attempt to define the whole array of public issues and responses to these issues. The findings of his study will go a long way towards understanding the ability of strategic management models to respond to public issues.

- Chakravarthy (1981) studied the ability of several companies in the coal industry to respond to environmental change.

- Miles (1982) conducted an in depth analysis of the tobacco industry and tried to merge the concepts to corporate strategy, "constituencies" and business government relations.

- Tiffany (1982) analyzed the evolution of the steel industry since the turn of the century sharing the complex interactions and the conscious strategies which were put in place to manage stakeholder groups.

- Emshoff and Freeman (1979) reported the results of a specific intervention with New England Telephone on a more traditional business issue which was surrounded by a number of stakeholder concerns, and began to develop several prescriptive propositions for management.

Roberts and King (1989) conducted a stakeholder audit for a commissioner assigned to head a department of education and to promote excellence in the educational system. The audit was expected

to help ease the commissioner's transition into the new position and help set the agency's direction. Roberts and King (1989) further contend that the audit is especially well suited to assist managers who are confronted with the politics of management wherever it is practised.

At the Societal Strategy Project of the European Foundation for Management Development and of the European Institute for Advanced Studies in Management in 1981, academics and managers met to identify ways to meet the critical need to balance socio-political response and economic realities for business. Based on a sample of managers, a group of six stakeholders was rated very highly in terms of importance over the next decade, namely, managers themselves, competitors, final customers, banks, national government and unions. The highest increase in relative importance centred around other emerging stakeholders, namely white collar workers, worker councils, consumer associations, raw material suppliers, local government and society at large (Kenny, 1984).

As can be seen, a limited but significant amount of research has been conducted in the arena of stakeholder management, however, it has limited relevance to the researchers chosen area of research. In South Africa, the following research has been conducted :

Hofmeyr (1989) investigated the feasibility of the stakeholder approach amongst developers in the black-zoned urban areas. The objective was to determine whether it should form part of the strategic planning process to identify the different attitudes and perceptions various interest groups may have of developments, which may impact on the viability of these developments. The aim being to reduce some of the uncertainty associated with developments.

According to Hofmeyr (1989), interviewees expressed doubts about the practicality of the application of the stakeholder model. In their opinion, it was difficult to find the time to identify all possible stakeholders. They further expressed that by identifying the stakeholders it was possible that a planned development might be exposed to competitors at , the development may thus lose some of its competitive advantage. Furthermore, it would be difficult to prioritise the requirements of the stakeholders identified. However, the findings further revealed that there was sufficient support for the stakeholder concept, with the majority of interviewees finding sufficient benefit to justify the use of the model to some degree.

Honeyborne (1987) attempted to establish what sources are used by strategic managers to collect information and to discern whether these are dependent upon the structure of the organisation stakeholder map or the organisation's strategic path. It was found that a relationship does exist between the sources of information used and the number of stakeholders a corporation has.

Mendelow (1982) studied the relationships between a chief executive officer's background and his perception of stakeholders' effectiveness criteria, corporate financial performance and strategy. Stakeholder bodies were thus polled to determine the effectiveness criteria by which they would judge the organisation's output.

2.5.7 Conclusion

Hence, very little empirical research has been conducted in the area of stakeholders. Specifically, no empirical research was found that set about determining or identifying specific competencies required for managing stakeholder relationships. The purpose of this research is to identify those stakeholders critical to the success of a business organisation and the commensurate time spent managing the

stakeholder relationships. In this way, the researcher hopes to ascertain whether management priorities are aligned with the environmental demands of stakeholders existing in the retail environment.

The research attempts to identify the reasons why management experience difficulty in managing stakeholder relationships and the commensurate training and development needed to assist management in managing stakeholder relationships.

## 2.6 Competencies

### 2.6.1 Need for Competence in Individuals

According to Klemp and McClelland (1986), leaders of organisations want to know what kinds of intelligence, that is what adaptive characteristic qualities, are needed by managers to do the organisation's jobs well. Specifically, they want to know what is needed for success as a senior manager, for it is on such managers that the success of the organisation hinges. For organisations in the world of business, education, government and the armed services, it is important not only to be able to identify what the attributes of successful executive leaders and managers are, but to select people accurately on the basis of these attributes or to help persons acquire those attributes that they do not possess to the needed degree (Klemp and McClelland, 1986).

Hence, in this turbulent and changing environment it is imperative to select and recruit the "right" individuals for the right jobs in order to assist in the strategic survival and growth of the firm, when the only certainty is that tomorrow will bring a new day, different from the challenges and demands that management faced today.

According to Hall (1979) people learn to be competent as a natural part of the development process, as long before individuals come into an organisation, each person has acquired problem solving skills and numerous coping mechanisms. Furthermore, as environmental demands change, people adapt themselves to meet the new demands and become adaptively fit, as the more effectively we adapt, the longer we survive.

Hall (1979) further states that the competent individual is one who is equipped with adaptive skills and individual competence. Competent individuals comprise the vast majority of the human race. He states that the task of management is about trying to harness this basic individual competence, this key to adaptive fitness, this insurance to survivability.

Managers therefore do not create competence, but they do control its expression through the organisational contexts they create and the manager's job of facilitating the expression of individual competence is made easier by the fact that there is a competence motive among people (Hall, 1979). The purpose of this research is to identify those critical competencies required to manage stakeholder relationships in today's environment.

### 2.6.2 Definition of a Job Competency

The concept of a competence is not new, but dates from 1959 when the psychologist Robert White labelled it "a basic drive for effectiveness" (Klemp, 1982). According to Klemp (1982) there has been no generally agreed upon meaning, however, for common understanding "competency" is defined as any attribute of a person that underlies effective performance. He further defines a job competency as "an underlying characteristic of a person which results in effective and/or superior performance in a job".

Boyatzis (1982) defines a job competency as an underlying characteristic of a person in that it may be a motive, trait, skill, aspect of one's self image or social role, or a body of knowledge which he or she uses.

Klemp (1982) further states that a job competency is simply an attribute related to doing a job effectively. A personal attribute in this context can take many forms. It can be a kind of knowledge, an ability, an interest, a trait, a motive, even a self concept - but the only way that such an attribute becomes a competency is in its relationship to performance (Klemp, 1982). He further states that people carry with them a wide assortment of knowledge, abilities, interests, traits and motives, but unless these attributes relate demonstrably to doing a job well, they are not job competencies.

Boyatzis (1982) states that in order to define a competency, we must determine what the actions were and their place in a system and sequence of behaviour and what the results or effects were and what the intent or meaning of the actions and results were.

Thus, according to Boyatzis (1982), it is through such a definition that the concept of a job competency represents an ability. Furthermore, a person's set of competencies reflect his or her capability and are describing what he or she can do, not necessarily what he or she does, nor does all the time regardless of the situation and setting. He further states that competencies are characteristics that are causally related to effective and/or superior performance in a job. Boyatzis makes a distinction between those characteristics which are essential to performing a job, i.e. a threshold competency and those characteristics that differentiate superior performance from average and poor performance, i.e. competencies. This can be compared to the view of Klemp and McClelland, (1986) who suggest that competencies can be classified into two broader types :

1. **Content Competencies** or usable knowledge related to a role.

2. **Process Competencies** or attributes that bear on how knowledge is applied effectively. Thus, according to this definition, age and experience are not competencies themselves but may contribute to the acquisition of content and process competencies.

Klemp and McClelland, define competencies more specifically as attributes of an individual that are necessary for effective performance in a job or life role. An attribute is a competency only if it contributes to effective performance in the role specified.

These attributes can include -

1. general or specialised knowledge of use in an occupation;

2. abilities, both physical and intellectual;

3. traits, such as energy level and certain personality types;

4. motive and need states that direct individuals towards desired behaviour patterns; and

5. self images that reflect the roles people see themselves in and their concept of how effective they are in themselves.

2.6.3 The Origin of Competence

According to Goleman (1981), the first usage of what McClelland now calls competence assessment had its beginning in the early 1970's in the United States Information Agency. The USIA had very few blacks, members of other minority groups or women stationed in foreign countries and staffs were made up almost exclusively of white men.

Goleman states that although blacks and other minorities were applying for the jobs, very few among the several hundred top scorers were called back for more detailed interviewing. According to the USIA, the problem was the aptitude tests which measured general intelligence, English usage and the background knowledge of history and government. An internal state department study found that scores on the test had no relationship to how USIA officers actually performed on the job overseas. On the basis of questionable criteria, the agency was turning down otherwise talented candidates in the first screening among them, many women and minority members.

Thus, McClelland was called in to identify the motives, attitudes and habits of outstanding USIA officers and, after identifying the "right stuff" developed specific criteria that could be used instead of the aptitude tests in choosing new officers for the agency (Goleman, 1981). The first attempt into what McClelland now calls competence assessment ended in disappointment, but it laid the ground work for a bold new approach to personnel screening and testing. Dozens of organisations have adopted McClelland's alternative to intelligence and aptitude tests i.e., competence assessment with the help of McBer, a Boston based consulting firm set up in 1970.

2.6.4 The Competence Process

According to Hall (1979) responding in a productive manner to the social and physical demands of the environment is the essence of competence. Part of adaptive fitness involves the solving of problems. To respond competently to problems people encounter, they must be able to sense the meanings of events and create appropriate ways of responding. Furthermore Hall (1979) states that people must be able to perceive the nature of the environment in a fairly accurate way, be able to understand and interpret accurately the meaning of whatever task is to be done, and thereafter invent an on-the-spot response to the

demand. It may mean that they must be able to intuitively see into the future and anticipate the consequences of behaving one way as opposed to another, or invent a new way of behaving or rely on very unlikely resources that were not even designed to bear upon that problem (Hall, 1979).

According to Hall (1979) these are all creative processes and therefore the competent response then calls for a certain amount of creativity on the part of the individual. He thus surmises that competence demands an equal part of creativity and commitment and the less creative we are, the less adaptive we are.

Competence thus demands creativity, creativity in turn demands commitment and people are not going to exert the kinds of energy, mental or physical, required to adapt to environmental demands in effective ways if they are not committed to solving the problem at hand. They are not interested in being adaptive without some underlying motivation. Commitment is thus the psychological energy which powers and facilitates achieving a creative interface of the internal and external environments.

Hall (1979), therefore argues that competence is a sustained capacity for meeting environmental demands in both a creative and committed fashion.

### 2.6.5 Boyatzis' Model of Competence

#### 2.6.5.1 Dimensions of the Management Competency Model

According to Boyatzis (1982) a competency model of managers should have two dimensions, one compromising the **type** and two the **level** of competency. Different types of management competencies are associated with various aspects of human

behaviour and a person's capability to demonstrate such behaviour. For example, a planning competency would be associated with specific actions such as setting goals, assessing risks and developing a sequence of actions to reach the goal.

Levels of competency suggests that each competency may exist within the individual at various levels, with motives existing at the unconscious level, self image at the conscious level and skills at the behavioural level. Each level may vary in its impact on the disposition of the person to use the competency. This would be reflected in the frequency with which the person applies the competencies in his or her job, as well as in the degree to which the competency is applied in any situation. For example, a planning competency may exist at multiple levels.

Boyatzis (1982) further states that the second dimension of the competency model was thought to have three basic levels, namely the motive and trait levels; the self image and social role level and the skill level. These categories reflect the components of a competency appearing in the definition of a competency.

2.6.5.2 Dynamic Interaction

Boyatzis (1982) describes the dynamic interaction of the components of the conceptual model used as a basis for this study in terms of a force field representation. He further states that the interaction between the person and his or her environment results in action or demonstrated behaviour. Furthermore, feedback occurs between the person's competencies and specific actions. Boyatzis states that a person's competencies have a direct impact on what specific actions are demonstrated and there is some impact on the person's competencies. Each time an action is demonstrated,

there is same impact between the functional and situational demands of the job as well as specific actions, thereby prompting feedback. Furthermore, the demands of a job have a direct impact on what specific actions are demonstrated and how they are demonstrated, regardless of whether they are mental or physical actions. Boyatzis states that the organizational and cultural environment set the stage as to what appropriate actions is, but exert their impact on individual action through affecting the functional and situational demands of the job.

Each of these components, which relate to performance in a job, have some impact on each other. The nature and strength of the impact varies. In some cases the impact will be a refinement, or fine tuning of what specific action will be demonstrated. In other cases, the impact will be a stimulation, or arousal of something in one of the other components.

Boyatzis (1982) states that over a period of time, each of these components should affect each other so as to increase consistency. That is, if certain tasks and functions are repeatedly required by the job, the person will either -

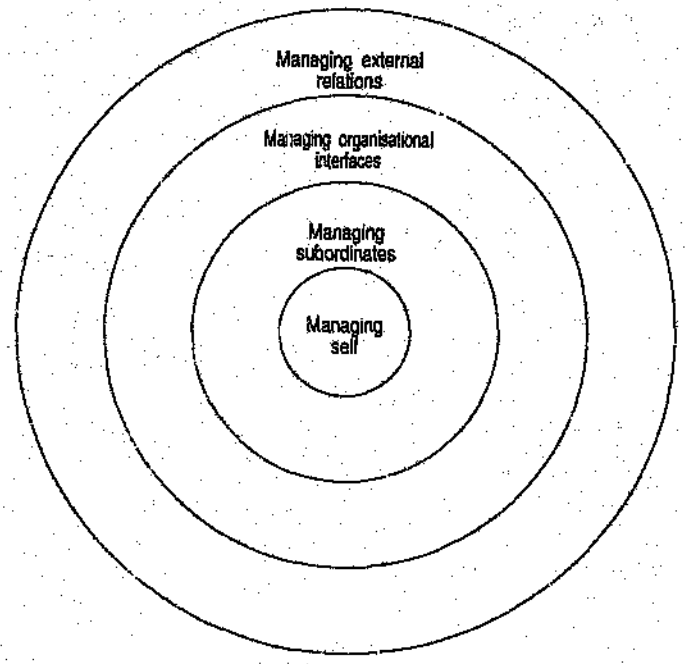
1. increase the frequency with which certain competencies are applied, or aroused, to address this function, thereby improving the quality of performance of that function; or

2. avoid that task or functions of the job if he or she does not have any of the competencies which are applicable to performance of the function.

2.6.6 General Model of Managerial Competence

Jones and Woodcock (1988) have developed a general model of managerial competence. This is portrayed in a concentric model with managing self being at the core or centre. Thereafter, it is followed with managing subordinates, managing organisational interfaces and managing external relations. They further suggest that each of these four levels of responsibility require that each manager has different knowledge and skills.

Figure 4 - **General Model of Managerial Competence :**



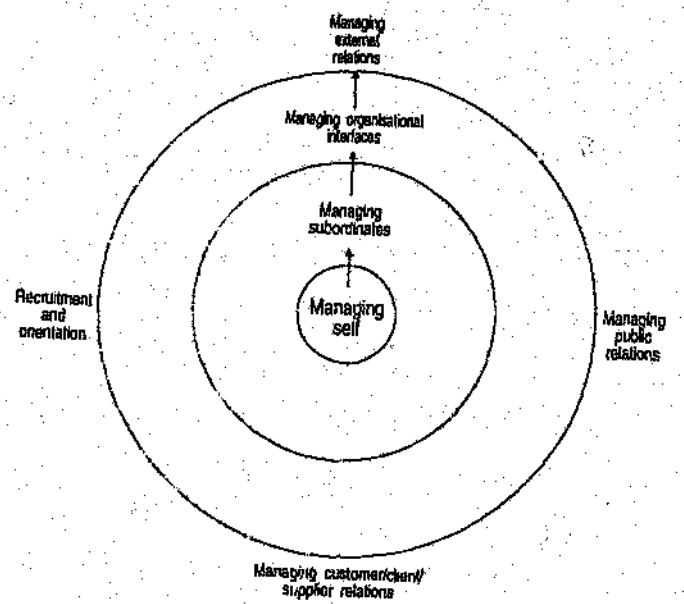

The essence of this research revolves around the competencies required to manage external relations and organisational interfaces. Thus, Jones and Woodcocks' model will be discussed in some detail.

**Managing External Relations** - Jones and Woodcock (1988) state that managing external relations refers to the areas of responsibility that the manager has vis-a-vis people outside the organisation, such as customers, clients, suppliers, potential clients and the general public.

They further state that there are three important skill areas to take into account when considering how effectively the manager conducts external relations, namely :

- managing public relations;
- managing customer / client / supplier relations; and
- recruitment and orientation.

Figure 5 - **Managing External Relations :**




**Managing Organisational Interfaces** - Jones and Woodcock (1988) state that managing organisational interfaces involves working effectively on the interchanges between their unit and others whether they are above, at the same level or below. This can be related to the work of Freeman, who advocates that there are both internal and external stakeholders. In addition, change has occurred in both the internal and external environment. Furthermore, many of these

## 2.6.7 Derivation of Supra-Competencies

The competencies tested in this research have been derived from a study conducted by Victor Dulewicz and Professor Peter Herbert at the Henley Management College in England (Dulewicz, 1989).

Dulewicz, (1989) states that high fliers attending the general management course at Henley are assessed by their bosses and by themselves on 40 specific competencies, derived from the assessment centre literature and Dulewicz's own research as part of a personal development workshop.

Dulewicz (1989) states that for their analysis, they took an average of the self and boss ratings on each of the 40 basic competencies and through rigorous statistical factor analysis of these average ratings, 12 independent dimensions of managerial performance were identified. Dulewicz (1989) states that these 12 independent dimensions of managerial performance, called "supra-competencies" can be used to assess the entire range of managerial behaviours.

These supra-competencies have been grouped under four main headings, namely intellectual, interpersonal, adaptability and results orientation. Dulewicz (1989) further states that these supra-competencies are the key criteria that managers and their bosses use to assess variations in job performance and so constitute core managerial competencies at middle management level.

As these supra competencies form the basis of the questionnaire for this research, they have been defined and detailed as follows :

**Intellectual**

1. Strategic Perspective - Rises above the detail to see broader issues and implications; takes account of wide-ranging influences and situations both inside and outside the organisation before planning or acting.

2. Analysis and Judgment - Seeks all relevant information; identifies problems, relates relevant data and identifies causes, assimilates numerical data accurately and makes sensible interpretations; work is precise and methodical, and relevant detail is not overlooked. Makes decisions based on logical assumptions that reflect factual information.

3. Planning and Organising - Plans priorities, assignments and the allocation of resources; organises resources efficiently and effectively, delegating work to the appropriate staff.

**Interpersonal**

4. Managing Staff - Adopts an appropriate interpersonal style for achieving group objectives; monitors and evaluates their work; shows vision and inspiration; develops the skills and competencies of staff.

5. Persuasiveness - Influences and persuades others to give their agreement and commitment; in the face of conflict, uses personal influence to communicate proposals to reach bases for compromise and to reach an agreement.

6. Assertiveness and Decisiveness - Ascendant, forceful in dealing with others; can take charge; is willing to take risks and seek

new experiences, is decisive, ready to take decisions, even on limited information.

7. Interpersonal Sensitivity - Shows consideration for the needs and feelings of others; listens dispassionately, is not selective, recalls key points and takes account of them, is flexible when dealing with others, will change own position when others' proposal warrant it.

8. Oral Communication - Fluent, speaks clearly and audibly, with good vocabulary; in formal presentations, is enthusiastic and lively, tailors content to audience's level of understanding.

**Adaptability**

9. Adaptability and Resilience - Adapts behaviour to new situations, resilient, maintains effectiveness in the face of adversity or unfairness. Performance remains stable under pressure or opposition; does not become irritable and anxious, retains composure.

**Results Orientation**

10. Energy and Initiative - Makes a strong, positive impression, has authority and credibility, is a self-starter and originator, actively influences events to achieve goals, has energy and vitality, maintains high level of activity and produces a high level of output.

11. Achievement Motivation - Sets demanding goals for self and others and is dissatisfied with average performance; makes full use of own time and resources; sees a task through to completion, irrespective of obstacles and setbacks.

12. Business Sense - Identifies opportunities which will increase sales or profits, selects and exploits those activities which will result in the largest returns.

2.6.8 Commonality of Competence

Dulewicz (1989) felt that a generic set of competencies exist for similar levels of management in different organisations. He estimates that 70% are general requirements across different organisations and 30% are organisation specific. Research conducted in numerous multi-national organisations has found a number of very similar core competencies that differentiate effective and less effective managers.

According to Klemp and McClelland (1986) competencies or combinations of competencies are often specific to each occupation. But as they accumulated more and more information, it became apparent that certain competencies are generic, appearing in all the top performers of jobs of the same general type. This discovery is important because it enables us to compile a set of competencies that describe the outstanding senior manager in any type of organisation.

When comparing Dulewicz's (1989) supra-competencies with Boyatzis' model of management, the following competencies appear to be similar, "efficiency orientation" with Henley's "planning and organising", "proactivity" with "assertiveness and decisiveness", "diagnostic use of concepts" with "strategic perspective", "concern with impact" with "persuasiveness", the "use of socialised power" with "persuasiveness", "positive regard" with "interpersonal sensitivity", "managing group processes" with "managing staff", "self confidence" with "energy and initiative", "use of oral presentations" with "oral communication", "logical thought" with "analysis and judgement", "conceptualisation" with "strategic perspective", "developing others" with "managing staff", "self control" and

"perceptual objectivity" with "adaptability and resilience", "stamina and adaptability" with "energy and initiative".

In conclusion, the research sample used to derive the supra-competencies, comprised UK and overseas managers shortly destined for general manager or equivalent roles in their organisation. Although this research does not test the relevance of the supra-competencies across all responsibilities of management but purely for managing stakeholder relationships, it will be relevant to note the most critical competencies required to manage stakeholder relationships and further refine Dulewicz's study to the South African scenario.

2.6.9 Significant Prior Research

The literature was reviewed to ascertain whether any empirical research had been conducted in the area of competencies, specifically to determine whether any other significant prior research had been conducted to identify competencies for managing stakeholder relationships.

Lapinsky (1989) examined the competencies demonstrated by outstanding managers at senior management level and examined differences between this local sample of South African managers and a large international study conducted by Boyatzis (1982). According to Lapinsky (1989) the results of the study indicated a similarity with the findings of the two studies although important differences emerged. The ability to handle complex socio-political change emerged as a distinguishing competency for the local management sample.

Brest (1991) investigated the perceptions of managerial competencies amongst men and women at the middle to senior management level in the Life Assurance Industry. The purpose of the research was to establish whether gender based factors impact on the perceptions of

managerial competencies and have a corresponding influence on the advancement of women in management. The results of Brest (1991) indicated that men and women do not differ in their perceptions of managerial competency. Differences in perceptions, however, were found in relation to managerial level and the length of total work experience.

The researcher found no other significant prior research that investigated the competencies required to manage stakeholder relationships.

## 2.7 The Research Questions

In conclusion, the literature review has provided the context and framework in which the research questions will now be posed and stated. Hence, the research questions are as follows :

Question 1

Who are the most critical stakeholders existing in the retail environment for :

1. store managers ?
2. general managers ?

Question 2

Are there significant differences in the time spent attending to stakeholder concerns existing for :

1. store managers ?
2. general managers ?

Question 3

Is there a relationship between the time spent and the perceived importance of various stakeholders existing for management ?

Question 4

What are the most critical competencies required for managing stakeholder relationships for the :

1. store manager ?
2. general manager ?

Question 5

Are there differences in the competencies required to manage different stakeholders for :

1. store managers ?
2. general managers ?

Question 6

Who do store managers and general managers perceive to be their potential stakeholders in the next 5 - 10 years.

The nature of the research is exploratory.

# CHAPTER 3

# RESEARCH METHODOLOGY

## 3.0 Introduction

The research methodology used to investigate the research questions identified in Chapter One and Chapter Two is discussed in this chapter. Specifically it discusses and defends the use of the survey approach, the design of the research questionnaire used for data collection, the sampling technique applied in selecting the survey respondents, the data gathering process and the statistical techniques applied in analysing the research results. As the research was exploratory in nature and took the form of theory building, the researcher developed the questionnaire personally, after reviewing the literature.

## 3.1 The Survey Approach

The survey is used when the researcher wishes to elicit opinions and not hard facts as the primary objective (Pirow, 1990). Furthermore, surveys tend to be more efficient and economical than observation, in that it can expand (if a questionnaire is used) the geographic coverage at a fraction of the cost and time required by observation.

Babbie (1989) states that surveys may be used for descriptive explanatory and exploratory purposes. They are chiefly used in studies that have individual people as units of analysis, as was the case in this research. Furthermore, the survey research is probably the best method available to social scientists interested in collecting original data for describing a population that is too large to observe directly (Babbie, 1989).

## 3.2 The Survey Population

The research conducted was aimed at identifying the most critical competencies required to manage stakeholder relationships in the retail environment. The reason for selecting the retail environment, is that the retail sector contributes 26% towards the overall gross domestic product of South Africa (Cumulative 1991 Statistics, Central Statistical Services). Of the economically active population in South Africa, 4.09% of the population are employed in the retail sector (S.A. Reserve Bank, 1990, 3rd Quarter, Central Statistical Services).

Retailing or retail distribution is an essential and not insignificant part of the total economic activity in industrially developed countries. Another significant feature of the retailing sector of the economy is the large number of independent decision making units which it comprises. Many significant decisions for the economy as a whole are made by the relatively small number of multiple supermarket store groups. It is part of the workings of the economy which affects almost everyone on a daily basis.

Given the exploratory nature of this study and the fierce competition existing in the retail environment as well as non-comparability of jobs in the retail sector, the researcher was limited to conducting this research in one retail chain.

## 3.3 The Survey Sample

The organisation used in this research was Pick 'n Pay Stores Limited. At this time the survey was conducted there were approximately 28 273 employees employed within the group operating throughout South Africa. The group of companies is involved in the buying, selling and marketing of consumer goods including foods, non-foods and clothing within the retail sector to all sectors of the South African society. There are six distinct different operating units, comprising Hypermarkets, Superstores, Supermarkets, Price

Club, Chain Reaction and Boardmans. Within the Pick 'n Pay Group only Hypermarkets, Supermarkets, Superstores and Price Club were used as the survey sample.

At the time of conducting the research, there were fourteen Hypermarkets, throughout the group of which nine are situated in the Transvaal, two in the Western Cape and the remainder in the other geographical regions. Superstores is currently managed with a head office function only in the Transvaal, although the Western Cape does have two "Superstores" in their geographical location. There were one hundred and fifteen stores geographically divided into six Supermarket regions, headed by a general manager, located in Natal, Orange Free State, Western Cape, Eastern Cape, Natal and in the Northern and Southern Transvaal. Price Club is currently operating only in the Southern Transvaal and in the Orange Free State. The group head office is located in Cape Town, which sets corporate policy and procedures and renders a variety of services to the operating regions and Hypermarkets.

Participants selected to take part in the study were limited to store managers (i.e. those managers directly responsible for the operating performance of a given store), and general managers (i.e. those managers directly responsible for the operating performance of a given region or Hypermarket). Staff reporting to supermarket managers range from one hundred and fourteen to three hundred and seventy eight and for General Managers four hundred and seventy five up to one thousand and forty. Average turnovers for a supermarket store range from twenty five million to one hundred and ten million per annum and for a Hypermarket from one hundred and fifteen million to approximately two hundred and sixty million per annum. Hence the range of responsibilities would thus differ between that of a store managers and for a general managers.

At the time of the study, the identified population included one hundred and fifty store managers and twenty two general managers, of which seventy

seven store managers and all general managers participated in the study. The participants were chosen via convenience sampling.

## 3.4 Design of the Research Questionnaire

According to Pirow (1990) the most frequently used method of collecting mensural and observational data for survey research is that of the questionnaire. As the research involved the perceptions of both store managers and general managers nationally, and the researcher had limited funds available, a questionnaire was used as the method of collecting survey data.

Babbie (1989) states that the term questionnaire suggests a collection of questions, but an examination of a typical questionnaire will probably reveal as many statements as questions. When using statements, the researcher tries to determine the extent to which respondents hold a particular attitude or perspective. Furthermore, both questions and statements may be used profitably giving the researcher more flexibility in the design of items and can make the questionnaire more interesting as well. Thus, this research involved the use of both statements as well as questions.

Some of the pitfalls of questionnaire design that Babbie (1989) outlines are particularly relevant to this research and are as follows :

1. Questionnaire items should be clear and unambiguous. They should also be precise so that the respondent knows exactly what the researcher wants to do.

2. Double barrelled questions should be avoided. The researcher needs to ensure that he is not asking for a single answer to a combination of questions.

3. Respondents must be competent to answer the question and the researcher should continually ask himself whether respondents are able to do so reliably.

4. Questions that are asked of respondents should be relevant. When an issue is real, there may be no way of telling which responses genuinely reflect attitudes and which reflect meaningless answers to an irrelevant question.

5. The respondent should be able to read an item quickly, understand its intent and select or provide an answer without difficulty, therefore, the researcher should provide clear, short items that will not be misinterpreted.

6. Negative items should be avoided, as well as biased items and terms.

In asking questions, researchers have two options. They may either ask open or closed ended questions (Babbie, 1989). Closed ended questions are very popular, as they provide a greater uniformity of response and are more easily processed. The chief shortcoming of closed ended questions lies in the researcher's structuring of responses whereas, open ended questions must be coded before they can be processed for analysis (Babbie, 1989). Furthermore, the coding process of open ended questions often requires that the researcher interpret the meaning of responses, opening the possibility of misunderstanding and researcher bias (Babbie, 1989). There is also a danger that some respondents will give answers that are essentially irrelevant to the researcher's intent. Emory and Cooper (1991) state that the questioning technique has its shortcomings, however, the major weakness is that the quality of information secured depends heavily on the ability and willingness of the respondents to co-operate.

However, open ended questionnaires are usually used for complex questions that cannot be answered in a few simple categories (Pirow, 1990).

Furthermore, they are desirable when the research requires detail and discussion from the respondents and when his unique views, philosophy or goals are being probed. Questionnaire design is therefore a complex process.

## 3.5 Structure of the Questionnaire

As the data was ordinal, a five point Likert rating scale was used. The idea of using scaling methods is that instead of learning whether or not a respondent is favourably inclined on an issue, one gets a measure, and a reasonably reliable one of his actual position on the attitude continuum. Instead of being satisfied with differences in kind, one attempts to measure differences in degree (Moser and Kalton, 1977).

The questionnaire used in this research was four pages long, comprising open and closed ended questions (See **Appendix 2**). It included three sections that the respondents had to answer. The questionnaire was accompanied by a covering note from the researcher and research supervisor as well as a personal note from the researcher. A page on biographical information was attached at the end of the questionnaire.

In Section One, participants were asked to rate in order of importance those stakeholders critical to the achievement of business success. The stakeholders identified for the retail organisation under study was a distillation of the stakeholders presented by Freeman (1984, p. 25) and Irwin (1969, p. 74) and from the questionnaire pre-testing.

Thereafter, participants were asked to allocate out of a total of fifty units, the number of time spent attending to stakeholder concerns. The reason for this was to ascertain whether store managers and general managers had aligned themselves with stakeholders that were the most critical to achieve business success.

In Section Two participants were asked once again to rate the importance of the management performance factors (i.e. supra-competencies derived from the Henley Management Study conducted by Dulewicz) (1989) required to manage stakeholder relationships. The purpose of this was to ascertain the most critical competencies required for managing the stakeholders identified as being of great importance at the outset of the study, namely customers, suppliers, employees, trade unions and the community.

Lastly, in Section Three, participants were asked open ended questions, aimed at eliciting their personal opinions and perceptions regarding -

* the stakeholder relationships they currently have the most difficulty managing and the reasons therefor;

* their potential stakeholders in the next five to ten years and finally the training and development required to manage those stakeholders more effectively.

3.6 Pilot Study of the Questionnaire

According to Pirow (1990) one important thing to get out of the pilot questionnaire is the estimated time to completion, the non-response questions and questions to which the answers show little deviation.

The questionnaire was administered to a pilot group of three store managers, three general managers and the Group Human Resources Manager. The purpose of the pilot study was to ensure that the instrument was easily understood, consistently interpreted by respondents and to make any further amendments to the questionnaire if and where necessary.

This was done in face to face interviews with the respective managers. Where necessary, they were told that it would in no way affect their promotion prospects, but purely to assist in the design of the research tool

and assist the researcher in the study. The researcher also asked the respondents if the stakeholders identified were the most relevant to the retail sector. The "community" was seen by one of the general managers as being critically important and was thus added to the list of stakeholders. After the first interview, the questionnaire format was totally rearranged and reduced from ten pages to four pages as the format appeared to be too long and cumbersome. Thereafter the questionnaire was shown to two additional general managers, the Group Human Resource Manager and two store managers.

The researcher enquired if the instructions on the questionnaire were adequate and would be understood by the "average" store manager. It was suggested that the researcher give the participants more comprehensive instructions, guidelines and examples. This was attended to.

It was also deemed necessary to add whether the store was located in a suburban or a country area, where the influence of the community could have been more prominent.

One of the general managers suggested that the questionnaire "content or subject" could be too complex for the average store manager to interpret, however, as none of the other respondents used in the pilot study expressed concern, the researcher deemed it appropriate to administer the questionnaire once the necessary changes had been made. During questionnaire administration it appeared that participants experienced no difficulty in interpreting and answering the questionnaire.

The researcher conducted a second pilot study with the Superstore region comprising five store managers to test the adequacy of the presentation and questionnaire. The store managers present, once again stressed that the research instrument was adequate and unambiguous. The questionnaire results were used in the sample survey, i.e. replacement sampling was used.

## 3.7 Administration and Method of Collecting the Survey Data

The research project was sanctioned by the Group Human Resources Director and by the Group Human Resources Manager which probably affected the response rate. A note was sent to all general managers informing them of the survey and study as well as the purpose and perceived benefits. The sanction facilitated the agreement by participants to participate in the research.

The researcher thereafter personally phoned the respective general managers in the different Supermarket operating regions informing them that a questionnaire would be forwarded to them within the next few days, and asking them to return the questionnaire as soon as possible. Permission was also asked if the Human Resource Managers could administer the questionnaire to their store managers at their earliest convenience, of which they replied in the affirmative.

The Human Resource Managers were thereafter contacted in all the geographical regions, asking them if they would administer the questionnaire to store managers, and telling them that their general managers had agreed to this. The relevant number of questionnaires per region were forwarded to the respective Human Resource Managers nationally together with prepared overheads and additional questionnaire guidelines. On receipt of the questionnaire administration pack, the researcher phoned the respective Human Resource Managers and discussed the presentation guidelines with them to ensure consistency and standardisation of administration nationally. Human Resource Managers were thus asked to personally administer the questionnaire to store managers, to assist them if necessary and to ensure that questionnaires were returned.

The researcher personally administered the questionnaire to Hypermarket general managers who were fortunately all at a general managers' meeting

in the Transvaal. The researcher also administered the questionnaire to the Southern Transvaal, Northern Transvaal and Superstore store managers.

## 3.8 Analysis of the Research

The research was coded on Survey System computer package, which included only the closed ended questions. Open ended questions were analysed qualitatively via frequency analysis, where appropriate. As the research data is ordinal, the statistics used were non-parametric and tests for between group differences were carried out. Both the Number Cruncher Systems as well as the Survey System were used for analysis.

## 3.9 Limitations and Key Assumptions of the Methodology

The following limitations and key assumptions should be considered before examining and interpreting the results.

The researcher assumed that all respondents were competent at interpreting the research questionnaire. Emory and Cooper (1991) state that respondents may interpret a question or a concept differently from what it was intended. Furthermore, a respondent may intentionally mislead the researcher by giving false information. Thus, it becomes quite important to keep in mind that survey responses must be accepted for what they are - statements by others which reflect varying degrees of truth (Emory and Cooper, 1991). The researcher, however, assumed that the participants saw the value of their participation in the research and had no reason to bias the research answers.

According to Pirow (1990) whenever a questionnaire is applied to a non-uniform group, there is a danger that some members of the group will misinterpret one or more of the questions. One way that this can be overcome, is by using multiple wording so that the respondent can pick the correct words. This was hopefully achieved in this research.

A limitation of this study is that the research is confined to one industry, and one organisation of that industry. Hence, it may be questionable whether the research results could be generalisable across the industry at large. A further limitation is that the research was only conducted across two job categories.

The sample used in the study is relatively small bearing in mind the total employment figure of the industry throughout South Africa. The internal and external environment in which the retail industry is operating is changing at an ever increasing pace and what may have been relevant six months ago, could be outdated today. By focusing on a stakeholder approach, it is hoped to provide a degree of certainty, that would not be open to extreme fluctuations in the environment.

A discussion of the survey results and their implications is contained in the following chapter.

# CHAPTER 4

# RESEARCH RESULTS

## 4.0 Introduction

This Chapter presents a summary of the research results and statistical analysis employed in the research design. The sample demographics are detailed, describing the sample composition. This is followed by a discussion of the statistical techniques employed and the corresponding results. The results are discussed and interpreted in Chapter 5.

## 4.1 Sample Demographics

Of the total population of one hundred and thirty eight store and general managers in the company used in the research, a sample of seventy eight store managers and twenty one general managers responded. This is indicative of a 67,24% response rate for store managers and 95,45% response rate for general managers.

The sample demographics were as follows :

**Table 1 - Sample Demographics**

| | |
|---|---|
| Asian | 3 |
| Black | 5 |
| White | 79 |
| Coloured | 12 |

The purpose of including this category was initially to ascertain whether there were any similarities and differences across the population group

according to race. However, this was discarded later, due to there being insufficient representation of certain population groups. This is a typical reflection of the composition of managerial teams of most South African companies to date.

The age dispersion amongst the respondents was as follows :

**Table 2 - Age Dispersion**

| | |
|---|---|
| Below 25 | 1 |
| 26 - 30 | 22 |
| 31 - 35 | 32 |
| 36 - Above | 44 |

The geographic regions of the respondents were dispersed as follows :

**Table 3 - Geographical Location**

| | |
|---|---|
| Orange Free State | 8 |
| Transvaal | 51 |
| Western Cape | 21 |
| Eastern Cape | 8 |
| Natal | 11 |

The educational qualifications of the respondents is reflected as follows :

**Table 4 - Educational Qualification**

| | |
|---|---|
| Std 8/9 | 13 |
| Matric | 65 |
| Technikon Diploma or equivalent | 11 |
| University Degree | 7 |
| Other | 3 |

Finally, the store location was represented as follows :

**Table 5 - Store Location**

| | |
|---|---|
| Suburban | 81 |
| Country | 18 |

## 4.2 Rating of Critical Stakeholders

In Section 1, Question 1, respondents were asked to rate ten stakeholder groupings with regard to how critical they are to the achievement of business success, using a five point Likert scale, whereby :

1 = No importance to achieve business success; and
5 = critically important to achieve business success.

As the data was ordinal in nature, the interpolated medians were calculated for the sample, using Survey System, to be able to rank stakeholders in order of importance. The median is the midpoint of the distribution, whereby half of the observations in the distribution fall above and the other half fall below the median (Emory and Cooper, 1991). Below is a summary of the findings :

**Table 6 - Stakeholder Importance to Business Success**

| Stakeholder | Interpolated Median |
|---|---|
| Employees | 4.94 |
| Suppliers | 4.61 |
| Shareholders | 3.69 |
| Media | 3.26 |
| Trade Unions | 3.26 |
| Customers | 4.98 |
| Community | 4.12 |
| Government | 2.92 |
| Political Groups | 2.37 |
| Financial Community | 3.32 |

4.2.1 Rating of Critical Stakeholders by Job Category

The research attempted to identify if there were any significant differences between the ratings of store managers and general managers of the most critical stakeholders to achieve business success. This was achieved using interpolated medians.

Below is a summary of the findings :

**Table 7 - Rating of Critical Stakeholders by Job Category**

| Stakeholder | General Manager | Store Manager |
|---|---|---|
| Employees | 4.95 | 4.94 |
| Suppliers | 4.63 | 4.46 |
| Shareholders | 3.71 | 3.68 |
| Media | 3.25 | 3.26 |
| Trade Union | 3.82 | 3.14 |
| Customers | 5.00 | 4.97 |
| Community | 4.00 | 4.16 |
| Government | 2.33 | 3.08 |
| Political Groups | 2.38 | 2.36 |
| Financial Community | 2.81 | 3.46 |

A Mann Whitney U-Test was used on the Number Cruncher System to test for differences. A Mann-Whitney U-Test is a non-parametric test of significance used to compare samples from two populations. A non-parametric test for significance was chosen as it can be employed without the stringent data and distribution assumptions demanded by T-Tests (Downie, 1974). All the Mann Whitney tests were carried out at the 0.05 significance level.

In each case, the null hypothesis (Ho), that there are no significant differences between general managers and store managers with regards to stakeholders was tested. The results are given in **Table 8** :

**Table 8** - Mann Whitney U-Test by Job Category

| Stakeholder | Test Statistic | Probability | Decision |
|---|---|---|---|
| Employees | - 0.017 | 0.9861 | Accept Ho |
| Suppliers | 0.645 | 0.5190 | Accept Ho |
| Shareholders | - 0.610 | 0.5418 | Accept Ho |
| Media | - 0.545 | 0.5860 | Accept Ho |
| Trade Unions | 2.161 | 0.0307 | Reject Ho |
| Customers | 0.349 | 0.7274 | Accept Ho |
| Community | - 0.588 | 0.5564 | Accept Ho |
| Government | - 2.061 | 0.0393 | Reject Ho |
| Political Groups | 0.392 | 0.6949 | Accept Ho |
| Financial Community | - 2.[illegible]8 | 0.0169 | Reject Ho |

The only significant difference between general managers and store managers was with regards to the importance of trade unions, government and financial community, whereby the general managers rated the importance of trade unions higher than that of store managers. The importance of government and financial community were rated lower by general managers than store managers.

4.2.2 Rating of Critical Stakeholders by Store Location

It was postulated that store location could significantly affect the research results with regards to the critical importance of the stakeholders. This was studied using interpolated medians.

Below is a summary of the findings :

**Table 9 - Rating of Critical Stakeholders by Store Location**

| Stakeholder | Suburban | Country |
|---|---|---|
| Employees | 4.95 | 4.94 |
| Suppliers | 4.54 | 4.38 |
| Shareholders | 3.66 | 4.00 |
| Media | 3.29 | 3.14 |
| Trade Union | 3.27 | 3.21 |
| Customers | 4.98 | 4.97 |
| Community | 4.07 | 4.50 |
| Government | 2.81 | 3.50 |
| Political Groups | 2.34 | 2.50 |
| Financial Community | 3.33 | 3.28 |

Once again, a Mann Whitney U-Test was computed to test for significant differences between suburban and country stores whereby the null hypothesis (Ho) was tested to determine whether there are no significant differences between suburban and country stores with regards to stakeholders. The results are shown in **Table 10** below :

**Table 10 - Mann Whitney U-Test by Store Location**

| Stakeholder | Test Statistic | Probability | Decision |
|---|---|---|---|
| Employees | 0.018 | 0.98 | Accept Ho |
| Suppliers | 0.00 | 1.00 | Accept Ho |
| Shareholders | - 0.897 | 0.36 | Accept Ho |
| Media | 0.187 | 0.85 | Accept Ho |
| Trade Unions | - 0.093 | 0.92 | Accept Ho |
| Customers | 0.107 | 0.91 | Accept Ho |
| Community | - 1.075 | 0.28 | Accept Ho |
| Government | - 2.190 | 0.02 | Reject Ho |
| Political Groups | - 1.017 | 0.30 | Accept Ho |
| Financial Community | - 0.529 | 0.59 | Accept Ho |

The only significant difference was with regard to the government, whereby the country stores voted the importance higher than that of the suburban store.

## 4.3 Ranking of Stakeholders

To summarise, the data was ranked in order to gain a better overall picture of the most significant stakeholders as perceived by the total sample.

Ranking from the most critical stakeholders to the least critical to achieve business success, the following was evident :

**Table 11 - Ranking of Critical Stakeholders According to Medians**

| Stakeholder | Rank | Median |
|---|---|---|
| Customers | 1 | 4.98 |
| Employees | 2 | 4.94 |
| Suppliers | 3 | 4.51 |
| Community | 4 | 4.12 |
| Shareholders | 5 | 3.69 |
| Financial Community | 6 | 3.32 |
| Trade Unions | 7 | 3.26 |
| Media | 7 | 3.26 |
| Government | 9 | 2.92 |
| Political Groups | 10 | 2.37 |

Customers were therefore seen as the most critical stakeholder affecting the achievement of business success, followed by employees with a 0.04 difference. The two lowest were political groups and government.

### 4.3.1 Ranking of Critical Stakeholders by Job Category

The results were thereafter ranked to identify the most critical stakeholders of general managers and store managers respectively. The rankings are displayed in **Table 12 :**

**Table 12 - Ranking of Critical Stakeholders by Job Category**

| Stakeholder | General Manager | Store Manager |
|---|---|---|
| Customers | 1 | 1 |
| Employees | 2 | 2 |
| Suppliers | 3 | 3 |
| Community | 4 | 4 |
| Trade Unions | 5 | 8 |
| Shareholders | 6 | 5 |
| Media | 7 | 7 |
| Financial Community | 8 | 6 |
| Political Groups | 9 | 10 |
| Government | 10 | 9 |

## 4.4 Time Allocation Towards Stakeholders

Question 2 in Section 1 asked participants to quantify out of a total of 50 units the relative time spent attending to various stakeholder concerns. The 50 units was a reflection of the total time spent attending to stakeholder concerns only, and not of other work activities. The purpose of this question was to ascertain whether there was a strategic fit between time spent attending to stakeholder concerns, and the perceived importance of the respective stakeholders.

As the data was ratio, the means per stakeholder were calculated using the Survey System. The mean is the arithmetic average and is the sum of the observed values in the distribution divided by the number of observations (Emory and Cooper, 1991). Below is a summary of the means per stakeholder :

**Table 13 - Mean Time Units Spent per Stakeholder by Job Category**

| Stakeholder | Total | General Manager | Store Manager |
|---|---|---|---|
| Employees | 16.29 | 17.38 | 16.00 |
| Customers | 11.59 | 11.14 | 11.71 |
| Suppliers | 6.67 | 5.14 | 7.08 |
| Trade Unions | 4.27 | 5.67 | 3.90 |
| Media | 2.08 | 3.14 | 1.79 |
| Shareholders | 1.83 | 1.38 | 1.95 |
| Community | 4.53 | 3.67 | 4.76 |
| Government | 0.68 | 0.57 | 0.71 |
| Political Groups | 0.67 | 0.67 | 0.67 |
| Financial Community | 1.4 | 1.24 | 1.45 |

A Mann Whitney U-Test was computed to determine if the differences in time spent attending to stakeholder concerns were of any significance between general managers and store managers. The test was carried out at the 0.05 significance level.

In each case, the null hypothesis (Ho) tested was that there is no significant differences between the time spent by general managers and store managers attending to the different stakeholder concerns. The results are shown in **Table 14 :**

**Table 14 - Mann Whitney U-Test for Significant Differences between General Managers and Store Managers with Regards to Time Spent on Stakeholder Concerns**

| Stakeholder | Test Statistic | Probability | Decision |
|---|---|---|---|
| Employees | 1.394 | 0.3620 | Accept Ho |
| Suppliers | - 0.732 | 0.4641 | Accept Ho |
| Shareholders | - 3.124 | 0.0018 | Reject Ho |
| Media | 2.331 | 0.0197 | Reject Ho |
| Trade Unions | 2.802 | 0.0051 | Reject Ho |
| Customers | - 0.680 | 0.4967 | Accept Ho |
| Community | - 1.930 | 0.0356 | Reject Ho |
| Government | - 6.580 | 0.5106 | Accept Ho |
| Political Groups | - 0.009 | 0.9930 | Accept Ho |
| Financial Community | - 0.144 | 0.8857 | Accept Ho |

The research proved that there is a significant difference on time spent attending to stakeholder concerns between general managers and store managers with regards to Trade Unions, Media, Community and Shareholders, whereby the general managers spend less time with Shareholders and Community than store managers, and more time with the Media and Trade Unions than store managers.

4.4.1 Mean Time Units Spent per Stakeholders by Store Location

Once again it was felt that there could be significant differences between the time spent attending to stakeholder concerns between the suburban and country stores.

The findings are as follows :

**Table 15 - Mean Time Units Spent per Stakeholder by Store Location**

| Stakeholder | Total | Suburban | Country |
|---|---|---|---|
| Employees | 16.29 | 16.78 | 14.11 |
| Customers | 11.59 | 11.59 | 11.56 |
| Suppliers | 6.67 | 6.53 | 7.28 |
| Trade Unions | 4.27 | 4.48 | 3.33 |
| Media | 2.08 | 1.99 | 2.50 |
| Shareholders | 1.83 | 1.60 | 2.83 |
| Community | 4.53 | 4.52 | 4.56 |
| Government | 0.68 | 0.64 | 1.22 |
| Political Groups | 0.67 | 1.37 | 1.56 |
| Financial Community | 1.4 | 0.59 | 1.06 |

A Mann Whitney U-Test was used to test for significant differences. In each case, the null hypothesis (Ho) that there are no significant differences with regards to time spent between suburban and country stores, was tested at the 0.05 significance level. The findings are tabled below in Table 16.

**Table 16 - Mann Whitney U-Test for Significant Differences between Suburban and Country Stores with Regards to Time Spent on Stakeholder Concerns**

| Stakeholder | Test Statistic | Probability | Decision |
|---|---|---|---|
| Employees | 1.848 | 0.6460 | Accept Ho |
| Suppliers | 0.191 | 0.8485 | Accept Ho |
| Shareholders | - 0.991 | 0.3218 | Accept Ho |
| Media | 0.653 | 0.5137 | Accept Ho |
| Trade Unions | - 0.631 | 0.5281 | Accept Ho |
| Customers | - 1.448 | 0.1475 | Accept Ho |
| Community | 0.218 | 0.8277 | Accept Ho |
| Government | - 1.062 | 0.2383 | Accept Ho |
| Political Groups | - 1.861 | 0.0627 | Accept Ho |
| Financial Community | - 0.711 | 0.4772 | Accept Ho |

The research proved that there were no significant differences with regards to time spent attending to the different stakeholder concerns between the suburban and country stores.

### 4.4.2 Rankings According to Time Spent per Stakeholder

The data was thereafter ranked in order to determine those stakeholders with whom managers were spending the most amount of their time with. A summary of the rankings is tabled below :

**Table 17 - Rankings According to Time Spent per Stakeholder**

| Stakeholder | Mean | Rank |
|---|---|---|
| Employees | 16.29 | 1 |
| Customers | 11.59 | 2 |
| Suppliers | 6.67 | 3 |
| Community | 4.53 | 4 |
| Trade Unions | 4.27 | 5 |
| Media | 2.08 | 6 |
| Shareholders | 1.83 | 7 |
| Financial Community | 1.4 | 8 |
| Government | 0.68 | 9 |
| Political Groups | 0.67 | 10 |

### 4.4.3 Correlation of Level of Importance and Time Spent on Stakeholders

Once the medians and means were determined for Question 1 and Question 2 of the questionnaire respectively, the Spearman's correlation test was administered using the Number Cruncher computer package. This was done in order to determine if there was a strategic fit between the importance of the stakeholders and the time spent attending to stakeholder concerns.

The test revealed a 0.887 correlation which indicates a significant correlation at the point 0.01 level of significance. This indicates a highly significant relationship between the perceived importance of the

stakeholders and the time spent by management attending to stakeholder concerns.

## 4.5 Competency Results

### 4.5.1 Perceived Competencies for Managing Five Stakeholders

In Section 2 of the questionnaire, participants were asked to indicate how important they believed the management performance factors listed were for managing various stakeholder relationships by rating the competency on a 5 point Likert scale, whereby :

1 = No importance; and
5 = Critically important.

As previously stated, the management performance factors were those supra competencies identified by Dulewicz (1989) in a study done on managers attending the Henley Management College. Dulewicz (1989) states that these "supra competencies" can be used to assess the entire range of managerial behaviours. The median of the medians is shown in the total column. Once again, the interpolated medians were determined for each respective competency per five stakeholder groupings. They are portrayed as follows :

**Table 18 - Stakeholder Competency Interpolated Medians**

| Competency | Customers | Employees | Suppliers | Unions | Community | Total |
|---|---|---|---|---|---|---|
| Achievement Motivation | 3.74 | 4.79 | 3.06 | 2.68 | 2.83 | 3.06 |
| Adeptability and Resilience | 4.33 | 4.73 | 3.05 | 3.23 | 3.18 | 3.23 |
| Analysis and Judgement | 3.45 | 4.69 | 3.62 | 3.06 | 2.81 | 3.45 |
| Assertiveness and Decisiveness | 3.17 | 4.44 | 3.91 | 3.00 | 2.42 | 3.17 |
| Business Sense | 4.16 | 4.35 | 4.48 | 2.33 | 2.82 | 4.16 |
| Managing Staff | 3.03 | 4.90 | 3.00 | 2.95 | 2.21 | 3.00 |
| Oral Communication | 4.45 | 4.66 | 3.85 | 3.52 | 3.52 | 3.85 |
| Persuasiveness | 3.00 | 4.68 | 3.76 | 4.03 | 2.66 | 3.76 |
| Planning and Organising | 2.85 | 4.86 | 3.54 | 2.75 | 2.18 | 2.85 |
| Strategic Perspective | 3.7 | 4.32 | 3.76 | 3.00 | 3.15 | 3.76 |
| Interpersonal Sensitivity | 4.44 | 4.87 | 3.31 | 3.48 | 3.25 | 3.48 |
| Energy and Initiative | 3.93 | 4.81 | 3.67 | 3.15 | 3.07 | 3.67 |

The average rating of competencies per stakeholder was 3.69 for customer, 4.67 for employees, 3.58 for suppliers, 3.09 for unions and 2.84 for the community. This reflects a significant range in the rating of competencies per stakeholder.

The Kruskal-Wallis Analysis of Variance test was computed on the Number Cruncher system to ascertain whether there were significant differences per competency in managing the 5 different stakeholder relationships. The Kruskal-Wallis Analysis of Variance test is a one way analysis of variance and is appropriate for data which were collected on an ordinal scale or interval data that do not meet F-test assumptions (Emory, 1991). The Kruskal-Wallis test for corrected ties at the 0.05 significance level was used, whereby -

Ho = the rating of competencies is the same for all stakeholders; and

Ha = the rating of competencies is not the same for all stakeholders.

The results are displayed **Table 19 :**

**Table 19 - Kruskal-Wallis Test for Significant Differences on Competencies for Managing Stakeholders**

| Competency | H Statistic | Probability | Decision |
|---|---|---|---|
| Achievement Motivation | 169.15 | 0.00 | Reject Ho |
| Adaptability and Resilience | 133.22 | 0.00 | Reject Ho |
| Analysis and Judgement | 113.75 | 0.00 | Reject Ho |
| Assertiveness and Decisiveness | 108.46 | 0.00 | Reject Ho |
| Business Sense | 151.72 | 0.00 | Reject Ho |
| Managing Staff | 180.93 | 0.00 | Reject Ho |
| Oral Communication | 63.39 | 0.00 | Reject Ho |
| Persuasiveness | 128.13 | 0.00 | Reject Ho |
| Planning and Organising | 197.32 | 0.00 | Reject Ho |
| Strategic Perspective | 40.97 | 0.00 | Reject Ho |
| Interpersonal Sensitivity | 127.17 | 0.00 | Reject Ho |
| Energy and Initiative | 127.91 | 0.00 | Reject Ho |

The findings proved that there are significant differences on the rating of every competency per stakeholder, at the 0.05 significance level.

### 4.5.2 Ranking of Competencies

In order to determine the most critical competencies for managing the specific stakeholder relationships, the competencies were thus ranked in order to gain a more useful picture. Thus, tabled on the following pages are the ranked competencies required for managing the respective stakeholder relationships for the entire management group with 1 being the highest and 12 the lowest :

**Table 20** - **Competencies for Managing Customers**

| Competency | Ranking | Median |
|---|---|---|
| Oral Communication | 1 | 4.45 |
| Interpersonal Sensitivity | 2 | 4.44 |
| Adaptability and Resilience | 3 | 4.33 |
| Business Sense | 4 | 4.16 |
| Energy and Initiative | 5 | 3.93 |
| Strategic Perspective | 6 | 3.76 |
| Achievement Motivation | 7 | 3.74 |
| Analysis and Judgement | 8 | 3.45 |
| Assertiveness and Decisiveness | 9 | 3.17 |
| Managing Staff | 10 | 3.03 |
| Persuasiveness | 11 | 3.00 |
| Planning and Organising | 12 | 2.85 |

**Table 21** - **Competencies for Managing Employees**

| Competency | Ranking | Median |
|---|---|---|
| Managing Staff | 1 | 4.90 |
| Interpersonal Sensitivity | 2 | 4.87 |
| Planning and Organising | 3 | 4.86 |
| Energy and Initiative | 4 | 4.81 |
| Achievement Motivation | 5 | 4.79 |
| Adaptability and Resilience | 6 | 4.73 |
| Analysis and Judgement | 7 | 4.69 |
| Persuasiveness | 8 | 4.68 |
| Oral Communication | 9 | 4.66 |
| Assertiveness and Decisiveness | 10 | 4.44 |
| Business Sense | 11 | 4.35 |
| Strategic Perspective | 12 | 4.32 |

**Table 22 - Critical Competencies for Managing Suppliers**

| Competency | Ranking | Median |
|---|---|---|
| Business Sense | 1 | 4.48 |
| Assertiveness and Decisiveness | 2 | 3.91 |
| Oral Communication | 3 | 3.85 |
| Persuasiveness | 4 | 3.76 |
| Strategic Perspective | 4 | 3.76 |
| Energy and Initiative | 6 | 3.67 |
| Analysis and Judgement | 7 | 3.62 |
| Planning and Organising | 8 | 3.54 |
| Interpersonal Sensitivity | 9 | 3.31 |
| Achievement Motivation | 10 | 3.06 |
| Adaptability and Resilience | 11 | 3.05 |
| Managing Staff | 12 | 3.00 |

**Table 23 - Competencies for Managing Unions**

| Competency | Ranking | Median |
|---|---|---|
| Persuasiveness | 1 | 4.03 |
| Oral Communication | 2 | 3.52 |
| Interpersonal Sensitivity | 3 | 3.48 |
| Adaptability and Resilience | 4 | 3.23 |
| Energy and Initiative | 5 | 3.15 |
| Analysis and Judgement | 6 | 3.06 |
| Assertiveness and Decisiveness | 7 | 3.00 |
| Strategic Perspective | 7 | 3.00 |
| Managing Staff | 9 | 2.95 |
| Planning and Organising | 10 | 2.75 |
| Achievement Motivation | 11 | 2.68 |
| Business Sense | 12 | 2.33 |

**Table 24 - Competencies for Managing the Community**

| Competency | Ranking | Median |
|---|---|---|
| Oral Communication | 1 | 3.52 |
| Interpersonal Sensitivity | 2 | 3.25 |
| Adaptability and Resilience | 3 | 3.18 |
| Strategic Perspective | 4 | 3.15 |
| Energy and Initiative | 5 | 3.07 |
| Achievement Motivation | 6 | 2.83 |
| Business Sense | 7 | 2.82 |
| Analysis and Judgement | 8 | 2.81 |
| Persuasiveness | 9 | 2.66 |
| Assertiveness and Decisiveness | 10 | 2.42 |
| Managing Staff | 11 | 2.21 |
| Planning and Organising | 12 | 2.18 |

4.5.2.1 Competencies per Job Category for Stakeholder Management

In order to ascertain whether there were any differences or similarities required separately of store managers and general managers, in managing stakeholder relationships, the sample was stratified into job categories, and the interpolated medians were computed for each group.

Below is a summary of the findings :

**Table 25** - **Managerial Competencies by Job Category for Customers**

| Competency | Total | General Manager | Store Manager |
|---|---|---|---|
| Achievement Motivation | 3.74 | 3.57 | 3.81 |
| Adaptability and Resilience | 4.33 | 4.25 | 4.36 |
| Analysis and Judgement | 3.45 | 3.58 | 3.42 |
| Assertiveness and Decisiveness | 3.17 | 2.92 | 3.24 |
| Business Sense | 4.16 | 3.43 | 3.50 |
| Managing Staff | 3.03 | 2.69 | 3.14 |
| Oral Communication | 4.45 | 4.29 | 4.50 |
| Persuasiveness | 3.00 | 3.00 | 3.00 |
| Planning and Organising | 2.85 | 2.63 | 2.88 |
| Strategic Perspective | 3.76 | 3.42 | 3.82 |
| Interpersonal Sensitivity | 4.44 | 4.34 | 4.45 |
| Energy and Initiative | 3.93 | 3.81 | 3.98 |

**Table 26** - **Managerial Competencies by Job Category for Employees**

| Competency | Total | General Manager | Store Manager |
|---|---|---|---|
| Achievement Motivation | 4.79 | 4.84 | 4.78 |
| Adaptability and Resilience | 4.73 | 4.69 | 4.74 |
| Analysis and Judgement | 4.69 | 4.80 | 4.66 |
| Assertiveness and Decisiveness | 4.44 | 4.15 | 4.55 |
| Business Sense | 4.35 | 4.25 | 4.42 |
| Managing Staff | 4.90 | 4.95 | 4.89 |
| Oral Communication | 4.66 | 4.29 | 4.50 |
| Persuasiveness | 4.68 | 4.75 | 4.65 |
| Planning and Organising | 4.86 | 4.84 | 4.86 |
| Strategic Perspective | 4.32 | 4.22 | 4.36 |
| Interpersonal Sensitivity | 4.87 | 4.84 | 4.87 |
| Energy and Initiative | 4.81 | 4.88 | 4.79 |

**Table 27 - Managerial Competencies by Job Category for Suppliers**

| Competency | Total | General Manager | Store Manager |
|---|---|---|---|
| Achievement Motivation | 3.06 | 3.05 | 3.07 |
| Adaptability and Resilience | 3.05 | 2.81 | 3.11 |
| Analysis and Judgement | 3.62 | 4.19 | 3.41 |
| Assertiveness and Decisiveness | 3.91 | 4.25 | 3.79 |
| Business Sense | 4.48 | 4.55 | 4.45 |
| Managing Staff | 3.00 | 2.92 | 3.02 |
| Oral Communication | 3.85 | 4.11 | 3.75 |
| Persuasiveness | 3.76 | 4.05 | 3.65 |
| Planning and Organising | 3.54 | 3.56 | 3.53 |
| Strategic Perspective | 3.76 | 4.06 | 3.68 |
| Interpersonal Sensitivity | 3.31 | 3.56 | 3.23 |
| Energy and Initiative | 3.67 | 4.19 | 3.50 |

**Table 28 - Managerial Competencies by Job Category for Unions**

| Competency | Total | General Manager | Store Manager |
|---|---|---|---|
| Achievement Motivation | 2.68 | 2.98 | 2.56 |
| Adaptability and Resilience | 3.23 | 3.60 | 3.14 |
| Analysis and Judgement | 3.06 | 3.29 | 3.00 |
| Assertiveness and Decisiveness | 3.00 | 4.00 | 3.00 |
| Business Sense | 2.33 | 2.78 | 2.18 |
| Managing Staff | 2.95 | 3.14 | 2.90 |
| Oral Communication | 3.52 | 3.69 | 3.45 |
| Persuasiveness | 4.03 | 3.42 | 3.93 |
| Planning and Organising | 2.75 | 3.00 | 2.66 |
| Strategic Perspective | 3.00 | 4.00 | 3.00 |
| Interpersonal Sensitivity | 3.48 | 3.63 | 3.46 |
| Energy and Initiative | 3.15 | 3.45 | 3.02 |

**Table 29** - **Managerial Competencies by Job Category for the Community**

| Competency | Total | General Manager | Store Manager |
|---|---|---|---|
| Achievement Motivation | 2.83 | 2.38 | 2.89 |
| Adaptability and Resilience | 3.18 | 3.60 | 3.14 |
| Analysis and Judgement | 2.81 | 2.58 | 2.85 |
| Assertiveness and Decisiveness | 2.42 | 2.27 | 2.48 |
| Business Sense | 2.82 | 2.25 | 2.98 |
| Managing Staff | 2.21 | 1.94 | 2.29 |
| Oral Communication | 3.62 | 3.69 | 3.45 |
| Persuasiveness | 2.60 | 2.29 | 2.74 |
| Planning and Organising | 2.18 | 2.19 | 2.18 |
| Strategic Perspective | 3.15 | 3.00 | 3.21 |
| Interpersonal Sensitivity | 3.25 | 3.08 | 3.29 |
| Energy and Initiative | 3.07 | 3.14 | 3.05 |

The Kruskal-Wallis test for significant differences was computed using the Number Cruncher statistical system to ascertain whether there were significant differences per competency in managing stakeholder relationships for both job categories. This was calculated using the Kruskal-Wallis test for corrected ties at the 0.05 significance level, whereby -

Ho = the rating of competencies is the same for all stakeholders for General Managers; and

Ha = the rating of competencies is not the same for all stakeholders for General Managers.

**Table 30 - Kruskal-Wallis Test for Significant Differences Between Competencies for Managing Stakeholders by General Manager**

| Competency | H Statistic | Probability | Decision |
|---|---|---|---|
| Achievement Motivation | 41.923 | 0.00 | Reject Ho |
| Adaptability and Resilience | 36.241 | 0.00 | Reject Ho |
| Analysis and Judgement | 38.721 | 0.00 | Reject Ho |
| Assertiveness and Decisiveness | 34.824 | 0.00 | Reject Ho |
| Business Sense | 42.709 | 0.00 | Reject Ho |
| Managing Staff | 42.674 | 0.00 | Reject Ho |
| Oral Communication | 18.500 | 0.00 | Reject Ho |
| Persuasiveness | 53.390 | 0.00 | Reject Ho |
| Planning and Organising | 41.600 | 0.00 | Reject Ho |
| Strategic Perspective | 11.521 | 0.00 | Reject Ho |
| Interpersonal Sensitivity | 28.637 | 0.00 | Reject Ho |
| Energy and Initiative | 31.695 | 0.00 | Reject Ho |

Similarly, the Kruskal-Wallis test was conducted for store managers at the 0.05 significance level with :

Ho = The rating of competencies is the same for all stakeholders for Store Managers.

Ha = The rating of competencies is not the same for all stakeholders for Store Managers.

Table 31 - **Kruskal-Wallis Test for Significant Differences Between Competencies for Managing Stakeholders by Store Manager**

| Competency | H Statistic | Probability | Decision |
|---|---|---|---|
| Achievement Motivation | 129.928 | 0.00 | Reject Ho |
| Adaptability and Resilience | 101.728 | 0.00 | Reject Ho |
| Analysis and Judgement | 82.101 | 0.00 | Reject Ho |
| Assertiveness and Decisiveness | 79.206 | 0.00 | Reject Ho |
| Business Sense | 119.578 | 0.00 | Reject Ho |
| Managing Staff | 139.614 | 0.00 | Reject Ho |
| Oral Communication | 48.068 | 0.00 | Reject Ho |
| Persuasiveness | 83.930 | 0.00 | Reject Ho |
| Planning and Organising | 156.347 | 0.00 | Reject Ho |
| Strategic Perspective | 32.731 | 0.00 | Reject Ho |
| Interpersonal Sensitivity | 100.375 | 0.00 | Reject Ho |
| Energy and Initiative | 102.281 | 0.00 | Reject Ho |

The findings proved that there are significant differences on the rating of every competency per stakeholder according to both job categories at the 0.05 significance level.

4.5.2.2 Competency Ranking by Job Category for Stakeholder Management

Finally, for ease of understanding and interpretation, each competency was ranked according to job category to ascertain whether there were any differences and similarities in competencies required by general managers and store managers in managing stakeholder relationships. The results are tabulated below :

**Table 32 - Competencies Required to Manage Customers by Job Category**

| Competency | General Manager | Store Manager |
|---|---|---|
| Interpersonal Sensitivity | 1 | 1 |
| Oral Communication | 2 | 2 |
| Adaptability and Resilience | 3 | 3 |
| Energy and Initiative | 4 | 4 |
| Analysis and Judgement | 5 | 8 |
| Achievement Motivation | 6 | 6 |
| Business Sense | 7 | 7 |
| Strategic Perspective | 8 | 5 |
| Persuasiveness | 9 | 11 |
| Assertiveness and Decisiveness | 10 | 9 |
| Managing Staff | 11 | 10 |
| Planning and Organising | 12 | 12 |

**Table 33 - Competencies Required to Manage Employees by Job Category**

| Competency | General Manager | Store Manager |
|---|---|---|
| Managing Staff | 1 | 1 |
| Energy and Initiative | 2 | 4 |
| Planning and Organising | 3 | 3 |
| Interpersonal Sensitivity | 3 | 2 |
| Achievement Motivation | 3 | 5 |
| Analysis and Judgement | 6 | 7 |
| Persuasiveness | 7 | 7 |
| Adaptability and Resilience | 8 | 6 |
| Oral Communication | 9 | 10 |
| Business Sense | 10 | 11 |
| Strategic Perspective | 11 | 12 |
| Assertiveness and Decisiveness | 12 | 9 |

**Table 34 - Competencies Required to Manage Suppliers by Job Category**

| Competency | General Manager | Store Manager |
|---|---|---|
| Business Sense | 1 | 1 |
| Assertiveness and Decisiveness | 2 | 2 |
| Energy and Initiative | 3 | 7 |
| Analysis and Judgement | 3 | 8 |
| Oral Communication | 5 | 3 |
| Strategic Perspective | 6 | 4 |
| Persuasiveness | 7 | 5 |
| Interpersonal Sensitivity | 8 | 9 |
| Planning and Organising | 8 | 6 |
| Achievement Motivation | 10 | 11 |
| Managing Staff | 11 | 12 |
| Adaptability and Resilience | 12 | 10 |

**Table 35 - Competencies Required to Manage Unions by Job Category**

| Competency | General Manager | Store Manager |
|---|---|---|
| Assertiveness and Decisiveness | 1 | 6 |
| Strategic Perspective | 1 | 6 |
| Oral Communication | 3 | 3 |
| Interpersonal Sensitivity | 4 | 2 |
| Adaptability and Resilience | 5 | 4 |
| Energy and Initiative | 6 | 5 |
| Persuasiveness | 7 | 1 |
| Analysis and Judgement | 8 | 6 |
| Managing Staff | 9 | 9 |
| Planning and Organising | 10 | 10 |
| Achievement Motivation | 11 | 11 |
| Business Sense | 12 | 12 |

**Table 36 - Competencies Required to Manage the Community by Job Category**

| Competency | General Manager | Store Manager |
|---|---|---|
| Oral Communication | 1 | 1 |
| Adaptability and Resilience | 2 | 4 |
| Energy and Initiative | 3 | 5 |
| Interpersonal Sensitivity | 4 | 2 |
| Strategic Perspective | 5 | 3 |
| Analysis and Judgement | 6 | 8 |
| Achievement Motivation | 7 | 7 |
| Persuasiveness | 8 | 9 |
| Assertiveness and Decisiveness | 9 | 10 |
| Business Sense | 10 | 6 |
| Planning and Organising | 11 | 12 |
| Managing Staff | 12 | 11 |

## 4.6 Analysis of Open Ended Questions

In Section 3 of the questionnaire, participants were asked five open ended questions to give them an opportunity to articulate their concerns with regards to present stakeholders, as well as their most critical stakeholders in the next five to ten years. They were also asked to state what training and development requirements they felt the company should provide them with in order to cope more effectively with the stakeholders they currently had the most difficulty managing. In addition, they were asked what training and development they felt they required to manage their future stakeholder relationships in the next five to ten years. Answers to the open ended questions were analyzed qualitatively via frequency analysis where appropriate and are presented in summary below :

4.6.1 Most Difficult Stakeholder Relationship

In Question 1, participants were asked which stakeholder relationships they currently had the most difficulty managing.

**Table 37 - Frequency of Most Difficult Stakeholder Relationship**

| | |
|---|---|
| Employees | 29 |
| Union | 17 |
| Customers | 10 |
| Government | 7 |
| Political Groups | 6 |
| Community | 5 |
| Suppliers | 5 |
| Weekly Paid Employees | 3 |
| Management Employees | 1 |
| None | 5 |
| Not Applicable | 11 |
| **Total Response** | 99 |

4.6.2 Reasons for Difficulties in Managing Stakeholder Relationships

In Question 2, participants were asked to state the reasons why they had difficulty managing specific stakeholder relationships. Answers are summarised as follows :

4.6.2.1 Employees

The majority of respondents stated that the main reason for having difficulty managing employees was due to the turbulence and uncertainty in the socio-political environment. They felt that as a result of the political uncertainty, violence in the township, employees distrusted management. In addition, as people were unhappy at home, they were unhappy at work and hence too much time was spent solving the personal problems of staff at work. They also stated that staff were highly unionised and aggressive due to the political situation in the country.

Some respondents were of the opinion that staff needed to be educated on the basic needs required to run a successful business, as they do not realise the effects of their actions on the end result.

Respondents also stated that staff had very high expectations of the business, for better working conditions, yet staff were inflexible, unproductive and not producing sufficient for the money they get paid.

4.6.2.2 Unions

Once again respondents stated that due to the socio-political situation in South Africa, managing unionised staff is very difficult. They felt that unions (shop stewards) were inconsistent and unpredictable with their bargaining position. In addition, they felt that dealing with trade unions was very time consuming and led to the dropping off of other priorities. Respondents felt that the union had insincere dealings with management and that they had a conflicting approach to business issues.

4.6.2.3 Customers

Respondents felt that customers expected far too much from business to a point of being unreasonable. It was also stated that due to the changing South Africa, customers were beginning to have a poor perception of the company's image, as a result of inflation and pricing of products.

In addition, maintaining a level of service and consistent standards was difficult due to flexibility issues (that is the unwillingness of staff to do other jobs than for what they were initially recruited to do in times of fast and slow trading), stay

aways, strikes and staff complaints. Customers were unsympathetic to these factors which affected the level of service and out of stock situations. As one respondent stated - "being in a store that is serving A and B income groups, the demand on our services are of European and American standards and although this is good, it has its problems insofar that our workforce has not yet developed to these first world standards".

4.6.2.4 Government

It was stated that by the government setting unrealistic rules and regulations it hindered the running of the business. The government's standpoint on a perspective issue affected the customers and staff in a particular area from whichever population group they belonged, for example, stay aways and mass action as a result of Value Added Taxation.

4.6.2.5 Political Groups

Respondents felt that due to the complexity of the country, different ideologies amongst the various political groupings, directly affected staff in the work place. Furthermore, it was stated that political groups intimidate and influence potential customers either positively or negatively through their struggle for power, and this had a direct influence on the business, in terms of customer-staff relationships. It was further stated that the changes in South Africa were not coming together to build a new South Africa for all races. It was felt that due to political ideologies, the union was preparing and pressurising staff into political thinking and hatred for a "white" company and regime. This was being reciprocated by customers and led to "politics" in store.

4.6.2.6 Suppliers

Of the respondents who stated that suppliers were difficult to manage, the main reasons were as a result of the industrial relations problems experienced by suppliers which led to inefficiencies and unavailability of stock. Also, during peak season, certain suppliers were on vacation and in certain instances stock thus became unavailable. Another concern was that suppliers had become incredibly powerful, and very big, and as such they became inflexible in terms of supplying the retailer with product when required.

4.6.2.7 Community

Respondents felt that they were not "in touch" with the community as they would have liked to have been. This they felt was due to the political situation, in that access was difficult to the community.

4.6.3 Training and Development

In Question 3, participants were asked what training and development they thought the company should provide to help management manage their current stakeholder relationships. The following training and development needs were expressed :

**Table 38 - Frequencies of Requests for Current Training and Development**

| Competency | Frequency |
|---|---|
| Interpersonal Communication | 10 |
| Management Development | 10 |
| Business Sense | 9 |
| Strategic Perspective | 8 |
| Analysis and Judgement | 2 |
| Adaptability and Resilience | 2 |
| Adaptability and Judgement | 2 |
| Other | |
| Education of Staff | 10 |
| Industrial Relations | 5 |
| Relationship Building | 2 |
| Process of Managing Change | 2 |
| Negotiation Skills | 2 |
| Literacy in a Black Language | 2 |

With regards to interpersonal communication, the participants requested training in, listening and human relations skills. They also suggested the facilitation of a cultural exchange programme between management and staff so that management have a greater awareness of staff problems.

Included in management development were requests for management skills, time management, on-the-job training, continuance of the in-house executive development programme and assisting management and staff develop trust.

Specific training for staff with regards to business skills included education on the distribution of profits tax, future company developments, shares, merit of a free enterprise system, the importance of a Western work ethic and the relationship between a productive work ethic and standard of living. Finance and accounting skills were also requested.

Participants requested broader understanding of where the company is heading for and greater communication with staff on company developments in order to inspire loyalty and a filtering through of the company philosophy and culture to all levels of staff. It was also suggested that management be exposed to seminars on strategic changes and developments in South Africa.

4.6.4 Potential Stakeholders

In Question 4, participants were asked who they perceive their potential stakeholders to be within the next 5 - 10 years in order of importance.

The purpose of this question was designed to determine whether managers perceived that there would be a change in the stakeholders they currently had the most difficulty managing and to determine whether respondents had given their future potential stakeholders some thought. The frequency of response is tabulated below and reflects the first and second choices of potential future stakeholder as perceived by management :

**Table 39 - Potential Stakeholders in the Next 5 - 10 Years**

| First | Stakeholder | Second | Stakeholder |
|---|---|---|---|
| Customers | 42 | Employees | 42 |
| Employees | 33 | Customers | 20 |
| Shareholders | 7 | Suppliers | 6 |
| Government | 5 | Shareholders | 5 |
| Community | 2 | Community | 3 |
| People | 2 | Political Groups | |
| Financial | | Trade Unions | 2 |
| Community | 1 | International | 2 |
| Not Sure | 1 | Community | |
| Unanswered | 6 | Government | 1 |
| | | None | 1 |
| Total | 99 | Unanswered | 1 |
| | | | 16 |
| | | Total | 99 |

4.6.5 Future Management Training and Development

In Question 5, participants were finally asked what training and development they thought they will need to prepare them for their future stakeholder relationships. Once again, they were asked to make reference to the competencies in the questionnaire if they so required.

The following were expressed as training and development needs to assist managers to manage future stakeholder relationships :

**Table 40 - Frequencies of Requests for Future Management Training**

| Competency | Frequency |
|---|---|
| Business Sense | 18 |
| Strategic Perspective | 13 |
| Interpersonal Sensitivity | 11 |
| Management Skills | 8 |
| Adaptability and Resilience | 6 |
| Achievement Motivation | 2 |
| Oral and Written Communication | 2 |
| Energy and Initiative | 1 |
| Persuasiveness | 1 |
| Other | |
| Education of Staff | 6 |
| Literacy in a Black Language | 3 |
| Leadership Skills | 1 |
| Negotiation Skills | 1 |

Specifically, respondents requested training in business skills in advanced marketing and market segmentation, market trends in retailing, customer care, service and excellence, as well as the importance of the customer and the community.

Participants expressed a need for knowledge on business strategy in particular with regards to changes in South Africa, evaluations on achievements in a changing South Africa and the strategic direction of the company. In addition, they requested ongoing updates on the political situation in South Africa, with specific reference to parliamentary procedures and knowledge of different political groupings and ideologies.

Once again, participants requested a need for a cultural exchange programme between management and staff to facilitate better management staff relations. Participative management was also requested.

Finally, participants felt that there was a need to provide non-management staff with ongoing training and education in business skills and principles in order to facilitate an appreciation of the free enterprise system and in the process, highlight the role of staff in contributing towards a successful company and a higher standard of living.

## 4.7 Conclusion

In conclusion, this Chapter presented a summary of the research findings and statistical analyses. In Chapter 5 the research results will be discussed and interpreted with reference to the Literature Review in Chapter 2.

# CHAPTER 5

# DISCUSSION AND INTERPRETATION OF RESULTS

## 5.0 Introduction

In Chapter 5 the research results presented in Chapter 4 will be analysed with their relevance to the reviewed literature in Chapter 2. The research questions posed at the end of Chapter 3 are explored and discussed in greater detail.

## 5.1 Critical Stakeholders in the Retail Environment

Research Question 1 aimed to identify the most critical stakeholders existing in the retail environment for store managers and general managers. The purpose of this question was to assist management to understand and manage the complexity in the internal and external environment, as discussed by Strauss (1990) and thus anticipate stakeholder expectations timeously. Freeman (1984) states that as a result of environmental shifts that have occurred business needs a set of concepts which can turn external change into internal change, thereby reducing uncertainty and discomfort. He thus suggests that business needs to redraw the picture of the firm and take into account all those groups that can affect or are affected by the organisation's purpose. Furthermore, Tombari (1984) states that when organising around stakeholder concerns, the corporate unit concentrates on the expectations of these groups, and focuses on developing specialised skills to deal with them and thereby enhance the organisational effectiveness.

The stakeholder approach also supports the systems approach whereby Kast (1990) states that all organisations are dependent on their survival on exchanges with the environment. As stated by Koehler (1938) in Emery (1969) the value of a systems approach is that the primary task of management is to manage the boundary conditions of the enterprise, and it can only be managed by managing the co-variation of internal and external processes. Customers, employees, suppliers and the community were rated by the entire sample above 4.00 (see **Table 6**) that is critical to the achievement of business success. The most critical stakeholders existing in the retail environment were found to be the same for store managers and general managers (see **Table 12**). In terms of a systems approach customers are representative of the output of the organisation, employees handle the throughput, suppliers provide input in terms of product and services and the community is part of the external wider environment of society at large. The results show that both internal as well as external stakeholders are critical to the achievement of business success. Bordow and Stephenson (1984) state that the new emphasis on externalities is likely to change the role of top management as he attempts to maintain an equilibrium in the internal and external environment.

As a group, the only significant differences perceived by general managers and store managers for stakeholders were with regards to the importance of trade unions, government and the financial community, whereby the general managers rated the importance of trade unions higher than store managers and the importance of government and the financial community lower.

Customers were rated as the most critical stakeholder for business success at 4.98 (see **Table 6**). This is supportive of Tromp (1990) who stated that at the conference of the European Foundation for Management Development, it appeared that the main task of any manager still remained the satisfaction of the customer by providing quality in terms of products and services. The researched company's philosophy is consumer sovereignty and it thus indicates that that value is firmly entrenched within the company.

Employees were rated as the second most critical stakeholder affecting the achievement of business success (see **Table 6**). This supports the four basic trends of change as stated by Tombari (1984) who lists the increasing demand by employees for participation in management as one of them. Jones and Woodcock (1988) state that in recent years managers have had to face new and more intense problems in directing the work of their subordinates. Furthermore they say new laws have been passed governing how one hires and fires people, and people no longer seem committed to working fairly for a fair wage.

Suppliers were rated as the third most important stakeholder critical to the achievement of business success (see **Table 6**). The perceived importance of suppliers by management supports the view of the business organisation as an economic institution that is involved in the production of goods and services to meet consumer needs (Buchholz, 1986; Tombari, 1984). Without the production of goods and services, the firm cannot fulfil its economic responsibility towards society. Tombari (1984) further states that in a democratic society, greater participation will probably be demanded by corporate constituents including suppliers, for a greater say in the affairs of business, hence the high rating of suppliers. The researched company, due to the nature of its business is highly dependent on suppliers to provide them with goods and services, in order to enable it to fulfil its economic obligations to society.

The community was rated as the fourth most critical stakeholder affecting the achievement of business success (see **Table 6**). This particular finding was particularly encouraging as many business leaders as stated in Buchholz (1986, p. 10) point out that if business for profits sake ignores the impact of its actions on society it is not likely to make profit very long. It is also suggestive that management is aware that the legitimacy of business is dependent on the acceptance of society at large (Tombari, 1984). Freeman (1984) states that communities expect corporate citizens to enhance and not damage the quality of life.

General managers voted trade unions as fifth most important to the achievement of business success, whereas store managers rated them eighth (see **Table 12**). This finding was a surprise to the researcher and could perhaps be attributed to the fact that general managers interact with trade unions more at a strategic level during wage negotiations, arbitrations, etc than store managers whose involvement with trade unions is on a daily basis, that is operational level with shop stewards.

It is interesting to note, the relative unimportance to the research sample of government (rated ninth out of ten) as opposed to fifth out of six stakeholders in Europe as stated by Kenny (1984). General managers also perceived the government and financial groups to be of less importance to the achievement of business success than store managers. No apparent reason could be found for this finding. Tombari (1984) states that top managers of corporations spend a major portion of their time dealing with environmental problems which include addressing the social concerns of society, communicating with legislators and government executives, concerning new proposed laws and regulations and meeting with various self interest groups. The relative low importance given to government and political groups by store managers and general managers could be attributed to the fact that they are most likely to be handled at a more strategic level within the researched company by the Chief Executive Officer, Managing Director and Board of Directors.

Store location, that is whether it is located in an urban or country area, was seen by the researcher to be of significance in the rating of stakeholders, particularly that country stores are situated closer to individual communities, and would thus be more dependent on the patronage of the community than suburban stores. The only significant difference was that of the government, who was perceived by the country stores to be of greater importance than suburban stores (see **Tables 9** and **10**).

Hence, with reference to Research Question 1, it can be concluded that the most critical stakeholders affecting the achievement of business success is the same for store managers and general managers (see **Table 8**). Trade unions are seen to be of more importance to general managers than store managers and the government and financial community of less importance.

## 5.2 Time Allocation According to Stakeholder Concerns

Research Question 2 attempted to determine if there were significant differences in the time spent attending to stakeholder concerns for store managers and general managers.

Freeman (1984) explains that the turbulence business managers have experienced in recent years can be understood as coming from both internal and external change. Freeman thus groups customers, employees and suppliers as internal change (see **Figure 2**). Internal change occurs within the "current filing" system and happens according to well understood rules, furthermore it is what we are used to dealing with on a daily basis and does not challenge our conceptual map of the world. According to Freeman (1984), external change is the emergence of new groups, events and issues which cannot be readily understood within the framework of an existing model. Many of these changes have been around for some time yet we have been slow to incorporate them into our framework for managing the firm. He further argues that events and pressure groups with which we should be familiar become crises because management have not incorporated the idea of their existence into their day to day routine.

As a group, the majority of management time was spent attending to the concerns of the employees and thereafter customers. Over 55.76% of management time attending to stakeholder concerns was spent attending to these two groups. Management allocate the remainder of their time, 44.24% to the other stakeholders of which the following are of relative significance : suppliers, 13.34%; trade unions, 8.54% and 9.06% with the community.

Management thus spend 69.1% of their time attending to stakeholders indicative of internal change and 30.1% of their time attending to stakeholders indicative of external change as described by Freeman (1984).

It could be argued that the turbulence in the socio-political environment has manifested itself to date primarily through actions and expectations of well understood stakeholders such as employees, customers and suppliers. The emergence of new groups and pressure groups may not have evolved to a state of significant power as in Europe or the United States of America e.g. environmentalists, and therefore are not perceived by management to be able to affect the achievement of business success.

Manning (1988) argues that the demands of various stakeholders are usually in conflict and are seldom in alignment with management goals. Furthermore, each has a different perception of reality, a different agenda, different ways of makings its presence felt and different power to play with. Hussey and Langham (1979) state that stakeholders have certain expectations and perceptions of the firm and also their own requirements as individuals. It is partly from the behaviours of the stakeholders that the management of the firm draws its own perception and in turn causes the organisation to behave in a specific way. Hussey and Langham (1979) further state, that it is the responsibility of the management of the firm to decide which objectives it will meet and which it will not. As such, management have therefore aligned their time with those stakeholders they perceive to be of greatest importance to business success and are more forthcoming in verbalising or demonstrating their expectations of management than the other stakeholders.

The research found that general managers spend more time with the media and trade unions and less time with shareholders and the community than store managers. It can be surmised that the reason general managers spend more time dealing with the media is as a result of their job responsibility In addition, the researched company is highly involved in corporate social

responsibility issues with the community, and in certain instances this may draw attention from the media, resulting in more time spent with the media than store managers.

As previously stated, it could be surmised that the reason why general managers spend more time with trade unions than store managers, is that they are involved with trade unions during negotiations, and in addition represent the company when grievances unable to be solved at lower management, need to be handled at a more senior level. Bower (1988) thus argues that we must understand what aspects of top management work change and what new roles are defined once one accepts and organises to deal with activities that are both internal and external to the firm. Management as such need to take cognizance of the fact that as a result of turbulence in the socio-political environment, their role has changed from "pure" retailing to a role which incorporates the maintenance of internal and external relations of the firm in order to ensure its competitive advantage and survival.

No apparent or direct reason could be found why store managers spend more time with shareholders than general managers. The reason why store managers spend more time with the community than general managers could be as a result of the job responsibilities between store and general managers. Hence, it can be concluded that there is a significant difference in the time spent between general managers and store managers attending to stakeholder concerns, as previously discussed and could be as a result of their different job responsibilities.

## 5.3 Evidence of a Strategic Fit Between the Most Critical Stakeholder and Time Spent

The third Research Question attempted to determine if there was a strategic fit between the relative importance of the various stakeholders for the

achievement of business success and the time spent attending to stakeholder concerns.

A Spearman's correlation test was done to ascertain if there was a correlation. The test revealed a significant correlation and thus suggests that management have a sound understanding of the relative importance of stakeholders and it could be argued that they are apportioning their time appropriately. The move today is from stakeholder influence towards stakeholder participation and co-operation (Tombari, 1984). According to Sturdivant (1979) the most efficient and effective strategies for managing stakeholder relations involves efforts which simultaneously deal with issues affecting multiple stakeholders. Stakeholder management is thus more akin to the development of marketing strategy, that is know your market, know yourself and devise the appropriate strategy (Sturdivant, 1979).

Hence, the high correlation suggests that there is a strategic fit between time spent and demands placed on management by the internal and external environment. It once again indicates that the role of management has changed from being a "pure" retailer and that management are aware of the fact that in order to satisfy the demands and needs of customers, they equally need to spend time with employees and other significant stakeholders attending to their needs and demands in order to ensure the smooth running of the business. To do that effectively they would need to have specific skills and competencies which will be discussed in the next section.

## 5.4 Competencies for Managing Stakeholder Relations

Five stakeholders were perceived by the researcher as being the most critical stakeholders affecting the achievement of business success, namely customers, suppliers, employees, trade unions and the community. They were thus deemed the appropriate stakeholders for which to identify the managerial competencies for managing them effectively. The results of Question 1 of the research questionnaire clearly supported the researcher's choice.

Furthermore, of the five stakeholders used in Section 2 of the research questionnaire, 86.7% of management's time is spent attending to the concerns of the five stakeholders selected in the questionnaire.

In Research Question 4, the researcher attempted to determine the most critical competencies required for managing stakeholder relationships for the store managers and general managers. The purpose of this question was to ascertain the exact competencies managers of the 1990's required specifically relevant to South African conditions as highlighted as a vital research need by Bluen and Burns (1990).

As previously stated, this was achieved using the supra competencies as identified by Dulewicz (1989). Each competency was rated on a 5 point Likert scale. The competencies were not grouped according to the four categories, as presented originally by Dulewicz (1989), but were randomly presented in the questionnaire (see also **Appendix 2**). The researcher thought that the research would identify specific competencies required by management for managing stakeholder relationships according to the groupings as presented by Dulewicz (1989), however, this was not apparent, rather management required an array of competencies to manage the various stakeholder relationships from a variety of categories. The major findings was that the rating of competencies is not the same for all stakeholders and that there were significant differences for every

competency at the 0.05 significance level across the five stakeholder groups (see **Table 18**).

Of the skills that Buchholz (1986) states as being important in relating to the external environment he suggests a broadened awareness of influences in the external environment that affect the corporation and management decision making, the ability to integrate traditional business concerns with influences from the external environment into a comprehensive decision making framework, political skills, communication skills and intellectual skills.

The managerial competencies required for managing the various stakeholder relationships effectively will be discussed in the next section. Reference to the reasons why management experience difficulty in managing the stakeholders will be briefly highlighted. The average ratings and range of competencies required for managing stakeholders will be discussed with reference to the five point Likert scale on the questionnaire (see **Appendix 2**).

5.4.1 Competencies for Managing Customers

Customers were seen as being the most critical stakeholder affecting the achievement of business success. It was, however, perceived to be the third most difficult stakeholder for management to manage (see **Table 37**). Nel and Nel (1990) state that consumerism has become a very powerful force dictating the trends of society. Furthermore, Hill (1992) states that customers supply the firm with revenues and in exchange expect value for money. According to Freeman (1984) customers have many more choices today. They are thus able to purchase goods and services if their demands and needs are not met.

Within the researched company, respondents felt that customers expected far too much from business to the point of being unreasonable, which probably leads to an enormous inner conflict

when attempting to resolve problems, bearing in mind that the researched company's philosophy is consumer sovereignty. Management perceived the need to be adaptable and resilient in the face of adversity and unfairness as being important. They also need to be able to retain their composure and not become irritable or anxious under pressure.

As the interaction with customers is usually one on one, participants rated oral communication and interpersonal sensitivity very highly. Traits such as energy and initiative were also seen as being important when interacting with customers, as well as generalised or specialised knowledge of an occupation in the form of business sense. The average rating of the competencies per stakeholders was 3.69 that is, important (see **Table 18**). The competencies for managing customers spanned from 2.85 (of little importance) to 4.45 (very important) (see **Table 20**).

Taking the top five competencies in order of importance, the following were perceived by management to be important in managing stakeholder relationships :

1. Oral Communication
2. Interpersonal Sensitivity
3. Adaptability and Resilience
4. Business Sense
5. Energy and Initiative

Analysing the competencies according to job categories (see **Table 32**), store managers rated strategic perspective as the fifth most important competency for managing stakeholder relationships and general managers rated it eighth and vice versa. This difference could be attributed to the fact that when problems or issues reach general manager level, they will need to make decisions based on logical

assumptions that reflect factual information. In the process, they would also have to seek all relevant information and identify causes before making decisions. The need for the competency of analysis and judgement as rated by general managers reflects a more specific problem to be dealt with as opposed to a strategic perspective which is more general.

In addition, persuasiveness was also rated more highly by general managers than store managers, indicative of the "last resort" role that the general managers plays when dealing effectively with customers. O'Neal (1985) states that strategic planning skills are important for effectively meeting long term customer needs, and are skills that managers lack.

5.4.2 Competencies for Managing Employees

Employees were rated as the second most important stakeholder affecting the achievements of business success. They were however the group which management had the most difficulty in managing. Hill (1992) states that employees expect a fair income and adequate working conditions for providing the firm with time, skills and human capital commitments. This is another dynamic that management have to contend with. It appears that from the open ended questions the reason why management experience difficulty in managing employees is due to the turbulence in the socio-political environment which manifests itself in numerous forms on the shop floor. One of which is the time spent solving the personal problems of staff at work.

It appears that the major competencies for managing employees are intellectual, interpersonal and results orientation. The ratings thus suggest that management need to manage their staff effectively by adopting an appropriate interpersonal style for achieving work objectives. In addition, they need skills to inspire and provide staff with

a vision, as well as develop the competencies and skills of staff. In order to achieve this, they require good planning and organising skills, and need to have a lot of energy and initiative. If they do not have a high need for achievement, they could get bogged down by the concerns of staff and not see tasks through to completion.

The average rating of each competency was 4.67 (see **Table 18**) which is significantly higher than the average rating of competencies required of the other stakeholder relations. In addition, the range of competencies is also very narrow and does not reflect wide fluctuations. The five top ratings in order of importance were seen as being the following :

1. Managing Staff
2. Interpersonal Sensitivity
3. Planning and Organising
4. Energy and Initiative
5. Achievement Motivation

Both general managers as well as store managers perceived the above five competencies as being of similar importance in managing stakeholder relationships, with a negligible difference between the two ratings (see **Tables 26** and **33**). However, store managers perceived adaptability and resilience and, assertiveness and decisiveness, as being more important than the general managers perceived them to be. This could be attributed to the fact that they are more readily available for staff being on the shop floor if a problem or a request arises, whereas general managers may be logistically further away. Interpersonal sensitivity and managing staff are rated very highly with scores of 4.87 and 4.90 respectively. O'Neal (1985) states that conflict management becomes increasingly important with more integration of groups and individuals with different demands, needs, goals and interests. Interesting to note is the extremely low importance

of business sense and strategic perspective given that the reason why management experience difficulty in managing stakeholder relationships is largely due to the turbulence in the socio-political environment. O'Neal (1985) states that if a manager is to be effective, he or she must have a vision of the organisation as a political/social/ technical system.

5.4.3 Competencies for Managing Suppliers

Suppliers were rated as being the third most critical stakeholder affecting the achievement of business success and tied with the community as being the sixth stakeholder that management had the most difficulty managing. Hill (1992) states that suppliers provide the firm with inputs and seek fair prices and dependable buyers in exchange. Business sense was seen as the most important competency required for managing suppliers that is the ability to identify opportunities which will increase sales or profits, as well as the ability to select and exploit those activities which will result in the largest returns (Dulewicz, 1989).

In addition, management perceive the need to be assertive and decisive as well as having persuasive skills as necessary to manage the stakeholder relationship effectively. Dulewicz (1989) defines these competencies as being ascendant, forceful in dealing with others, willing to take risks and seek new experiences. Furthermore, management should be able to influence and persuade others to give their agreement and commitment. Personal influence and the ability to communicate proposals to reach compromise on an agreement are also competencies required to management stakeholder relationships with suppliers.

The competencies required for managing suppliers clearly point to a need for management to be in control of the relationship, and to

achieve the maximum opportunities and advantages from the relationship. The average rating of the competencies for the entire group was 3.58 (see **Table 18**). The following five competencies were seen as important for managing stakeholder relationships with suppliers :

1. Business Sense
2. Assertiveness and Decisiveness
3. Oral Communication
4. Persuasiveness
5. Strategic Perspective

The major discrepancies in the ratings was with regards to energy and initiative, and analysis and judgement whereby general managers perceived those competencies as being of greater importance than store managers who rated them seventh and eighth respectively, whereas general managers rated them third (see **Table 34**).

Strategic perspective and oral communication was rated more highly by store managers than general managers. It could once again be attributed to the different job responsibilities of store managers and general managers. It is assumed that general managers, by virtue of their position have a far greater strategic perspective of the situation than store managers. Store managers on the other hand are often in daily contact with suppliers and as such need to be able to communicate more effectively with suppliers than general managers, who have other members of management fulfilling this function.

### 5.4.4 Competencies for Managing Unions

Unions were perceived by the total management group as being the seventh most important stakeholder critical to the achievement of business success. General managers rated them fifth and store

managers eighth (see **Table 12**). They were however perceived by management as being the second most difficult stakeholder to manage. Hence, even though they were perceived as a difficult stakeholder to manage, they were not seen as being critical to the achievement of business success.

Manning (1988) states that in the past, management in the South African society dealt with subservient, and sometimes benevolent stakeholders. Tombari (1984) states that individuals are demanding more from their jobs as well as from all that serve them. Furthermore, people are forming groups to protect their rights. In South Africa, the effects and power of trade unions has been felt by all sectors in society and their power has been demonstrated frequently via mass action, stay aways, strikes and consumer boycotts.

The average rating of competencies for the total group was 3.09 and the scores spanned from 2.33 to 4.03. Hence, the competencies were perceived as being important to the achievement of business success (see **Table 23**).

The five most important competencies for managing unions as perceived by the total sample were :

1. Persuasiveness
2. Oral Communication
3. Interpersonal Sensitivity
4. Adaptability and Resilience
5. Energy and Initiative

When analysing the competencies according to job category, there were vast discrepancies in the competencies required to manage unions between the store and general managers.

The ability to be persuasive was rated by general managers as being the most important competency required to manage the relationship with unions whereas it was rated sixth by store managers (see **Table 35**). General managers perceived assertiveness and decisiveness as being the most critical competency required to manage unions. There is a subtle difference between the two competencies, whereby store managers seek to use their personal influence to communicate proposals and reach bases for agreement and compromise. General managers on the other hand appear to have a greater need to be in control of the situation. The difference could be attributed once again to the different job responsibilities and level of influence and power between store managers and general managers. Store managers also rated interpersonal sensitivity more importantly than general managers.

Therefore, it may be argued that the style that store managers perceive as being important in managing the union is a far softer, accommodating one. It is therefore suggestive that due to the frequency of interaction with trade unions and that they probably have a far closer relationship with shop stewards than general managers, they have adopted a style of management appropriate to their circumstances.

General managers perceived assertiveness and decisiveness and strategic perspective as being the most important competencies required for managing unions, as compared to store managers who rated them as being sixth in order of importance. This rating could once again be attributed to the fact that general managers deal more with trade unions at a strategic level. Of interest is the low rating of business sense, which was rated as the least important by both general managers and store managers. It could be surmised that business sense is not an important competency to have when dealing with unions, rather the competencies that requ' . are for one on one communication.

### 5.4.5 Competencies for Managing the Community

The community was rated as being the fourth most important stakeholder affecting the achievement of business success. They were ranked by management as being the sixth most difficult stakeholder to manage. It was felt that management were not as "in touch" with the community as they would have liked to have been.

The modern notion of legitimacy of the corporation has been taken to a higher order of complexity as stated by Tombari (1984). The legitimacy of the corporation seems to rest on how the corporation responds to the broad expectations and needs of society, and the debate has moved to a political plane. Furthermore, business persons are in a special position in that they will be listened to more carefully and government will watch more closely what they do (Coleman, 1988).

The average score of the competencies for the entire management sample was 2.84 with a range spanning from 2.18 to 3.52 (see **Table 18**). In comparison to the average rating of competencies for the other stakeholders, the score is significantly lower. As this could be a relatively new stakeholder affecting the achievement of business success, specific competencies may not have evolved to a significant degree as previously discussed. More relevant competencies may still need to be determined to specifically assist management acquire the necessary competencies for managing the community.

The first five competencies perceived by the total sample as being important for managing the community are :

1. Oral Communication
2. Interpersonal Sensitivity
3. Adaptability and Resilience

4. Strategic Perspective
5. Energy and Initiative

There were no major differences in the selection of competencies for managing the community between general managers and store managers. It is interesting to note the low rating of business sense by both general managers and store managers, who rated them tenth and sixth out of twelve competencies, given that the researched company has been highly involved in corporate social responsibility from its inception. It could be argued that it makes "good business sense" to be involved in corporate social investment, as the organisation has invested in its strategic future. Hence, the low rating of business sense is surprising. Thus, involvement and investment in communities should continue to ensure the survival of the organisation.

In summary, Research Question 5 attempted to determine if there were differences in the competencies required to manage different stakeholders for store managers and general managers. As previously stated, the research proved that there were significant differences required by both general managers and store managers in managing stakeholder relationships (see **Tables 30** and **31**).

### 5.4.6 Concluding Discussion on Competencies

For organisations to remain competitive in the environment, and assist them achieve a competitive advantage, it is important to select the right people, for the right jobs at the right time. This is supported by Klemp and McClelland (1986) who state that not only should organisations be able to identify what the attributes of successful executive leaders and managers are, but they need to select people accurately on the basis of these attributes or help persons acquire those attributes that they do not possess to the needed degree (Klemp and McClelland, 1986).

Hall (1979) states that as environmental demands change, people adapt themselves to meet the new demands and become adaptively fit, as the more effectively we adapt, the longer we survive. He further states that the competent individual is one who is equipped with adaptive skills and individual competence. Competent individuals comprise the vast majority of the human race. The task of management is about trying to harness this basic individual competence, this key to adaptive fitness, this insurance of survivability.

Managers therefore do not create competence, but they do control its expression through the organisational contexts they create. The managers job of facilitating the expression of individual competence, is made easier by the fact that there is a competence motive among people (Hall, 1979). Boyatzis (1982) states that the organisational and cultural environment set the stage as to what appropriate action is, but exert their impact on individual actions through affecting the functional and situational demands of the job.

Hall (1979) states that people must be able to perceive the nature of the environment in a fairly accurate way, be able to understand and interpret accurately the meaning of whatever task is to be done, and thereafter invent an on the spot response to the demand. It may mean that they must be able to intuitively see into the future and anticipate the consequences of behaving one way as opposed to another, or invent a new way of behaving or rely on very unlikely resources that were not even designed to bear upon that problem (Hall, 1979).

Boyatzis (1982) states that there is a dynamic interaction between the person and his or her environment which results in action or demonstrated behaviour. Furthermore, a person's competencies have a direct impact on what specific actions are demonstrated, and there is some impact on the person's competencies. In order to define a

competency, we must determine what the actions were and their place in a system and sequence of behaviour, and what the results or effects were and what the intent or meaning of the actions and results were. The demands of a job have a direct impact on what specific actions are demonstrated and how they are demonstrated, regardless of whether they are mental or physical actions (Boyatzis, 1982).

Boyatzis (1982) states that if certain tasks and functions are repeatedly required by the job, the person will either -

1. increase the frequency with which certain competencies are applied or aroused, to address this function, thereby improving the quality of performance of that function; or

2. avoid that task or functions of the job if he or she does not have any of the competencies which are applicable to the performance of the function.

As such management who do not have the specific competencies required to manage certain stakeholders effectively will possibly avoid dealing or interacting with that specific stakeholder. Those that are capable, or confident to manage their stakeholder relations effectively will possibly increase the frequency of their interaction with those stakeholders.

The competencies perceived by management required for managing stakeholders was of great similarity between general managers and store managers, the only differences have been discussed and highlighted in the previous section of this Chapter. Hence, it can be concluded that different competencies are required for managing different stakeholders, and that the differences in rating could possibly be attributed to the differences in overall job responsibilities between store managers and general managers as discussed in Chapter 3.

## 5.5 Potential Stakeholders

In Research Question 6, the research aimed to identify the potential stakeholders for store managers and general managers. The purpose of this question was to ascertain if there were any perceived differences between potential and current stakeholders and if management perceived the emergence of new groups as becoming more influential. The opportunity was given to management to include stakeholders that they felt were eliminated from the previous list of stakeholders as identified by Freeman (1984) and Irwin (1969). The research results are tabled in **Table 39.**

By far, the most significant potential stakeholders perceived by management were customers and employees. They were ranked first and second in both the first and second stakeholder choices. This corresponds very highly to the most current stakeholders as rated in research Question 1. Suppliers never really featured and it can be surmised that their role and influence will decrease in the next five to ten years as South Africa experiences an increase in choice of suppliers as a result of international products now being made available to the South African consumer. In addition, it may indicate a resurgence of smaller suppliers offering a more specialised product with the predicted revival of the economy. Binedell (1987) states that the traditional managerial model of the firm has as the stakeholders, customers, suppliers and employees. He argues that in turbulent times, this is to narrow a focus and that the model of stakeholder analysis should be broadened to include the forces and issues that work in the macro-environment.

Shareholders and government were seen to be increasing in intensity compared to current stakeholders. Although government and political groupings were suggested as being potential stakeholders in the next five to ten years, they were perceived by management as being stakeholder groupings whom management had difficulty in managing. As previously stated government and political groups are handled more at a strategic level rather than at operational level, and what management could be

experiencing, is the effects of the different political ideologies of both government and political parties which manifest itself at operational level, that is on the shop floor via the interactions between the different members of staff and with customer relations.

It is interesting to compare these results to those in Europe of Kenny (1984) who found that managers themselves, competitors, final customers, banks, national government and unions were rated very highly for the next decade. The highest increase in relative importance centred around other emerging stakeholders namely white collar workers, worker councils, consumer associations, raw material suppliers, local government, environmentalists and society at large. These were stakeholders identified approximately eight years ago.

Of interest to note is that in this study, competitors were not mentioned as a potential stakeholder and unions were not perceived to be a potential stakeholder of great importance. The international community was stated by only one respondent as being a potential stakeholder. It could be surmised that the international community could be seen as competitors. It could be argued that the lack of awareness of international rends of the local sample could be attributed to the isolation South Africa has experienced over a number of years. Or, alternatively, the differences in potential stakeholders could be attributed to the vast differences in society and culture of South Africa in comparison to the international community.

The number of unanswered and not sure answers in relation to the whole sample is very high (see **Table 39**). As such, the future may be so uncertain in South Africa, that it could be too difficult to predict who the potential stakeholders in the retail environment are likely to be. According to Barczak, Smith and Wilemon (1987), the sources of change are varied, often unpredictable and difficult to understand. Hence in South Africa we may see the emergence and influence of stakeholders not mentioned as potential stakeholders becoming more influential over the next few years (Strauss,

1990). Tombari (1984) states that the more the environment is understood, the greater are the chances of recognising issues that offer opportunities and threats. Without an understanding of environmental change, managers are ill prepared to deal with the issues when they surface.

As stated by Emery (1969) organisations are viewed and recognised to be open and inextricably interwoven and thus inter-dependent with the complex fabric of the environment. Furthermore, this fabric is fast becoming global in nature and organisations can no longer be viewed as separate. They should be viewed as part of their wider environment and the current emphasis on the customer and service suggests a growing awareness of this interdependence (Human and Berthon, 1990).

## 5.6 Training and Development

As the choices were similar for both current and future training and development required to assist management manage their stakeholder relationships effectively, with negligible differences (see **Tables 38** and **40**), training and development will be discussed in its entirety. As previously discussed, the changes in the environment are so rapid, and the future so uncertain that management may not fully be aware of the training and development required to manage their stakeholders effectively. The requests for training and development were grouped and not stratified into store managers or general managers.

Of significant interest to note is that although management perceived customers to be the most critical stakeholder affecting the achievement of business success, they were not seen to be the stakeholders with whom management had the most difficulty managing. It could be surmised that management already possess the competencies required for managing that stakeholder relationship. This is supported by Hall (1979) who states that people learn to be competent as a natural part of the development process, as long before individuals come into an organisation, they have acquired

problem solving skills and numerous coping mechanisms. They did however request training in interpersonal communication, business sense and adaptability, to assist them manage their relationship with customers more effectively.

The need for training in interpersonal communication and management skills with regards to current training and development (see **Table 38**) suggests a need to address the most pressing concerns experienced by management to date. Whereas, the requests for training and development in business sense and strategic perspective are not skills needed immediately, but will be required to manage future stakeholder relationships effectively (see **Table 40**). Interpersonal sensitivity and oral communication are also rated as the most frequent competency required to manage all five stakeholder relationships effectively.

The majority of training and development requested by management was clearly aimed at assisting management and staff build better human relations as presented in **Tables 38** and **40**. The area in which the training and development was required, were similar to those competencies management rated as important in the previous chapter. Hofmeyr (1990) states that values and ethical considerations underlie attitudes and it seems that South African managers need to understand what values are, gain an insight into the values that determine their own behaviour, and be able to compare and contrast their values with those of others. Binedell (1987) suggests that organisations adopt a major management education programme that addresses the values, attitudes and perceptions of what is largely a managerial elite. Furthermore, he suggests that the views and visions of White managers concerning the process of social change and the role of business within that process needs to be challenged, reassessed and shaped.

Hofmeyr (1990) states that there is a need for attitudinal change, the need to move away from discrimination and the need for tolerance and openness.

it is further suggested that management educationalists need to pay more attention to change processes, how it takes place and how it is resisted.

Requests for current training and development, never specifically stated "political" skills, however competencies such as persuasiveness and negotiation skills, were suggested in future management training and development (see **Table 40**). Negotiation skills, industrial relations, relationship building and the process of managing change could be argued as being skills necessary for the transition to a democracy, and would assist in easing and building management staff relationships. According to O'Neal (1985) a great many human skills are needed to manage effectively, but the most important is a capability for managing change.

The most frequent requests for specific training for future training and development were business sense, strategic perspective and interpersonal sensitivity. Competencies that were thus perceived by management in assisting them manage, customers, suppliers, community and employees.

Of significant interest is the high request for skills in business strategy, or skills that would give management a firm understanding of the environment in which they are operating, that is strategic perspective.

As the environment in which business is currently operating is extremely turbulent, it places greater demands on management to predict their future environment, and this is extremely difficult due to the fast pace of change. As stated by Kast (1990) the boundaries between business and its environment have become more permeable, and external forces are having a greater influence and impact upon internal management practices. According to Jones and Woodcock (1988) new laws governing how one hires and fires people have been passed and people no longer seem to be committed to working fairly for a fair wage. As asserted by Held (1967) in Buchholz (1986), the major problems confronting a business executive are becoming less business and more societal in nature.

Tombari (1979) in Buchholz has described the role of the manager as being politico-economic in nature. This is reflected in the desire for training and development in strategic perspective and business sense for future training and development (see **Table 40**). Buchholz (1986) states that being a good technical specialist was sufficient for managing yesterday's corporation, however, today one must have more of a generalist orientation to be a good manager and the know-how to deal with more parameters, and more publics and to be better informed on a wide range of issues. The research thus proved that there was not a specific set of competencies required to manage all the stakeholders, but they required a range of skills and competencies.

By providing participants with training in business strategy, it will enable management to have a greater control over influences in their external environment as Tromp (1990) states that mangers themselves can significantly influence the environment within which their organisations operate and should not accept it as fixed.

The literature suggests that age and qualifications of candidates for senior management positions need to be taken into account, as well as the level of knowledge and skills required for the position concerned. Tromp (1990) states that the focus needs to be learner orientated and a work related teaching or learning process needs to be adopted.

In summary, Tromp (1990) states that the skill to manage successfully in a fast and changing environment such as that in South Africa, cannot be taught by means of a recipe approach. It is therefore important that organisations adopt an integrated and holistic approach, drawing from numerous, multi-disciplinary approaches covering a wide range of topics and a variety of learning techniques and strategies.

## 5.7 Conclusion

In conclusion, this chapter presented a summary and interpretation of the major findings. The research questions were explored and discussed in greater detail. In Chapter 6, conclusions will be drawn, limitations discussed and recommendations for future research made.

# CHAPTER 6

# CONCLUSIONS AND DISCUSSION

## 6.0 Introduction

In this Chapter, final conclusions will be made with regards to the investigation. Specifically the investigation into stakeholders and competencies will be discussed. Limitations will be highlighted and recommendations for future research will be made.

## 6.1 Scope of the Research

The overall purpose of the study was to identify those stakeholders critical to the achievement of business success and the managerial competencies required to manage those stakeholder relationships effectively. The rationale prompting this study, was to assist organisations manage the turbulence in the environment more effectively, by advocating a stakeholder approach which would question the conceptual thinking of management and thereby assist them to be more proactive in anticipating the demands placed on them by the internal and external environment.

The research method used was highly effective in identifying a well defined group of stakeholders existing in the retail environment for both store managers and general managers. In addition, it was successful in identifying the most important competencies required to manage those stakeholder groups effectively. It also provided a clear understanding of the applicability of the systems approach in order to understand the dynamic interaction occurring in the internal and external environment and the commensurate effects thereof for management.

The purpose of identifying managerial competencies used for managing stakeholder relationships was to assist organisations develop a profile of the manager they deem is needed to manage stakeholder relationships, and thereafter either select future management who are in possession of those competencies or alternatively provide potential management with the training and development to acquire those competencies. This is particularly important in light of the unequal representation of all races of societies in most organisations.

A focus on stakeholders was chosen in preference to a job or task specific analysis as the researcher felt that a job or task analysis dealt with threshold competencies, that is those competencies that are essential to performing a job aimed at maintaining the organisation as opposed to those competencies causally related to effective and/or superior performance in a job. The researcher thus believes that the competitive advantage of corporations will be dependent on how successfully the organisation manages and anticipates changes by those groups critical to the achievement of business success. And hence, the researcher chose to identify those competencies that differentiate superior performance from average or poor performance by focusing on stakeholders that are critical to the achievement of business success. Furthermore, most organisations still "think" in terms of traditional stakeholders such as employees, customers and suppliers, and in the turbulent environment this is deemed to be too narrow a focus.

The overall findings indicated the top three stakeholders critical to the achievement of business success, that is employees, customers and suppliers, as being indicative of internal change as described by Freeman (1984). Internal change requires us to constantly reassess current objectives and policies in light of new demands by groups that we are used to dealing with. Internal change requires action and occurs within the current filing system and it is what we are used to dealing with on a daily basis, but does not challenge our conceptual map of the world. Also with regards to the

potential stakeholders, no startlingly new stakeholders were identified other than those suggested and represented. This could be attributed to the fact that management have not yet felt the presence or emergence of new groupings as stated by Strauss (1990) or, alternatively, management has not yet incorporated the external change into their day to day reality, as advocated by Freeman (1984).

Furthermore, the research also identified specific competencies required to manage specific stakeholder relationships. It was also found that the same competencies were not required to manage the different stakeholders, but the importance of the competencies was dependent on the specific stakeholder. This suggests that in order to cope in the changing socio-political environment, management require an array of competencies and skills. No specific stakeholder training can be prescribed, but rather a vast range of training and development is required drawing from a range of disciplines and a variety of approaches.

## 6.2 Criticisms and Limitations of the Research

The limitations and criticisms of the research are discussed below :

A limitation of the research is that the study was conducted within one retail organisation and as such, the findings may not be generalisable across all or other retail organisations.

Secondly, the supra competency of managing staff as identified by Dulewicz (1989) was found to be inappropriate as a competency to rate stakeholder relations other than with staff. However, the ratings were still filled in and this could suggest that there is still some overlap of dealing with staff when managing other stakeholder relations.

Thirdly, the research never took into account the proportion of time spent attending to stakeholder concerns in relation to all the key responsibility

areas of management. As such, it would have been interesting to see how much of management's time was spent attending to stakeholder concerns, as opposed to other activities or responsibilities.

Finally, the research could have been subject to respondent bias. Participants may have felt obliged to rate the importance of certain stakeholders higher than others or state that they spent more time with certain stakeholders as opposed to others, as a result of the perceived need to fulfil some of the researched company's philosophies and values.

## 6.3 Recommendations for Further Research

The following areas of research are recommended for further study :

- As the research was conducted in one retail organisation throughout South Africa, the research findings could be validated in other retail organisations. Depending on the nature of the retail business selected, comparisons across job categories and companies could be made or extended to other job categories.

- The same study could be done across different job categories within one organisation whereby specific stakeholders for that particular job would need to be identified first before replication of the study. This would assist departments within the organisation for example in a support function and not directly involved in face to face customer relations, become more service oriented.

- Separate studies could be conducted on each stakeholder relationship on the perceived expectations stakeholders have of management and vice versa. This would enable management to have a clearer view on the actual stakeholder expectations, as opposed to a surmised view.

- The researcher believed that the twelve supra competencies as identified by Dulewicz (1989) would cover most of the competencies required to management stakeholder relationships. The competencies as identified by Boyatzis (1982) in lieu of the competencies determined by Dulewicz (1989) could be used as a variation.

- As stated in the previous Chapter, the Dulewicz supra competencies may not be particularly relevant for managing the community and as such, competencies for managing the community could be identified using the critical incident technique or alternatively Kelly's Repertory Grid.

  Alternatively, those managers perceived to be outstanding performers or extremely competent at managing the community could rate Dulewicz's supra competencies by the community, in order to determine a distinct set of competencies for managing the community. This could be compared to those of average or poor performers and the differences between the two groups could be highlighted.

- The competency of managing complex socio-political change as identified by Lapinsky (1989) could be included as an additional competency in any future study.

## 6.4 Strategic Implications and Usefulness of the Study for the Researched Company

The results of the study indicate that management appear to still be thinking along the traditional stakeholder model, including employees, customers and suppliers. As stated by Binedell (1987) in turbulent times this scope is too narrow a focus and that the model of stakeholder analysis should be broadened to include forces and issues present in the macro-environment. He further states that in order to understand the stakeholders, organisations need to systematically engage, understand, negotiate and respond to various

stakeholders' interests in order to play a more effective role. Some aspects of Freeman's stakeholder analysis were not covered in the research and therefore it could be very useful to embark on a societal and values analysis with management. In addition, the company could hold discussion groups with current management in order to discuss the findings in greater detail and stimulate further thinking. Future management could be exposed to the findings in order to create an awareness of the skills and competencies required if they were to fulfil their future responsibilities effectively. Such an analysis will furthermore give new insight to management and broaden their understanding of the values and assumptions that are a driving behaviour in society and more specifically their market place. Binedell (1987) further suggests that we need to change our organisation mentality from one of efficiency and a narrow coping with problems to organisations that are willing to experiment, feel, sense and challenge the way things are done.

The researcher is also of the opinion that the impact of the community was interpreted incorrectly, and although management have experienced the effects of violence and unrest of the socio-political environment on the shop floor, it is believed that they perhaps do not have as good an appreciation of the economic power of communities, in particular that the organisation's future potential market is the Black market. As stated by Van Lingen (1987) Black Power is now a force in our society which is not new, but it has acquired new confidence and avenues of expression. Although the researched company has been involved in corporate social responsibility since inception, and the merits advocated at Chief Executive Officer level and Board level, it is felt that management do not perceive or have not considered it as a vital strategy that will ensure the continued survival of the organisation in the long run - that is corporate social investment.

Hence, a useful exercise to facilitate an understanding and to challenge the current thinking of management in terms of stakeholders possessing the ability to affect the achievement of business success is to conduct a stakeholder audit as advocated by Freeman (1984) as discussed in the

literature review in Chapter 2. This could facilitate an understanding and an appreciation of stakeholder expectations. Furthermore, management would be exposed to an understanding of the values and the causes behind certain ideological issues, that is why staff were feeling a hatred towards a "White" company and regime - and if this is really the case in point, or a perception of management as a result of the apartheid system, which assisted in allowing people to peep at one another through keyholes.

The list of competencies identified in Chapter 5 as being important in managing stakeholder relations could be added to the skills and competency profile of store and general m[illegible]ers when selecting future management. The competencies as identi[illegible] this study were those characteristics perceived to differentiate superio[illegible]om average and poor performance. Thus, although numerous people may posses the essential or threshold competencies f[illegible] performing a job, that is good administration, filing, etc, it may not be those competencies required for sustaining the organisation in th[illegible]ong term.

The stakeholder process and analysis could be used for specific departments within the organisation not directly involved in customer relations to assist them align their role and function more strategically with their customers internal to the organisation. For example, human resource managers or their departments could identify their current and future stakeholders, determine the needs and expectations of these stakeholders in order to offer them a more relevant service. Furthermore, competencies required for superior performance in the position could be identified as a result of stakeholder expectations. This could provide the organisation with specific competencies required to manage human resource stakeholders effectively and as such job profiles could be determined which would assist in the selection of future human resource personnel.

The competencies as stated by Dulewicz could be broken down and refined to be used as an instrument to select future potential by constructing a job

profile. Senior management could rate potential management on whether they possess the specified competencies necessary for the specific job and where the areas for future development are, thus enhancing selection and recruitment techniques.

The use of the critical incident technique may assist in the identification of additional competencies not stated or included in the Dulewicz (1989) study. Once the competencies for each specific job profile were determined, it could be used as an instrument of which management could rate the possession of their own competencies and as such identify areas for future development.

It has also been stated that research serves to challenge the conceptual thinking of participants, and sets in motion new ways and ideas of managing. Research in itself becomes an organisational development intervention, and thus prepares the ground for future training and development or conceptual thinking at a later stage (Schmidt and Klimoski, 1991). Thus, the research may have increased the awareness of the respondents with regards to their stakeholders, their potential stakeholders and the competencies they need to interact with these stakeholders.

## 6.5 Conclusion

In conclusion, the nature of the research was exploratory and took the form of theory building as opposed to theory testing. For the first time in South Africa, an attempt at a stakeholder audit was conducted, and certain issues and concerns were highlighted in an attempt to determine the issues and socio-political challenges facing management in today's turbulent environment. In addition, it was felt to be a successful method of identifying the most critical stakeholders affecting the achievement of business success and for identifying those competencies required to manage stakeholder relations effectively. It thus suggests that there is further scope for future research in the area of stakeholder management. Furthermore, it was the

first time that an attempt was made in trying to determine the most important competencies required of management to manage their stakeholder relations more effectively. The findings of the research also suggest that competencies for managing in South Africa's turbulent socio-political environment are multi-facetted.

Furthermore, the method used in the study could be used in organisations as a valuable management development instrument aimed at creating some certainty in an ever changing world.

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Dear Participant

**RE: COMPETENCIES FOR MANAGING STAKEHOLDER RELATIONSHIPS**

In today's changing socio-political environment, management is having to take into account the various stakeholders eg. employees, customers, when making decisions both in the internal and external environment in order to maintain and achieve a competitive advantage. To do this effectively management need to have the necessary competencies to manage their stakeholder relationships.

We are currently conducting research in the Retail environment, the major objectives being to identify those stakeholders critical to achieve business success and the behavioural competencies as well as characteristics required to interact effectively with those stakeholders. In order to maintain our competitive advantage this research warrants further investigation.

We would appreciate your assistance by completing the attached questionnaire and returning it in the enclosed envelope before the 25 June 1992. This research is being conducted by Mége Bussin in partial fulfilment of the requirements towards a Master of Management (Human Resources) degree at the Wits Business School.

Should you need any assistance or clarification in completing the questionnaire kindly contact her at (011) 455-6120 during working hours. All information will be treated in the strictest confidence.

Thank you for your valuable assistance.

Yours sincerely

**MÉGE BUSSIN** — Student

**MARGARET SUTHERLAND** — Lecturer

**SECTION 1**

A stakeholder can be defined as **"Those groups without whose support the organisation would cease to exist"**. A stakeholder is any group or individual who can be affected or is affected by the organisation's purpose. It is any grouping or individual that has an important interest in the Company's welfare and prosperity.

1. Please rate in order of importance those stakeholders critical to the achievement of business success, in terms of the following scale :

   1 No importance to achieve business success
   2 Little importance to achieve business success
   3 Important to achieve business success
   4 Very important to achieve business success
   5 Critically important to achieve business success

| | | | | | |
|---|---|---|---|---|---|
| Employees | 1 | 2 | 3 | 4 | 5 |
| Suppliers | 1 | 2 | 3 | 4 | 5 |
| Shareholders | 1 | 2 | 3 | 4 | 5 |
| Media | 1 | 2 | 3 | 4 | 5 |
| Trade Unions | 1 | 2 | 3 | 4 | 5 |
| Customers | 1 | 2 | 3 | 4 | 5 |
| Community | 1 | 2 | 3 | 4 | 5 |
| Government | 1 | 2 | 3 | 4 | 5 |
| Political Groups | 1 | 2 | 3 | 4 | 5 |
| Financial Community (Banks) | 1 | 2 | 3 | 4 | 5 |

2. Out of a total of 50 units, how much time do you spend per month attending to stakeholder concerns ?

   ____ Employees
   ____ Customers
   ____ Suppliers
   ____ Trade Unions
   ____ Media
   ____ Shareholders
   ____ Community
   ____ Government
   ____ Political Groups
   ____ Financial Community (Banks)

TOTAL 50

**SECTION 2**

Below is a list of management competencies. A job competency is an underlying characteristic of a person which results in effective and/or superior performance in a job. Please indicate how important you believe the management performance factors listed below are for you to manage stakeholder relationships in the retail environment. Please rate the appropriate option using the following scale :

1 No importance
2 Little importance
3 Important
4 Very important
5 Critically important

**Example**

| Interpersonal Sensitivity | Customers | Employees | Suppliers | Unions | Community |
|---|---|---|---|---|---|
| Shows consideration for the needs and feelings of others; listens dispassionately, is not a "selective" listener, recalls key points and takes account of them, is flexible when dealing with others, will change own position when others' proposals warrant it | 3 | 5 | 1 | 3 | 4 |

| Achievement Motivation | Customers | Employees | Suppliers | Unions | Community |
|---|---|---|---|---|---|
| Sets demanding goals for self and others and is dissatisfied with average performance; makes full use of own time and resources; sees a task through to completion, irrespective of obstacles and setbacks | | | | | |
| **Adaptability and Resilience** | | | | | |
| Adapts behaviour to new situations, resilient, maintains effectiveness in the face of adversity or unfairness. Performance remains stable under pressure or opposition; does not get irritable and anxious, retains composure | | | | | |
| **Analysis and Judgement** | | | | | |
| Seeks all relevant information; identifies problems, relates relevant data and identifies causes, assimilates numerical data accurately and makes sensible interpretations; work is precise and methodical, and relevant detail is not overlooked. Makes decisions based on logical assumptions that reflect factual information | | | | | |
| **Assertiveness and Decisiveness** | | | | | |
| Forceful in dealing with others; can take charge; is willing to take risks and seeks new experiences, is decisive, ready to take decisions, even on limited information | | | | | |
| **Business Sense** | | | | | |
| Identifies opportunities which will increase sales or profits, selects and exploits those activities which will result in the largest returns | | | | | |

| Managing Staff | Customers | Employees | Suppliers | Unions | Community |
|---|---|---|---|---|---|
| Adopts an appropriate interpersonal style for achieving objectives; monitors and evaluates their work; shows vision and inspires staff; develops the skills and competencies of staff | | | | | |
| **Oral Communication** | | | | | |
| Fluent, speaks clearly and audibly, with good vocabulary; in formal presentations, is enthusiastic and lively, tailors content to audience's level of understanding | | | | | |
| **Persuasiveness** | | | | | |
| Influences and persuades others to give their agreement and commitment; in the face of conflict, uses personal influence to communicate proposals, to reach bases for compromise and to reach an agreement | | | | | |
| **Planning and Organising** | | | | | |
| Plans priorities, assignments and the allocation of resources; organises resources efficiently and effectively, delegating work to the appropriate staff | | | | | |
| **Strategic Perspective** | | | | | |
| Rises above the detail to see broader issues and implications; takes account of wide-ranging influences and situations both inside and outside the organisation before planning or acting | | | | | |
| **Interpersonal Sensitivity** | | | | | |
| Shows consideration for the needs and feelings of others; listens dispassionately, is not a "selective" listener, recalls key points and takes account of them, is flexible when dealing with others, will change own position when others' proposals warrant it | | | | | |
| **Energy and Initiative** | | | | | |
| Makes a strong, positive impression, has authority and credibility, is a self-starter and originator, actively influences events to achieve goals, has energy and vitality, maintains high level of activity and produces a high level of output | | | | | |
| **List any other performance factors that you consider important, which have been omitted from the above list, using the same rating scale** | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**SECTION 3**

**OPEN-ENDED QUESTIONS**

1. Which stakeholder relationship do you currently have the most difficulty managing ?

2. Please state reasons

3. What training and development do you think the company should provide to help you manage those relationships mentioned in Question 1 ? (Make reference to the list of competencies on your questionnaire if you so require)

4. Within the next 5 - 10 years, who do you perceive to be your potential stakeholders in order of importance (priority) ?

5. What training and development do you think you will need to help you prepare for the future stakeholder relationships you mentioned in Question 4, if any ? (Make reference to the list of competencies on your questionnaire if you so require)

**BIOGRAPHICAL DETAILS**



Please provide the following information by ticking the appropriate options :

| | |
|---|---|
| General Manager | |
| Store Manager | |

As this research investigates the similarities and differences across a range of categories, would you please indicate the population group to which you belong :

| | | | |
|---|---|---|---|
| Asian | | Black | |
| White | | Coloured | |

Age Group :

| | | | |
|---|---|---|---|
| Below 25 | | 25 to 30 | |
| 31 to 35 | | 36 and Above | |

Geographical Region :

| | | | |
|---|---|---|---|
| Orange Free State | | Transvaal | |
| Western Cape | | Eastern Cape | |
| Natal | | | |

Your highest educational qualification :

| | | | |
|---|---|---|---|
| Std 8 / Std 9 | | Matric | |
| Technicon Diploma or Equivalent | | University Degree | |
| Other | | | |

STORE LOCATION

| | |
|---|---|
| SUBURBAN | |
| COUNTRY | |

THANK YOU FOR COMPLETING THIS QUESTIONNAIRE

**Author: Bussin R.H**
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