



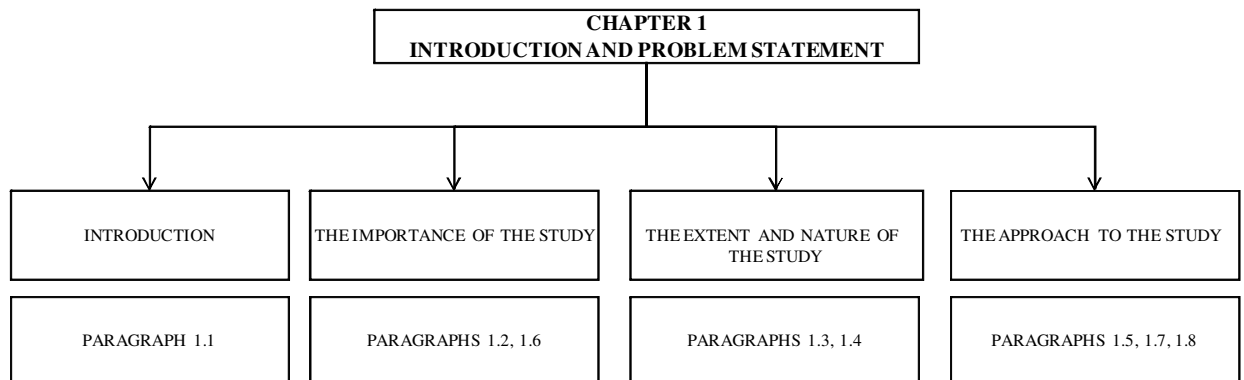
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CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT



GRAPHICAL REPRESENTATION OF CHAPTER 1



1.1 INTRODUCTORY ORIENTATION TO THE STUDY

Knowledge management entails the establishment of an environment within which knowledge processes (creation, codification, sharing, organisation and use of knowledge) are performed through a variety of tools and techniques to the benefit of the company. Loshin (cited in Bedford, 2004:210) explains: Knowledge management is the art or science of collecting organizational data, and by recognizing and understanding relationships and patterns, turning it into usable, accessible information and valuable knowledge.”

Tiwana (2002:57) cites four reasons why knowledge management has become increasingly important for companies:

- The reduced competitive power of leading companies.
- The type of requirements set for companies to compete on a global scale.
- The changing nature of business scenarios.
- The demise of leading companies.

The nature and scope of these reasons are such that knowledge management is required not only at an operational level, but also at the strategic level. Knowledge processes must therefore be applied to promote and support both the current and emergent operational and strategic processes performed in the company.

Training is an example of a knowledge management technique which companies can use to perform knowledge processes. During training the creation and sharing of knowledge take place whilst the use of knowledge can almost be regarded as the concluding phase of training. Learning is the result of the creation, sharing and use of knowledge or, in other words, the result of knowledge processes. The competitiveness of a company in the knowledge economy is determined by the ability of the company to learn. De Geus (cited in Fulmer & Gibbs, 1998:177) explains: “...over the long

term, the only sustainable competitive advantage may be a corporation's ability to learn faster than its competitors.”

Learning is therefore of particular importance to South African companies as South Africa is only placed in the 45th position out of a possible 125 countries in the World Economic Forum's *Global Competitiveness Report 2006-2007* (World Economic Forum, 2006).

From the four reasons why companies should apply knowledge management as identified by Tiwana (2002:57) and the importance of learning as stated by De Geuss (cited in Fulmer & Gibbs, 1998:177), it is apparent that companies must do more than merely offer their executives, managers and employees training in terms of operational processes in order to enhance the ability of companies to attain a sustainable competitive advantage. They should also offer executives, managers and employees training of a strategic nature to address their current (traditional) and emergent (strategic) training needs. Traditional training addresses the training needs of executives, managers and employees in terms of the current strategic orientation of the company while strategic continuing training (henceforth strategic training) addresses the training needs of executives, managers and employees in terms of the emergent strategic orientation of the company.

Rothwell and Kazanas (1994:423) explain that strategic training forms a component of strategic human resource development and is a type of training process that focuses pertinently on the training of employees in terms of the emergent strategic orientation of the company. They are of the opinion that strategic training “should help anticipate future job requirements utterly unlike those that have existed in the past.” However, Rothwell and Kazanas also explain that traditional training “...preserves an existing system by teaching people how to conform to policies, procedures, methods and rules.” Executives and managers who are responsible for strategic processes need to be trained in terms of both the current as well as the emergent strategic orientation of the company. The training of managers and executives in terms of the current strategic orientation of the company is addressed by means of a traditional training process while a strategic training process addresses the training needs of executives and managers in terms of the emergent strategic orientation of the company. This



implies that strategic and traditional training differs in terms of strategic focus, namely the current as opposed to the emergent strategic orientation of the company. However, when these two training processes (traditional and strategic) are directed at executives and employees on middle management level (henceforth managers) both training processes are offered on a strategic level since these two groups of employees are primarily responsible for work on a strategic level in the company. Strategic and traditional training therefore differs in terms of strategic focus but they are similar in terms of the level on which they are offered to executives and employees on middle management level. Strategic training offered to employees also focuses on the emergent strategic orientation but the level of the training is operational in nature and focus on job content.

The strategic training process addresses the needs of executives, managers and employees in terms of the emergent strategic orientation of companies. This type of training process should precede the revision and possible amendment of the current strategic orientation. The current strategic orientation of companies is revised and amended based on the nature of the factors present in the emergent external and internal strategic environment of companies. The emergent strategic orientation of the company should then be translated into the strategic training needs of executives, managers and employees. The accurate identification of the strategic training needs of executives, managers and employees and the use of an effective strategic training process to address the identified needs of executives, managers and employees will ensure the competitiveness of companies in the knowledge economy. Traditional training commences when the revised and amended strategic orientation of the company has been implemented. Strategic training is therefore regarded as proactive to the current strategic orientation of the company while traditional training is regarded as reactive to the current strategic orientation of the company. Rothwell and Kazanas (1994:18) explain: “A new approach to HRD [human resource development] is needed to cope with a future that is not always like the past. This approach should help individuals anticipate knowledge and skills needed in the future rather than react after problems become apparent. SHRD [strategic human resource development which includes strategic training] does this. It can aid in planning one-time learning experiences as much as long-term learning encompassing multiple experiences.”

The strategic orientation of companies is formulated by means of frameworks, models and techniques such as the Cynefin framework for organisational sense making (Cynefin Centre for Organisational Complexity, 2003:1). According to the Cynefin framework for organisational sense making the internal and external strategic environment of companies consist of four domains. These domains are the knowable, known, chaos and complex domains. The Cynefin framework for organisational sense making is explained in paragraph 2.2.

The nature and scope of strategic training differs significantly from traditional training. These differences are evident from the content of strategic training, the manner in which the training process manifest in the company as well as the outcomes or purpose of strategic training. The unique nature and scope of strategic training thus presents a variety of challenges which companies and in particular South African companies will have to address to ensure that strategic training enhance their ability to attain and improve their competitiveness in the knowledge economy.

1.2 REASONS FOR THE STUDY

Given the above-mentioned background, it is clear that especially the executives and managers of companies involved with strategic processes continually need to perform knowledge processes in terms of their emergent strategic orientation. The importance of knowledge processes for companies are explained as follows by Nonaka, Toyama and Konno (2000:23): “It is top management’s role to articulate the knowledge vision and communicate it throughout (and outside) the company. The knowledge vision defines what kind of knowledge the company should create in what domain. The knowledge vision gives a direction to the knowledge-creating process, and the knowledge created by it, by asking such fundamental questions as “What are we?”, “What should we create?”, “How can we do it?”, “Why are we doing this?” and “Where are we going?” In short, it determines how the organisation and its knowledge base evolve over the long term. Therefore it is important for top management to articulate a knowledge vision that transcends the boundaries of existing products, divisions, organisations and markets.”

The impetus for this study arises from preliminary research of the literature on strategic training as a specific type of strategic human resource development that enables executives and managers involved in strategic processes to be able to give effect to the “articulated” emergent strategic orientation of the company (Rothwell & Kazanas, 1994:425). This preliminary research has revealed that a need exists for a more pragmatic discussion of the concept strategic human resource development and thus also strategic training. McCracken and Wallace (2000b:282) state: “The concept of strategic human resource development has been much explored in the training and development literature of the last decade, but there has been relatively little work on what characterises an organisation with a strategic approach to HRD.”

Although McCracken and Wallace (2000b:282) are of the opinion that the concept strategic human resource development and thus also strategic training have been sufficiently dealt with in the literature this does not seem to be the case in terms of the South African literature and serve as a further impetus for the study.

In the South African literature, the concept “strategic human resource development” and “strategic training” are only discussed cursorily. Both *Training management in South Africa* (1999) by Erasmus and Van Dyk and *Training management* (2001) by Van Dyk *et al.* use the model developed by Rothwell and Kazanas (1994) to explain the concepts of strategic human resource development and strategic training. In *Human resources management* (2001) Nel refers to the concept “strategic human resource development” only superficially.

In 1999 Sue Grant, an independent consultant conducted a study on behalf of the Gordon Institute of Business Science (GIBS), University of Pretoria, during which executives from various companies in South Africa were interviewed. The purpose of that study was to determine the needs of executives and managers in large companies in South Africa to develop the curriculum of GIBS. The heading of Chapter 5 of the study is: *Main business education and development needs of senior level/potential senior level executives or high performers in South Africa today. What are these executives not able to do effectively that they should be able to do?* Twenty skills were identified in which executives ought to be trained. The Grant study contains an example of traditional training needs of executives and managers since it relates to the

current strategic orientation of companies. Some of the skills identified in the Grant study are vision and global competitiveness, financial management, team management, Black empowerment, knowledge management and leadership. A synopsis of the findings of the Grant study (1999) is presented in Annexure C.

A 2003 survey by the *ASTD Global Network South Africa* on the state of the training and human resource industry in South Africa identified further training needs. The types of training that companies consider important are grouped in four categories, namely: critically important, very important, important and somewhat important. In the same survey the types of training those companies currently provide their employees with were indicated. A synopsis of the findings of the *ASTD Global Network South Africa* (2003) is presented in Annexure D.

As in the *ASTD Global Network South Africa* survey, local serial publications refer to strategic human resource development and strategic training needs of companies in a generic manner. Serial publications such as *HR future* published by Osgard media and *Management today: journal of the Institute of Administration and Commerce of Southern Africa* regularly publish articles which discuss aspects in which executives and managers should be trained to ensure the continued competitiveness of companies. These articles are, however, generally presented from a generic perspective and do not give any indication of the connection between the strategic orientation of the company and strategic training needs as found and addressed in specific large South African companies. The confidential nature of strategic training needs arising from the emergent strategic orientation of companies thus results in a dearth of literature in which these specific aspects of strategic human resource development are discussed.

1.3 PROBLEM STATEMENT AND OBJECTIVES OF THE STUDY

1.3.1 Problem statement

Based on the preliminary literature study and given the dynamic and unpredictable nature of the strategic environment of companies, the fundamental question to be investigated in this study is formulated as follows: What are the strategic training

needs of executives and managers involved in strategic processes in large South African companies and how are they addressed?

1.3.2 Objectives of the study

The primary or main objective of this study is to determine whether large South African companies are aware of the concept “strategic training” and make use of a strategic training process in order to identify and address the strategic training needs of executives and managers. In an attempt to give effect to the above-mentioned goal, a number of secondary aspects related to the topic, should also receive attention, namely:

- To determine the relationship between the current and emergent strategic orientation of the company and training.
- To develop an insight into the nature and scope of training (traditional and strategic) that is prevalent in companies.
- To determine the manner in which strategic training is addressed in large South African companies.
- To determine the type of training unit that is required to offer strategic training to executives and managers.
- To develop an understanding of the relationship that exists between knowledge management and strategic training in large South African companies.

1.4 SCOPE AND LIMITATIONS OF THE STUDY

This study will lead to clarity regarding three aspects, namely: the strategic training needs of executives and managers in large South African companies, the nature and scope of strategic training, the relationship between knowledge management and

strategic training including the manner according to which knowledge management contributes to the competitiveness of large South African companies.

The study is limited in terms of both the theoretical as well as empirical scope. These limitations are:

Theoretical scope: The study is limited in terms of the following four aspects: formulating the strategic orientation of the company, the nature and scope of strategic training, the target group on which strategic training focuses and the use of the Rothwell and Kazanas (1994) model of strategic training.

- Formulating the strategic orientation of the company: Various ways exist in which companies can formulate their current and emergent strategic orientation. Dealtry (2000:219) explains: “All organisations experience considerable differences in the way in which they try to align or match their resources, expertise and competencies with the opportunities and threats of the business environment. The concept of ‘strategic fit’ has many different perspectives in organisation and strategic management theory.” For the purpose of this study the focus has largely been on the manner in which the Cynefin framework for organisational sense making is used to make sense of the strategic environment of companies and serves as a point of departure for the formulation of the strategic orientation of the company (Cynefin Centre for Organisational Complexity, 2003:1). The reason for this is that this framework indicates four dissimilar strategic domains from which companies should be able to formulate the strategic orientation of their company. Unique requirements are set in each of these domains for executives and managers to enhance the ability of companies to attain a sustainable competitive advantage. The use of the Cynefin framework as a sense making tool is criticised by Firestone and McElroy (2002). They are of the opinion that the framework should be more multi-dimensional in nature as there are more than four domains that can be composed out of the fundamental attributes of each of the four domains. According to the Cynefin Centre for Organisational Complexity (2003:1) the boundaries of each of the domains included in the

Cynefin framework are flexible to make provision for the inclusion of more attributes: “Cynefin creates four open spaces or domains of knowledge all of which have validity within different contexts. They are domains not quadrants as they create boundaries within a centre of focus, but they do not pretend to fully encompass all possibilities.” Lawrence (2005) and Weeks (2005) confirm the lack of critical discussions on the use of the Cynefin framework for organisational sense making due to the recency of the framework.

- The nature and scope of strategic training: During the course of the study an attempt was made to determine the strategic training needs of executives and managers in large companies in South Africa. A strategic training need arises from the emergent strategic orientation of the company and must therefore be clearly distinguished from traditional training needs. A traditional training need, other than a strategic training need, arises from the current strategic orientation of the company and thus from the job for which executives, managers and employees is currently responsible in the company. During the course of the study attention was thus not given to the traditional training needs as experienced by executives and managers in large South African companies. However, in Chapter 6 reference is made to the nature and scope of traditional training in large South African companies. The reason for this is twofold, namely: to indicate the differences between strategic and traditional training and to indicate why training in large South African companies are regarded as traditional or strategic in nature.

This limitation is ascribed to the fact that the training of executives, managers and employees in terms of strategic training needs requires a distinctive approach and can therefore not be addressed in the same manner as traditional training needs.

- The use of the Rothwell and Kazanas (1994) model of strategic training: This study is limited to the use of the Rothwell and Kazanas (1994) model as a theoretical framework to explain the concept “strategic training”. This particular model was chosen since textbooks on human resource management

and development which are aimed at South African companies often refer to the perspectives of Rothwell and Kazanas to discuss the concepts “strategic human resource development” and “strategic training” (Erasmus & Van Dyk, 1999:49; Nel *et al.*, 2001:472; Van Dyk *et al.*, 2001:106).

- Target group for strategic training: The study is limited to the strategic training and the strategic training needs of especially individuals on executive and middle management level in large South African companies. This limitation is ascribed to the fact that the strategic training needs of executives and managers involved in strategic processes should be addressed before those of employees can be addressed, since executives and managers are primarily responsible for strategic processes in companies. Their own strategic training will enable executives and managers to participate in the strategic training of employees and ensure that training is contextualised in terms of the strategic orientation of the company. The strategic training process of employees differs from that of executives and managers and is therefore not properly addressed within the scope of this study.

Empirical scope: The empirical scope of the study is limited in terms of size and geographical location of companies.

- Size of the companies: For inclusion in the study, companies had to be listed on the Johannesburg Securities Exchange (JSE) and they had to meet the criteria for a “large business” as specified by the *National Small Business Act, No. 102 of 1996*.

This limitation is ascribed to the fact that smaller companies probably do not have the infrastructure and resources to offer their executives and managers strategic training.

- Geographical location of companies: The majority of companies included in the study are situated in Gauteng. This limitation is due to the fact that most of the head offices of large companies are located in this geographical region

although they operate on a national level. Both decisions regarding strategic processes and human resource development seem to be functions that resort at the head offices of companies. A few companies included in the study have head offices in the Western Cape.

1.5 RESEARCH METHODOLOGY

The study will essentially focus on determining the strategic training needs of executives and managers in large South African companies and the manner in which these companies make use of a strategic training process in order to identify and address their strategic training needs. For the collection of data two qualitative data collection methods will be used, namely:

- A literature study
- Semi-standardised interviews

Van Maanen (1979:520) describes qualitative research as follows: “It is at best an umbrella term covering an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.” A qualitative research methodology will be used to develop an insight into and describe the nature and scope of strategic training and the strategic training needs of executives and managers in a selection of large South African companies. The study will also provide an indication of the number of companies that make use of this type of training process. Some of the data will therefore be presented quantitatively in support of the qualitative data of the research.

The research methodology that is followed in order to conduct the research is comprehensively discussed in Chapter 5.



1.5.1 Literature study

A literature study (non-empirical) will be conducted to contextualise the subject of the study in a theoretical framework. The importance and value of a literature study is apparent from the statement made by Mouton (2001:180): “A comprehensive and well-integrated literature review is essential to any study. It provides you with a good understanding of the issues and debates in the area that you are working in, current theoretical thinking and definitions, as well as previous studies and their results.”

The content of the literature review will be confirmed or refuted through semi-standardised interviews conducted with executives and managers in large South African companies directly involved with training or with strategic processes, as well as a number of other individuals connected to the education and training industry in South Africa.

The above-mentioned literature study is addressed in Chapters 2, 3 and 4.

- Chapter 2 The strategic environment of companies: In Chapter 2 the Cynefin framework for organisational sense making (Cynfin Centre for Organisational Complexity, 2003:1) is discussed. This framework indicates that the strategic environment of companies consist of four domains. The unique characteristics and nature of each of these domains influence the manner in which the current and emergent strategic orientation of companies is formulated and therefore also the nature and scope of the traditional and strategic training needs of executives and managers.
- Chapter 3 Learning as the result of strategic training: In Chapter 3 the connection between knowledge processes and learning as well as the manner in which learning by means of strategic training should be supported by a suitable training infrastructure are discussed. The effective use of strategic training necessitates a training infrastructure that makes provision for the nature and scope of strategic training and the strategic training needs of executives and managers.

- Chapter 4 Strategic human resource development: In Chapter 4 strategic training as a future-oriented method of strategic human resource development is discussed.

A preliminary overview of the literature on strategic training and the strategic training needs of executives and managers is largely characterised by three trends. These trends are briefly discussed below.

- The literature on strategic training is mainly characterised by the fact that strategic training is but a single method of strategic human resource development. It is one of three methods that are used to prepare employees in terms of the emergent strategic orientation of the company. Strategic training is thus often discussed from the broader perspective of strategic human resource development rather than as a topic in its own right.
- The literature on strategic training largely focuses on discussions of the nature and scope of this type of training process whilst a lesser focus is the models for companies implementing a strategic training process. McCracken and Wallace (2000b:282) confirm this trend in respect of strategic human resource development. They explain that: “The concept of strategic human resource development has been much explored in the training and development literature of the last decade, but there has been relatively little work on what characterises an organization with a strategic approach to HRD.” The shortage of models found in the literature can probably be attributed to the uniqueness of both the strategic training process and the strategic training needs that are addressed through this process and that are discussed further in the course of this study.
- The purpose of strategic training is to enable employees and more specifically executives and managers to give effect to the emergent strategic orientation of the company. The nature and scope of strategic training is thus closely related to the company’s strategy or the plan the company follows to ensure that it

attains a sustainable competitive advantage. This results in companies probably tending, to a lesser degree, to present the strategic training needs of their executives and managers by means of the formal literature. This has the effect that it leaves a gap in the literature on this aspect of strategic training.

The above-mentioned three trends are further supported by means of a comprehensive literature study provided in Chapters 2, 3 and 4.

1.5.2 Semi-standardised interviews

Although Mouton (2001:180) confirms the importance and value of a literature study, he emphasises that a literature study must be supported by empirical research: “Although literature reviews often lead to theoretical insights, we still need to undertake an empirical study to test our new insights.” The researcher tested the literature study by conducting semi-standardised interviews using the face-to-face interview method to collect data from respondents at a selection of large South African companies. Berg (1998:57) explains: “An interview is a conversation with the purpose of gathering information.”

The nature of semi-standardised interviews is described as follows: “This type of interview involves the implementation of a number of predetermined questions and/or special topics. These questions are typically asked of each interviewee in a systematic and consistent order, but the interviewers are allowed freedom to digress; that is, the interviewers are permitted (in fact expected) to probe far beyond the answers to their prepared and standardised questions.” (Berg, 1998:61). A semi-standardised interview is also described as follows: “Semi-structured interviews are guided conversations where broad questions are asked, which do not constrain the conversation, and new questions are allowed to arise as a result of the discussion. This is different from questionnaires and surveys where there are very structured questions that are not deviated from. A semi-structured interview is therefore a relatively informal, relaxed discussion based around a predetermined topic (Wageningen International). The questions which were used during the interviews are included in Appendix B.

The purpose of the semi-standardised interviews was to determine the following aspects:

- The effect of the strategic orientation of the company on the manner in which training manifests in the company.
- The manner in which training (strategic and traditional) manifests in large South African companies.
- The nature and scope of strategic training in large South African companies.
- The strategic training needs experienced by executives and managers of large South African companies.
- The sensitivity of large South African companies with regard to the importance and value of knowledge management in respect of strategic processes.

Next some advantages and disadvantages associated with the use of semi-standardised interviews conducted by means of the face-to-face interview method are pointed out:

The advantages associated with the use of semi-standardised interviews and the face-to-face interview method for the collection of data is:

- Each interview results in a specific number of data being collected, as a result of which the interview method is more effective than distributing questionnaires among respondents and not being returned to the researcher.
- The nature of semi-standardised interviews and the face-to-face interview method are such that respondents are offered an opportunity to expand on the topic of the study. This enhances the quality of the data that are collected and

naturally presents the researcher with an opportunity to contextualise the collected data.

- Semi-standardised interviews and the face-to-face interview method present the researcher the opportunity to immediately pose follow-on questions to the respondent. This contributes to the quality of the data that are collected and prevents the researcher from wrongly interpreting the responses.
- Face-to-face interviews present the researcher with various opportunities to communicate with the respondent (telephonic discussion, electronic confirmation, electronic introduction of the researcher and study as well as an electronic pre-interview copy of the questionnaire) resulting in a measure of familiarity once the researcher finally meets the respondent in person. As one would expect, the personal dimension of interviews and particularly the more informal nature of a semi-standardised interview contribute to the development of a particular relationship between the researcher and the respondent.
- Face-to-face interviews present the researcher with an opportunity to experience the respondent in his/her professional environment. This increases the value of the data that are collected since it offer the researcher an opportunity to form a picture of both the respondent as well as the company that is included in the study. The researcher's visits to companies to conduct interviews with respondents can result in the researcher gaining valuable background information from notice boards, posters and brochures. This often serves as valuable point of departure for interviews.

Some disadvantages of the use of semi-standardised interviews and the face-to-face interview method for the collection of data are:

- Conducting interviews is an expensive and time-consuming process since the researcher has to visit all respondents in person. The more "informal" nature

of semi-standardised interviews is, however, best supported by the physical presence of both the researcher and the respondent during the interview.

- The nature and scope of the subject is such that it requires of respondents to have knowledge of both the strategic processes of the company as well as human resource development. The researcher might find it problematic to locate respondents who are sufficiently informed regarding strategic training and in some instances this might require of the researcher to conduct interviews with two respondents from the same company.
- The unfamiliarity of the concept “strategic training” might require the researcher to explain the notion of the concept “strategic training” to respondents. This could lead to respondents being influenced to a certain degree by the researcher’s perspective on the true meaning of the concept “strategic training”. A further problem that might result from the unfamiliarity of the concept of “strategic training” is that some respondents might confuse it with the process in terms of which individuals are trained to formulate and implement their company’s strategy. Strategic training rather focuses on the training of employees and more specifically executives and managers to enable them to carry out the company’s emergent strategy.

It was thus apparent that the use of semi-standardised interviews and the face-to-face interview method might present some restrictions as a method to collect data. Nonetheless the researcher remains of the opinion that the advantages of using semi-standardised interviews and the face-to-face interview method outweigh the disadvantages and that the topic can be satisfactorily supported by the use of these specific methods of collecting data.

The literature study and data collected during the face-to-face interviews that were conducted by means of semi-standardised interviews are addressed in Chapter 6 Analysis and interpretation of data.

1.6 RELEVANCE TO INFORMATION SCIENCE AND KNOWLEDGE MANAGEMENT

As explained earlier, knowledge management entails the establishment of an environment in which knowledge processes (creation, codification, sharing, organisation and use of knowledge) are performed by using a variety of tools and techniques to the benefit of the company.

The significance and value of a study on strategic training for Information Science and Knowledge management are primarily in terms of three aspects, namely:

- Environment: The manner in which companies should operate in order to create an environment within which strategic training or knowledge processes regarding the strategic orientation of the company can take place.
- Knowledge processes: The manner in which knowledge processes are performed in terms of the strategic orientation of the company.
- Tools and techniques: The knowledge management tools and techniques that can enhance and support knowledge processes that performed in terms of the strategic orientation of the company.

Strategic training is an example of a specific type of knowledge management technique. A strategic training process is therefore applied to perform knowledge processes regarding the emergent strategic orientation of the company with a view to contributing to the competitiveness of the company.



1.7 EXPLANATION OF ABBREVIATIONS AND KEY TERMS

Term	Description
Company	The term company is preferred to other similar terms such as organisation, corporation, business and business enterprise due to the fact that the JSE makes use of the term company.
Corporate university	A corporate university is a type of training unit which is connected to a company. This type of training unit provides training which is customised according to the strategic orientation of the company to the value chain of the company (executives, managers, employees, suppliers, customers, vendors). The curriculum of corporate universities will “depend on the needs (such as sales training, marketing, or soft skills) of the company and the company's business (like manufacturing, consulting, or technology.” (Tanner, 2003:1).
Directive and non-directive training	Strategic training is made possible by directive and non-directive training. Learning that takes place by means of non-directive training focuses on the creation of new knowledge while learning that takes place by means of directive training focuses more on the sharing of existing knowledge. Rothwell and Kazanas (1994:433) explain: “Nondirective training produces new information. Directive training is designed and delivered in anticipation of a ... need, which is soon going to be felt on the job.”
Employees	Employees refer to individuals on a lower management or supervisory level and individuals who do not perform any managerial activities in the company.



Executives and managers	Executives refer to all individuals on a senior management level for example the Chief Executive Officer, Chief Financial Officer and the Chief Technology Officer. Managers refer to all individuals who are on a middle management level.
Explicit and tacit knowledge	Explicit knowledge is the same as information. It is knowledge that has been codified in language or symbols. It is supported by the use of information technology. Tacit knowledge consists of the experience, intuition, beliefs and skills of individuals. This type of knowledge is difficult to codify. It is personal to the individuals who possess it and is thus not easy to support by means of information technology.
GIBS	Gordon Institute of Business Science, University of Pretoria
Human resource development strategy	The human resource development strategy is a plan in terms of which the executives, managers and employees of the company are taught, developed and trained. This strategy should support the overarching business strategy and consists of functional strategies for the teaching, development and training of employees. It must address the needs of both the company and the individual employee (Rothwell & Kazanas, 1994:x).
JSE	Johannesburg Securities Exchange
NYSE	New York Stock Exchange
Knowledge management	Knowledge management entails the establishment of an environment in which knowledge processes (creation, codification, sharing, organisation, use) are performed through the use of a variety of tools and techniques. Training is an example of a knowledge management technique.



Strategic environment	In terms of their external and internal strategic environment companies find themselves in four domains (known, knowable, complex and chaos). The factors that are present in these domains determine the ways in which the strategic orientation of the company is formulated and implemented.
Strategic human resource development	Strategic human resource development focuses on the future-oriented development of employees' skills. Garavan (1991:17) explains: "the strategic management of training, development and of management/professional education interventions, so as to achieve the objectives of the organisation while at the same time ensuring full utilisation of the knowledge in detail and skills of individual employees. It is concerned with the management of employee learning for the long term keeping in mind the explicit corporate and business strategies." The strategic human resource development of executives and employees on middle-management level therefore entail the development of these two groups of individuals to enable them to be able to conduct strategic processes in terms of the emerging strategic orientation of the company.
Strategic orientation	The strategic direction or orientation of the company indicates the manner in which the executives and managers of the company ought to go about ensuring the current and emergent competitiveness of the company. The strategic orientation of the company is regarded as the end result or the outcome of the strategic processes conducted by executives and middle management.
Strategic training / strategic training needs / strategic	The emerging strategic orientation of the company is translated in terms of skills that executives, managers



training process

and employees will require in future to ensure the continued competitiveness of the company. This type of training takes place on an ongoing basis since the strategic orientation is continually amended according to factors present in the strategic environment of the company.

Rothwell and Kazanas (1994:425) explain: “Strategic training prepares employees for changes in job requirements wrought by external environmental conditions or by organisational policies, procedures, plans or work methods. It is based on predictions of future job requirements stemming from strategic necessity”.

Strategic training needs arise from the emerging strategic orientation of the company and not from the job description of managers and employees.

Rothwell and Kazanas (1994:425) explain that this type of training needs is often determined by the predictions regarding the skills that employees require. The strategic training needs of executives, managers and employees are addressed through a strategic training process. The unique nature and scope of strategic training requires that this type of training should differ from a traditional training process. The emerging strategic orientation of the company determines the strategic training needs of executives, managers and employees. Executives and managers are primarily responsible for strategic processes and thus they require strategic training in terms of the strategic processes for which they are responsible. These strategic processes include the formulation of the emerging strategic orientation of the company.



Traditional training / traditional training needs	Traditional training ensures that the work performance of executives, managers and employees complies with the predetermined standard. Traditional training needs have as its point of departure the current job descriptions of the executives, managers and employees as determined by the current strategic orientation of the company. Executives and managers are primarily responsible for strategic processes and thus they require traditional training in terms of the strategic processes for which they are responsible or as determined by their job descriptions. These strategic processes include the formulation of the current strategic orientation of the company. This type of training need is often addressed by means of non-recurrent formally structured training programmes.
Training infrastructure	The training infrastructure of the company includes a variety of aspects regarding the manner in which training manifests in the company. These aspects include the business unit responsible for training, the individuals responsible for training, the instructional media and methods used for training purposes, the methods used to measure the effectiveness and relevance of training, as well as the involvement of external providers of training in the training processes of the company.
Value chain	The value chain of the company consists of role players which are involved with the company but exist externally to the company. The value chain of companies includes the clients, suppliers, distributors, representatives, dealers, agents, contractors, vendors and manufacturers of the products of the company.

1.8 FRAMEWORK OF THE STUDY

This study is divided into eight chapters of which the content and scope are as follows:

- Chapter 1 Introduction and problem statement: Chapter 1 gives an introductory orientation to the study. This chapter includes the problem statement and explains the significance and value of the study. The methodology which will be followed to conduct the research is described and a statement of relevant terms used in the study is included. The chapter is concluded with an explanation of the various chapters in which the study will be divided.
- Chapter 2 The strategic environment of companies: In Chapter 2 the external and internal environment within which companies formulate and implement their strategic orientation are discussed using the Cynefin framework for organisational sense making. The chapter explains how the strategic orientation of companies serves as point of departure for strategic training and how the various domains in the strategic environment of companies will influence the way in which strategic training manifests itself.
- Chapter 3 Learning as the result of strategic training: Various aspects regarding the manner in which training takes place in companies are discussed in Chapter 3. In this chapter the relationship between knowledge processes, learning and training is explained and a discussion is provided of the infrastructure which is necessary for a strategic training process.
- Chapter 4 Strategic human resource development: Strategic human resource development is regarded as an overarching process to strategic training. Chapter 4 explains the concept “strategic human resource development” and gives examples thereof. Strategic training as an example of strategic human resource development is discussed extensively. The differences between strategic and traditional training are also indicated. This chapter concludes

with a discussion of the strategic training needs of executives, managers and employees in South African companies as found in the literature.

- Chapter 5 Research methodology: Chapter 5 consists of a discussion of the research methodology to be followed to conduct the research. In this chapter the research objectives and research design are explained and the manner in which the data will be collected. An explanation is provided of the manner in which the reliability and validity of the research will be tested.
- Chapter 6 Analysis and interpretation of data: Chapter 6 presents the data of the face-to-face interviews conducted with executives and managers. This chapter includes the analysis and interpretations of the data of the semi-standardised interviews conducted by the researcher on the use of strategic training and the strategic training needs of executives and managers in a selection of large South African companies. The analysed and interpreted data are used to confirm or refute the content of the literature review.
- Chapter 7 A framework for the implementation of a cyclical strategic training process in large South African companies: In Chapter 7 the researcher provides a generic framework of a cyclical strategic training process. This framework addresses the need for a method through which executives and managers in large companies can be made aware of the importance of strategic training and provides guidelines that can be used to implement a strategic training process.
- Chapter 8 Synthesis and recommendations: To conclude the study an explanation is given of the purpose, scope and importance of the research. Furthermore, in Chapter 8 a description is provided of the manner in which the literature study and data collected during the face-to-face interviews address the problem statement and recommendations are made on the findings of the study. This chapter also includes recommendations on the relationship that should be present between strategic training and knowledge management. Aspects regarding the topic that necessitate further research but that have not



been properly addressed in this study are identified before the researcher concludes with some final remarks on the study.



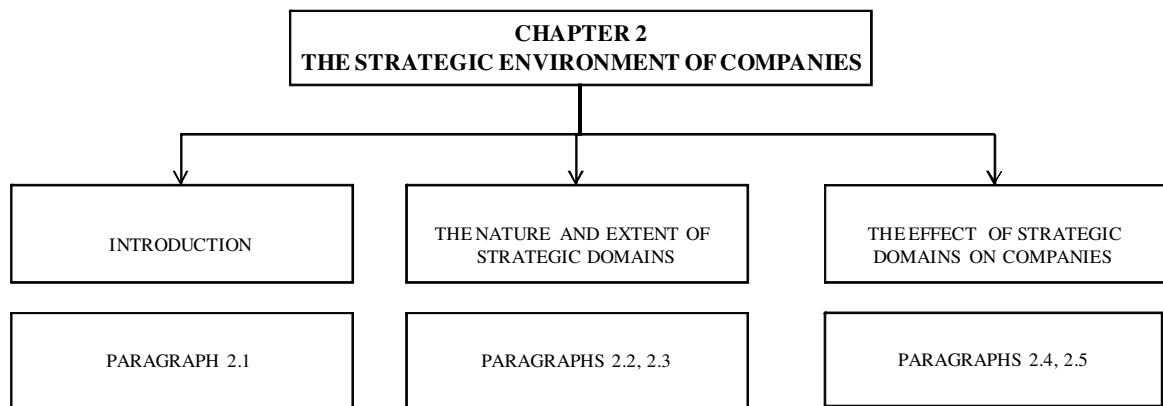
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CHAPTER 2

THE STRATEGIC ENVIRONMENT OF COMPANIES



GRAPHICAL REPRESENTATION OF CHAPTER 2





2.1 INTRODUCTION

Strategic processes requires that the strategic orientation of companies is formulated and implemented and that this orientation should be revised or amended over time according to emergent factors in the external and internal strategic environment of companies. The strategic orientation of a company is thus determined by the manner in which the individuals involved in strategic processes (executives and managers) make sense of factors present in the external and internal environment of companies. Choo (1996:329) explains the purpose of sense making as follows: “...for an organization’s members to share a common understanding of what the organization is and what it is doing; the longer term goal is to ensure that the organization adapts and therefore continues to thrive in a dynamic environment.”

As soon as sense has been made of the manner according to which these factors influence the competitiveness of the company the management must revise the current strategic orientation of the company. Weeks (2004b:22) explains as follows: “In questioning practitioners as to how many of their well formulated strategies were implemented without significant changes over the space of time, their overwhelming response was one of having to constantly adapt the strategy to deal with emerging realities that were largely unforeseen when the strategy was originally formulated.” This statement by Weeks is confirmed by Becker and Freeman (2006:2): “To ride the coming wave of global forces, a company must prepare by undertaking a comprehensive longer-range analysis of the external environment. The analysis should go well beyond a superficial scan of global issues not only to build a detailed understanding of the trends and how they will affect the company but also to facilitate open dialogue within the top team about what the future will bring. In addition, the company should regularly review and update this aligned view of the future; only then can it identify growth opportunities, plan for economic discontinuities and risks, and make the big bets necessary to capture the most rewarding opportunities.” Hamel (cited in Marsh, 2006:10) concurs and points out “the failure of companies to manage the quality of thinking about the long term future which is needed if they are to have strategic resilience. There is plenty of information available. But most organisations don’t seem to find the time or adopt the processes to think beyond today’s business, to think effectively about the future – and then to act appropriately.”



Decisions must then be made on the manner in which the current strategic orientation of the company should be amended to ensure the continued competitiveness of the company. Choo (1996:329) describes the scope of a decision making process as follows: "...the selection of and commitment to an appropriate course of action".

Although revising the strategic orientation of the company should take place on an ongoing basis in order to ensure that it remains relevant it does not necessarily always result in the amendment of the strategic orientation of the company.

Kurtz and Snowden (2003:470) explain that the internal and external strategic environment of a company is characterised by the presence of four domains, namely: the known, knowable, complex and chaos domains of the company. These domains are bordered by a so-called central area that is characterised by disorder. The nature of the factors that are present in the above-mentioned four domains as well as the interaction between them determine the manner in which the strategic orientation of the company ought to be amended.

Training is a process which companies employ to empower their executives, managers and employees to achieve the current as well as the emergent strategic orientation of the company. Companies must therefore ensure that they have the necessary training processes in place to train executives and managers involved in strategic processes to acquire the skills to give effect to the current as well as the emergent strategic orientation of the company. The training provided to executives and managers should eventually be cascaded through the company and include all employees. The nature of the factors that are present in the known, knowable, complex and chaos domains of the internal and external strategic environment of companies determines the manner in which the strategic orientation of the company is formulated and implemented. Thus they should also serve as the points of departure for training processes.

It should be noted that the purpose of this chapter is not to indicate the manner according to which the strategic orientation of the company should be revised and amended to ensure the continued competitiveness of the company. This chapter

rather seeks to indicate that there are different domains that should serve as points of departure for the revision and amendment of the company’s strategic orientation. The unique nature and scope of these different domains pose particular demands to executives and managers involved in strategic processes and thus give rise to the development of related training needs.

2.2 DOMAINS IN THE STRATEGIC ENVIRONMENT OF COMPANIES

The domains that are present in the internal and external strategic environment of companies are discussed according to the Cynefin framework for organisational sense making (Cynefin Centre for Organisational Complexity, 2003:1). Weeks (2004a:27) describes the purpose of the Cynefin framework as follows: “The framework in effect serves as a very useful means for gaining awareness as to contextual differences that coexist at any specific point in time and how to more effectively respond within each of the respective domains concerned.”

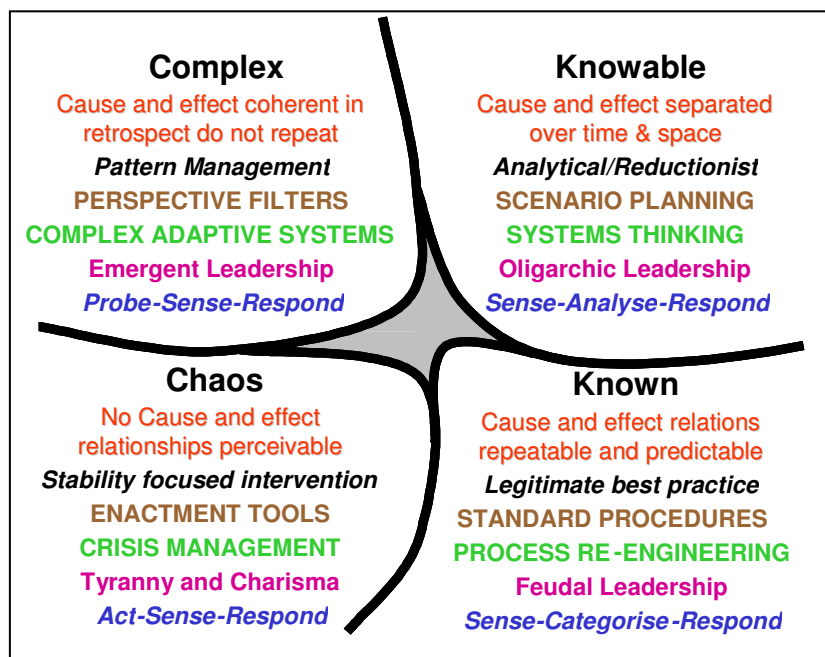


Figure 2.1 Cynefin framework for organisational sense making (Cynefin Centre for Organisational Complexity, 2003:1)

The Cynefin framework chiefly consists of four domains that form the external and internal strategic environment of companies. These domains are identified as the

known, knowable, complex and chaos domains and a central domain (grey area in Figure 2.1) characterised by disorder. The known domain is also referred to as an environment characterised by visible order whilst the knowable domain is referred to as the domain of hidden order. The chaos and complex domains are referred to as the domains of un-order. Kurtz and Snowden (2003:468) explain: “The right-hand domains are those of order and the left-hand domains those of un-order.”

There is thus a particular “order” in all four the domains of the Cynefin framework. However, the order in the right-hand side of the Cynefin framework exists naturally while the order in the left-hand side of the framework needs to be stimulated in order to be visible. Order in these domains is emerging and is known as un-order. Un-order is explained by Kurtz and Snowden (1993:465) in the following manner: ...“we call emergent order *un-order*. Un-order is not the lack of order, but *a different kind of order*, one not often considered but just as legitimate in its own way. Here we deliberately use the prefix “un-” not in its standard sense as “opposite of” but in the less-common sense of conveying a paradox, connoting two things that are different but in another sense the same.”

A distinction should, however, be drawn between the domains in which un-order present and the central area that is characterised by disorder. Kurtz and Snowden (2003:468) describe the domain of disorder: “The central area of disorder is key to understanding conflict among decision makers looking at the same situation from different points of view. Often in a group using the Cynefin framework, people agree on what the extremes of the four domains mean in the context they are considering, but disagree on more subtle differences near the center of the space. As a result, individuals compete to interpret the central space on the basis of their preference for action.”

Each of the respective domains in the Cynefin framework is unique in terms of the nature and scope of factors present in the domain, decision models, management techniques, leadership or management style as well as the cause and effect relationship between factors present in the domain (Botha, 2007:131; Snowden & Boone, 2007:2; Ungerer, Herholdt & Uys, 2006:201) [See Figure 2.1].

The borders that divide the different domains are, however, not fixed boundaries and thus result in the factors present in the external and internal strategic environment of the company to move between the different domains. Companies must therefore amend their existing strategic orientation to ensure that the presence of factors in a particular domain contribute to the continued competitiveness of the company.

The purpose of the Cynefin framework is to enable companies to make sense of the factors present in their external and internal strategic environment as they present themselves in a particular domain. As soon as companies have made sense of the factors present they must take a decision regarding the manner in which they will react to the presence of factors in a particular domain. Kurtz and Snowden (2003:468) explain as follows: “We have found that it [Cynefin framework for organisational sense making] gives decision makers powerful new constructs that they can use to make sense of a wider range of unspecified problems.”

What follows is a brief discussion of each of the respective domains of the Cynefin framework.

2.2.1 Known or visible order domain

The known domain is probably the domain in which companies find it easiest to revise and amend the current strategic orientation of the company according to the presence of factors that influence the competitiveness of the company. This is attributed to the fact that the factors in this domain are “visible” and are regarded by Kurtz and Snowden (2003:468) as obvious and familiar.

In this domain sense is made and decisions are taken regarding the revision and amendment of the strategic orientation of the company based on factors of which the cause and effect can be predicted with certainty. The decision-making model used in the known domain is described as follows: “Our decision model here is to sense incoming data, categorise that data, and then respond in accordance with predetermined practice.” (Kurtz & Snowden, 2003:468). Decisions in this domain are made by using existing explicit knowledge that is coded in systems, processes,

procedures as well as guidelines. Kurtz and Snowden (2003:468) point out that “process re-engineering” is a typical management technique found in this domain.

Processes in the known domain focus on efficiency which is defined as follows by the Cynefin Centre for Organisational Complexity (2004:1): “Efficiency: Stripping away superfluous functions to maximize productivity.”

Factors in the known domain of the internal and external strategic environment of companies are “visible” and are regarded by Kurtz and Snowden (2003:468) as obvious and familiar. The researcher is of the opinion that in this domain it is thus fairly straightforward to determine the emergent strategic orientation of the company and the strategic training needs of executives and managers.

2.2.2. Knowable or hidden order domain

The factors present in the knowable domain are less “visible” than those in the known domain, but it is still possible to determine the causal relationship of factors in this domain and their effect on the company. In this domain sense is made and decisions are taken regarding the revision and amendment of the strategic orientation of the company based on factors that are more uncertain than in the known domain but more certain than in the domains of un-order (complex and chaos domains). This requires that the cause and effect of similar factors as those currently present in the knowable domain are analysed in order to determine the manner in which the strategic orientation of the company should be amended. The cause and effect between the factors currently present in the knowable domain are determined through a process of analysis and can be predicted with a reasonable measure of certainty.

Kurtz and Snowden (2003:468) explain the manner in which companies make decisions in this domain: “Our decision model here is to sense incoming data, analyze that data, and then respond in accordance with expert advice or interpretation of that analysis.” In this domain decisions are made through scenario planning, and business and competitive intelligence (Kurtz & Snowden, 2003:468). Kurtz and Snowden (2003:468) are also of the opinion that executives and managers use systemic thinking to manage factors present in the knowable domain.

In this domain the company's strategic orientation focuses on increasing the productivity of the company through efficiency and to contribute to the competitiveness of the company (Cynefin Centre for Organisational Complexity, 2004:1).

The factors present in the knowable domain are less "visible" than those in the known domain, but it is still possible to determine the causal relationship of factors in this domain and their effect on the company. The emergent strategic orientation and the nature and scope of the strategic training needs of executives and managers are influenced by the advice of experts as well as the use of analytical processes such as business and competitive intelligence.

2.2.3 Complex domain

The emergent and uncertain nature of the complex domain probably results in companies succeeding to a lesser extent to take into account the patterns present in this domain when they revise and amend the current strategic orientation of the company. Stacey (1996:20) describes the implications of managing in the complex domain as follow: "The science of complexity presents us with a completely different metaparadigm. Through this lens, the world of organization is seen as a system held far from equilibrium, at the edge of chaos, by the paradoxical dynamic of competition and self-organizing cooperation. In this fundamentally paradoxical world, the links between actions and their long-term outcomes is lost, and what remain predictable are the system dynamic and the archetypal behaviour it produces: predictability is possible at the general level but not the specific, the opposite of the conclusion is reached with the aid of [conventional management thinking]."

In the complex domain companies will investigate the factors that may influence the competitiveness of the company by means of the patterns that these factors form. This investigation will result in the establishment of a particular power of attraction by the company. Patterns will emerge due to the interaction of factors around this power of attraction. Companies must make sense of the patterns that arise and decide

which of the positive patterns should be stabilised and which of the negative patterns should be destabilised (Kurtz & Snowden, 2003:469).

The current strategic orientation of the company will therefore be revised and amended according to the manner in which it is decided the patterns present in the complex domain should be managed. Naturally the interaction between factors that determine the manner in which they will react to a particular power of attraction will have a particular cause and effect. The nature and scope of the interaction between these factors are, however, not such that it is possible to categorise (known domain) or analyse (knowable domain) and are therefore not predictable or perceivable. It is only possible to make sense of the patterns that develop around a particular power of attraction in a retrospective manner (Kurtz & Snowden, 2003:469).

Kurtz and Snowden (2003:469) are of the opinion that decisions regarding pattern management in a complex environment should be made by taking into account a multiplicity of perspectives. They explain: “Understanding this space requires us to gain multiple perspectives on the nature of the system. This is the time to “stand still” (but pay attention) and gain new perspective on the situation rather than “run for your life,” relying on the entrained patterns of past experience to determine our response”. The importance of gaining a multiple perspective necessitates that executives and managers have a strategic perspective which is more emerging in nature than merely their perspective on the current strategic orientation to conduct strategic processes in the complex domain. Weeks (2004a:29) gives the following explanation: “This [the context of complexity] implies a need and willingness to let go of mental models or preconceived notions to create an environment where creative thought and learning can co-exist in finding new ways of doing things.” Kurtz and Snowden (2003:469) explain that the tools and techniques used in the known and knowable domain cannot be used in the complex domain to effect the creation of new knowledge or learning. However, they specifically refer to the use of narrative techniques such as, storytelling, in the complex domain.

Processes in the complex domain focus on effectiveness, which the Cynefin Centre for Organisational Complexity (2004:1) defines as follows: “Effectiveness: Allowing a degree of redundancy to create adaptive capacity”.

Stacey (1995:477) describes the challenges that the complex domain presents to executives and managers involved with strategic processes in companies. He explains that there are primarily two (strategic choice and ecology) approaches towards strategy formulation. These approaches “make the same assumptions...namely, that successful systems (individual organizations/whole populations) are driven by negative feedback processes toward predictable states of adaptation to the environment. The dynamics of success are therefore assumed to be a tendency toward equilibrium and thus stability, regularity and predictability. These assumptions are now being questioned at a fundamental level by developments in physics, biology and mathematics. These developments can be grouped under the heading ‘the science of complexity’, a science which is concerned with the dynamical properties of nonlinear and network feedback systems.” Non-linearity and network feedback systems are typical of complex adaptive systems. The strategic environment that is formed by the complex domain is regarded as a complex adaptive system.

Companies must take cognisance of the characteristics of complex adaptive systems. This will enable executives and managers to understand the manner in which patterns result from the interaction between factors, although they will not be able to predict these patterns.

Stacey (1996:10) states: “Complex adaptive systems consist of a number of components, or agents, that interact with each other according to sets of rules that require them to examine and respond to each other’s behaviour in order to improve their behaviour and thus the behaviour of the system they comprise.” Cilliers (1998:3-5) describes some other typical characteristics of a complex adaptive system as follows:

- Complex systems consist of a multitude of factors.
- Although complex systems are characterised by a multitude of factors the mere presence of these factors are not sufficient since an interaction must take place between these factors.



- The nature of the interaction between the factors in a complex system is rich since the factors in the system influence various other factors and are also influenced by various others.
- The interaction is non-linear, which implies that a limited cause can have a comprehensive effect and vice versa.
- The interaction takes place in the immediate environment and thus near the factor.
- There are loops in the interaction between factors. This implies that the result of the interaction will again have a particular effect on the interaction between the factors.
- Complex systems are regarded as “open” systems since there is interaction between the system and the environment within which the system is situated.
- Complex systems are not characterised by a state of equilibrium since a continuous flow of energy is required to ensure that the system can organise itself in patterns.
- Complex systems have a historical past. This is ascribed to the fact that complex systems develop over time and the manner in which they currently manifest is the result of their past.
- Each of the factors in a complex system is unaware of the manner in which the interaction takes place between other factors in the system.

Cilliers (1998:5) explains the relationship between complexity and complex systems as follows: “Complexity is the result of a rich interaction of simple elements [or factors] that only respond to the limited information each of them are presented with. When we look at the behaviour of a complex system as a whole, our focus shifts from

the individual element [or factor] in the system to the complex structure of the system. The complexity emerges as a result of the patterns of interaction between the elements or [factors].” Luhmann (1995:25) confirms the above-mentioned explanations of Stacey (1996:10) and Cilliers (1998:5). He describes the nature of complex systems as follows: “...complexity entails that, in a system, there are more possibilities that can be actualized.” This statement by Luhmann indicates that managers must be able to probe the strategic environment in the complex domain in order to make sense thereof. They should then respond by stabilising positive patterns and destabilising negative patterns. However, executives and managers must ensure that the current strategic orientation of the company is revised and amended in order to ensure that the patterns contribute to the continued competitiveness of the company.

The emergent and uncertain nature of the complex domain probably results in companies succeeding to a lesser extent in taking into account the patterns present in this domain when revising and amending the current strategic orientation of the company. The nature of the complex domain poses a huge challenge to a strategic training process and necessitates the constant revision of the strategic training needs of executives and managers.

2.2.4 Chaos domain

Kurtz and Snowden (2003:469) explain that companies find themselves in the chaos domain in either a planned or unplanned manner.

If companies find themselves in the chaos domain in an unplanned manner, it is ascribed to circumstance resulting from factors present in the company’s internal and external strategic environment. These factors are, however, such that the relationship between the cause of factors and their effect on the company are not perceivable. The company therefore does not have sufficient time to investigate the nature and scope of the changes in the external and internal strategic environment of the company – and to amend the current strategic orientation of the company accordingly. Kurtz and Snowden (2003:496) explain: “In the chaos domain there are no such perceivable relations [between cause and effect], and the system is turbulent; we do not have the response time to investigate change.” These authors are also of the opinion that if

companies find themselves in the chaos domain in an unplanned manner, they must immediately react to factors in order to establish stability. Only if they have succeeded in establishing stability will they make sense of the effect of their reaction, after which they must again respond according to the effect of the original reaction.

Secondly, companies can also progress to the chaos domain in a planned and purposeful manner with a view to achieving a particular outcome, as Kurtz and Snowden (2003:469) explain: “Chaos is also a space we can enter into consciously, to open up new possibilities and to create the conditions for innovation.” Although the company progresses to the chaos domain in a planned and purposeful manner the nature and scope of the domain remains exactly the same.

In this domain decisions are taken on the basis of the sense that has been made of a particular action (Cynefin Centre for Organisational Complexity, 2004:1). Kurtz and Snowden (2003:468) are further of the opinion that executives and managers in the chaos domain use crisis management to manage factors present in this domain in such a manner that these factors do not have a negative effect on the competitiveness of the company.

In the chaos domain, as is the case in the complex domain, the focus is on effectiveness through increasing the adaptability of the company and to ensure the continued competitiveness of the company (Cynefin Centre for Organisational Complexity, 2004:1).

The use of a strategic training process in the chaos domain is aimed at preparing executives and managers for crisis management. It is extremely difficult to identify or determine specific training needs and the nature and scope of these needs are highly speculative in nature.

2.2.5 Domain of disorder

If companies find themselves in the domain of disorder it implies that they did not succeed in making sense of factors present in the external and internal strategic environment. Kurtz and Snowden (2003:469) explain: “In the space of disorder, we

know something very valuable – that we do not know. We need to gain more understanding (in every way possible) so that we can find patterns and react to them.” Kurtz and Snowden (2003:470) explain that individuals tend to manage the factors present in the domain of disorder according to the characteristics of the domain in which they find it easiest to manage.

2.3 CYNEFIN DYNAMICS

The manner in which executives and managers make sense of the factors which are present in the ordered and un-ordered domains of the external and internal strategic environment of companies determine the decisions that are made regarding the revision and amendment of the current strategic orientation of the company. The amendment of the current strategic orientation of the company is made possible by a phenomenon known as Cynefin dynamics. Cynefin dynamics enable companies to progress between the different domains. The emergent strategic orientation indicates the manner in which the company needs to progress between different domains or the type of Cynefin dynamics which is necessary to ensure the continued competitiveness of the company. Cynefin dynamics explains why the amendment of the strategic orientation of companies gives rise to the development of strategic training needs. Executives and managers should take the nature and scope of the various domains into consideration when they progress from one domain to another to be able to manage effectively. However, the nature and scope of each of the ordered and un-ordered domains pose unique challenges to executives, managers and employees and necessitate a training process that addresses the strategic training needs of these three groups of individuals in each of the domains. This also explains why strategic training must take place on a continuing basis.

Kurtz and Snowden (2003:475-479) identify ten possible movements in terms of which companies can progress between different domains. These movements are illustrated in Figure 2.2 Cynefin dynamics and Figure 2.3 Cynefin dynamics in the chaos domain.

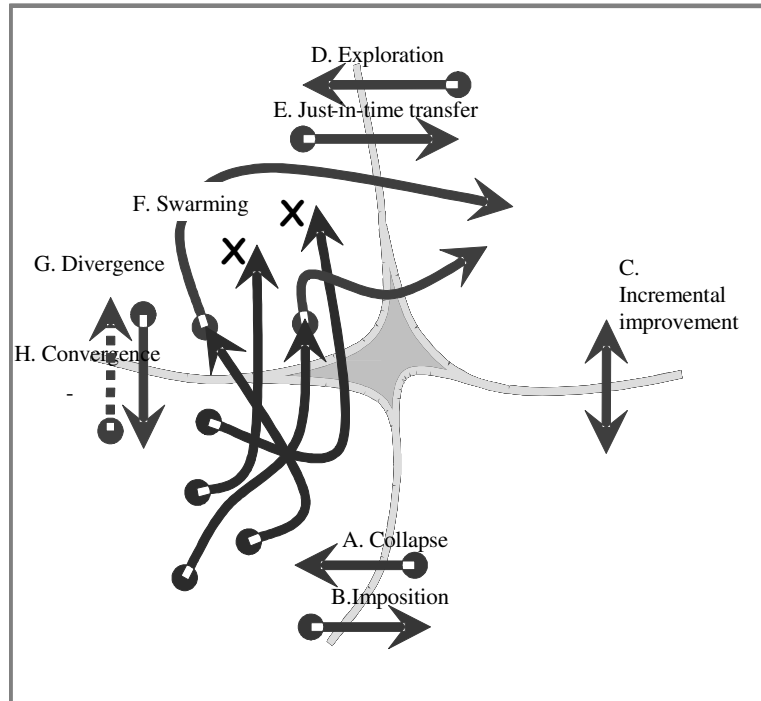


Figure 2.2 Cynefin dynamics (Kurtz & Snowden, 2003:476)

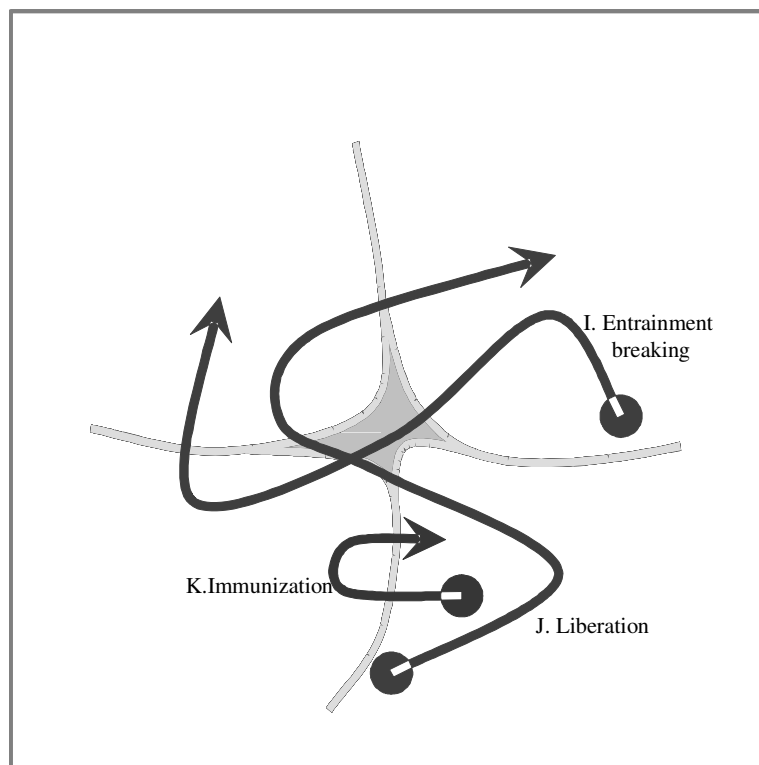


Figure 2.3 Cynefin dynamics in the chaos domain (Kurtz & Snowden, 2003:478)

The ten possible movements in terms of which companies can progress between different domains as described by Kurtz and Snowden (2003:475-479) and illustrated in Figures 2.2 and 2.3 are:

A – Asymmetric collapse: this movement involves companies moving from the known to the chaos domain and it could possibly have a negative effect on the competitiveness of companies.

B – Imposition: this movement involves companies being forced to progress from the chaos to the known domain and is used to counter the effect of asymmetrical collapse.

C – Incremental improvement: this movement involves companies repeatedly moving between the knowable and known domains. This is the most general type of movement found between domains.

D – Exploration: this movement involves companies moving in a selective manner from the knowable to the complex domain in order to investigate new opportunities.

E – Just-in-time transfer: this movement involves companies moving on a selective basis from the complex domain to the knowable domain. This entails that existing knowledge is formalised and made available as it is needed.

F – Swarming: this movement involves companies progressing from the chaos to the complex domain and then to the knowable domain. The effect of this movement is explained as follows by Kurtz and Snowden (2003:477): “After we have achieved the shift from chaos to the complex, then we have the possibilities of many patterns forming around new attractors; those we find desirable we stabilize through a transfer to the exploitable domain of the knowable; those that are undesirable are destroyed.”

G, H – Divergence-convergence: this movement involves companies repeatedly moving from the complex to the chaos domain and then back to the complex domain. Kurtz and Snowden (2003:478) explain: “The active disruption of a complex system to precipitate its move to chaos is less of a change than moving it to either of the ordered domains, and this is easier to manage.” This movement is found if the

company progresses to the chaos domain in a planned manner to achieve a particular purpose such as for example innovation. Certain patterns will come about that need to be stabilised or disrupted to enable the company to make sense in the complex domain.

I – Entrainment breaking: this movement entails that companies periodically progress from the knowable to the chaos domain and then to the complex domain. Kurtz and Snowden (2003:478) explain that this movement is used to change the mental models of specialists in particular to think about matters in a new manner.

J – Liberation: this movement entails that companies periodically progress from the known to the complex domain and then to the knowable domain. According to Kurtz and Snowden (2003:479) this movement is used to counter the effects of bureaucracy in companies. It is regarded as a type of movement that executives and managers regard as a threat, but that is often necessary for the continued competitiveness of the company.

K – Immunisation: this movement entails that companies temporarily progress from the known to the chaos domain. According to Kurtz and Snowden (2003:479) this movement is used to bring about change but not to such an extent that the entire system is changed.

The above-mentioned ten possible movements in terms of which companies can move between the four different domains influence the manner in which the strategic training needs of employees and especially executives and managers involved in strategic processes manifest as explained in paragraphs 2.2.1 to 2.2.4. The movement between the four domains of the Cynefin framework or the Cynefin dynamics explains the importance of a strategic training process which is adaptive and continuous in nature.

Naturally the divergent nature of each of the above-mentioned movements between the domains of the Cynefin framework means that a unique type of leadership style is required in each of the domains. Kurtz and Snowden (2003:475) describe the impact of Cynefin dynamics on the type of leadership style found in each of these domains as

follows: “...move across boundaries [between the four domains] requires a shift to a different model of understanding and interpretation as well as a different leadership style.” It is therefore necessary that executives and managers involved in the revision and amendment of the current strategic orientation of the company should have an appropriate managerial and leadership style to manage and lead the company within a particular domain.

The manner in which executives and managers make sense of the factors which are present in the ordered and un-ordered domains of their external and internal strategic environment determine the decisions that are made regarding the revision and amendment of the current strategic orientation of the company. These amendments are made possible by means of Cynefin dynamics.

2.4 MANAGERIAL AND LEADERSHIP STYLES WITHIN STRATEGIC DOMAINS

The dominant managerial and leadership styles found in each of the different domains are:

- **Known domain:** A rigid and strict bureaucratic managerial style is found in this domain. Executives and managers make use of prescriptive management techniques to ensure that the strategic orientation of the company is carried out. The rigid style of executives and managers typically found in the known domain is described as follows: “clear lines of authority and little ambiguity.” (Cynefin Centre for Organisational Complexity, 2003:4). Traditional managerial skills are important in this domain as executives and managers rely on explicit knowledge that is captured and coded in systems, processes, procedures as well as guidelines or manuals.
- **Knowable domain:** An oligarchic managerial style is typically found in this domain. This type of managerial style focuses on the achievement of consensus rather than using prescriptive management techniques. Naturally attempts will also be made to achieve consensus regarding strategic processes and the manner in which the strategic orientation of the company will be

carried out. The managerial style of executives and managers typically found in the knowable domain is described as follows: “need to build respect, requires strong awareness of agendas” (Cynefin Centre for Organisational Complexity, 2003:4). In the knowable domain it is necessary for executives and managers to be able to think analytically and methodically as “experiment, expert opinion, fact-finding, and scenario planning are appropriate.” (Cynefin Centre for Organisational Complexity, 2003:1-2).

- **Complex domain:** In the complex domain, as in the known domain, executives and managers try to ensure that the strategic orientation of the company is carried out through consensus. The difference between the knowable and the complex domain is that a more informal managerial style is found in the complex domain. The manner in which leadership manifests is largely determined by the nature and scope of the factors present in the complex domain. Leadership is thus considered to be consequential or emergent and is described as follows: “Emergent leadership can be visionary or practical” (Cynefin Centre for Organisational Complexity, 2003:1-2). In the complex domain executives, managers and leaders need the skill to interpret the current strategic orientation of the company in terms of powers of attraction and patterns that evolve around these powers of attraction. Executives, managers and leaders need to be able to manage and lead in a strategic environment which is emergent and uncertain and therefore need the ability to envision the company in the “larger” system within which it exist.
- **Chaos domain:** The chaos domain requires immediate action by leaders and managers in order to make sense of factors in the external and internal environment of the company. This requires a “decisive type of leadership style coupled with prescriptive management techniques. The nature of the type of leadership style found in this domain is described as dictatorial or charismatic.” (Cynefin Centre for Organisational Complexity, 2003:1-2). This domain requires of executives, managers and leaders to have the necessary self-confidence and skill to act without the availability of tools and techniques that characterise the known, knowable and complex domains.



2.5 THE RELATIONSHIP BETWEEN STRATEGIC DOMAINS AND KNOWLEDGE MANAGEMENT

The presence of a variety of strategic domains and the challenges that each of these domains pose to executives and managers confirm the importance of knowledge management tools and techniques which are aimed at employees on operational levels but also at executives and managers on strategic levels in companies. An environment should therefore be created on both an operational as well as a strategic level where knowledge can be created, codified, shared, organised and ultimately applied in order to review the current strategic orientation of the company and to amend it if necessary. Training and strategic training in particular is a knowledge management technique that can be used by companies to bring about knowledge processes at a strategic level and specifically in terms of the emergent strategic orientation of companies.

The executives and managers involved in strategic processes must be empowered and prepared through strategic training to manage within each of the identified domains currently and in future. Although each of the domains is characterised by a unique nature and scope, it is especially the dynamics present between domains that will probably pose the biggest challenge to the managerial abilities of executives and managers. These dynamics require that executives and managers should not only have the skills to effectively manage companies in the domains, but also between domains. A cyclical relationship should exist between the strategic processes of the company and the training processes used by the company to train executives and managers involved in strategic processes. Furthermore, a cyclical relationship will ensure that strategic processes and training processes are aligned and that the nature and scope of strategic training and the strategic processes of the company are amended accordingly. The cyclical relationship between strategic processes and strategic training ensures that knowledge processes which are conducted on a strategic level are effective (knowledge can be applied in the company) and relevant (knowledge is aligned with strategic the strategic orientation of the company).

Companies can ensure that a cyclical relationship exists between strategic processes and training processes by clarifying a variety of training related aspects. These aspects will ensure that learning (creation, sharing, use of knowledge) occurs during training. Some of these aspects are:

- The nature and scope of strategic processes in the company.
- The familiarity of executives and managers involved in strategic processes with the domains of the known and knowable, but particularly the complex and chaos domains and the associated dynamics that is present between these domains.
- The manner in which learning supports the execution of knowledge processes on a strategic level.
- The specific manner in which executives and managers involved in strategic processes learn.
- The strategic training needs of executives and managers involved in strategic processes.
- The familiarity of individuals responsible for training with processes according to which executives and managers involved in strategic processes are trained, for example strategic human resource development and more specifically strategic training.
- The degree to which executives and managers involved in strategic processes are trained through processes such as strategic human resource development.
- The presence of a training process to enable the strategic training of especially executives and managers.

- The presence of a cyclical relationship between strategic processes and training.

The cyclical relationship that must be present between the strategic processes of the company and the training of executives and managers involved in strategic processes explains why strategic training needs should not be addressed in the same manner as traditional training needs.

2.6 CONCLUSION

The involvement of executives and managers in strategic processes is a function similar to any other function performed in companies and must be supported in the same measure as other organisational functions. It entails that executives and managers should be trained to empower them to give effect to the current as well as the emergent strategic orientation of the company. The strategic orientation of companies is formed by the factors which are present in the known, knowable, complex and chaos domains of the external and internal strategic environment of companies. Companies progress from one domain to another to ensure their competitiveness and the dynamics pose further challenges to the managerial abilities of executives and managers. A unique training process as well as a suitable training infrastructure must be used to support this type of training and through which the training needs of executives and managers are addressed [See Chapter 3 for a discussion of the infrastructure which companies should use for a strategic training process and Chapter 4 for a discussion of strategic training]. The uniqueness of a strategic training process lies in the fact that it must be linked to and supplement the company's strategy and must largely direct other training processes used in the company.