

# Management: making a difference to our competitive challenge



*“Management is the process of creating and maintaining an environment in which employees, individually and collectively, can perform to achieve the purpose of the organisation, namely delighting its customers, efficiently.”*

Modern organisations ask themselves whether management is still relevant in view of the rapidly changing environment due to developments such as globalisation, deregulation, increased competitiveness and technological change.

In many organisations the term ‘management’ is treated dinosaurian like in favour of the so-called progressive phenomenon ‘leadership.’ The purpose of this article is to focus on the significance of ‘management’ in modern day organisations with specific reference to South Africa’s unique competitive challenges.

This is achieved by briefly explaining management, its importance to modern day South African firms and concludes with proposals for the way forward.

Management is an ancient concept which had been practised for aeons. It was only from the late 1800 that practitioners have documented this discipline. It is thus conceivable that modern generations perceive it to be dinosaurian.

Management, according to Webster’s dictionary, is “the conducting or supervising of something (such as a business) especially the executive function of planning, organising, co-ordinating, directing, controlling and supervising any industrial or business project or activity with responsibility for results.”

The literature (inter alia Wren) holds a multitude of definitions of management, varying from “management is the function of executive leadership” (Davis in Wren,) to “managing knowledge” (Witzel) and “turning complexity and specialisation into performance” (Magretta).

From all of these explanations the following definition is assembled: “Management is the process of creating and maintaining an environment in which employees, individually and collectively, can perform to achieve the purpose of the organisation, namely delighting its customers, efficiently.”

This definition requires some elaboration.

Firstly, management can be viewed as either the people responsible for governing the firm or the activities performed (the way of governing) by the people. In this instance it refers to both the ‘governing body’ as well as the activities.

Secondly, according to this explanation, management (the ‘governing body’) is responsible for creating an environment (‘activity’) in which employees can perform in order to achieve the purpose of the organisation (in essence predetermined goals) efficiently.

Management can only perform this task if it has an understanding of, and respon-

siveness to, the environment that impacts on the area of performance. The term ‘environment’ in this instance relates to both the external and internal environment.

The external environment relates to factors outside the firm such as the international situation, the general economic conditions facing the firm, the needs of the firm’s customers and actions of competition, influencing the performance of the firm.

Management is not always in a position to control the factors in the external environment. Though it can influence it to some degree or at least manage the risks posed by the external environment to mitigate the potential adverse effect posed by the external environment.

The internal environment relates to factors inside the firm such as strategy, structures, staff, skills, systems, policies and procedures, rewards, incentives, resources and support including leadership style, that influence the performance of the firm.

The internal environment impacting the business performance, on the other hand, falls within the direct sphere of influence of management. The primary responsibility of management is performance.

Performance is viewed and judged differently by different role players and are usually placing incongruent demands on the firm that managers must balance. The customer is the final judge of performance, albeit an opinion of value obtained compared to cost. This opinion is influenced by quality, flexibility and speed.

Thirdly, the management description highlights the importance of employees in achieving predetermined goals and thus performance. Employees can only achieve predetermined goals if they have the necessary knowledge and skills (ability) as well as timely and adequate access to the required resources, the motivation and the opportunity to perform their tasks and responsibilities that would lead to goal achievement and if they are rewarded accordingly.

The employees as resource is explicitly mentioned while other required resources such as information (including

feedback), finances, systems, equipment and the like are only implied.

Fourthly, the purpose of the firm or pre-determined goals or business results are deducted from, and interwoven with, the overall goals of the firm as determined by its overall strategy – essentially delighting customers in chosen areas.

It is management's responsibility to plan how to achieve these goals (i.e. setting targets), organise to execute the plans (right people, systems, structures, rewards, information) and monitor the execution (track how well they are doing and whether corrective action is required) to ensure goal achievement.

This responsibility of management is present at all hierarchical levels of the firm, be it team leaders, supervisors, middle managers, senior managers or executive managers. Though this responsibility manifests differently at the different hierarchical levels.

Fifthly, management refers to a hierarchical position in the firm – managers are appointed to these positions to ensure performance. Every employee, but more so managers, should be 'leaders' though.

This is an ability vested in the individual, influencing performance positively by motivating fellow employees to pursue the predetermined goals willingly. This aspect of management was perhaps not well illuminated previously and may still be a bit murky.

Finally, performance, in the context of the above account, can be seen as value creation. In this sense management is still relevant today, as explained in the following section.

### **The importance of management**

It was established that management is responsible for performance (or value creation) and customers are the ultimate judges of success in this regard. According to the World Competitiveness Report, South Africa faces unique competitive challenges, adversely affecting performance.

The challenges relating to management include:

- ❖ the delivery of competent senior managers,
- ❖ the motivation of the work force,
- ❖ customer satisfaction.

Each of these challenges is highlighted in view of the information provided above.

#### *Delivery of competent senior managers*

The delivery of competent senior managers implies that managers, at the higher hierarchical levels of the firm, are inexperienced in terms of ensuring performance or value creation. In other words they fall short in creating and maintaining an environment in which employees can perform to achieve predetermined goals efficiently.

***Employees should have timely and adequate access to required resources to serve the customers to their satisfaction. The work force should perceive the recognition and rewards associated with this service delivery as equitable. Ultimately, they should feel that management affords them the opportunity to expend their ability.***

A number of factors may contribute to this situation. Firstly, senior managers themselves may be uncertain as to the purpose of the firm – i.e., delighting customers in a chosen area which may negatively affect the guidance of employees.

Secondly, they may lack insight and/or responsiveness to either or both the external and internal environment in which they operate. This implies that they are unable to manage the risks posed by the external environment to mitigate the potential adverse effects posed by it.

Furthermore, it suggests an inability to influence the internal environment in terms of requirements to ensure performance, be it structures, policies, procedures, rewards, value chains and the like.

Thirdly, resources, whether human or otherwise, may be deficient or inappropriately allocated with the consequent negative effect on performance.

Finally, senior managers may lack the inherent characteristic of leadership that inspires employees to pursue the firm's goals voluntarily – which is the topic of the next section.

#### *Motivating the work force*

Motivating the work force refers to the effort employees are willing to expend in achieving the firm's goals namely delighting customers in a chosen area. According to the World Competitiveness Report, South Africa does not succeed in motivating its work force.

The preceding sections refer to managements' responsibility in this regard. Once again a number of factors influence this situation. A factor could be the availability of suitably qualified workers, i.e., with relevant knowledge, skills and experience to serve its customers.

Furthermore, employees should have

timely and adequate access to required resources to serve the customers to their satisfaction. The work force should perceive the recognition and rewards associated with this service delivery as equitable. Ultimately, they should feel that management affords them the opportunity to expend their ability.

A final factor that impacts the motivation of the work force may be the relatively low educational level of the South African worker – 12% of the population have completed grade 12 while only 5% have higher schooling according to the 2001 census. Not all of these educated people are necessarily in employment though.

Management may deem them as incapable of delivering according to the demands of their customers and thus reverting to an autocratic style resulting in a shift in motivation. The latter also related to 'leadership' or the lack thereof.

#### *Customer satisfaction*

Customer satisfaction refers to the degree to which customers are delighted by the firm's offering(s). In essence customers judge the firm's performance to the extent that they consider the offering(s) valuable.

'Valuable' from the customers' point of view is merely an opinion, expressed as performance to cost. Performance is a function of:

- ❖ *quality*: a fuzzy concept covering a number of aspects such as features and brand name,
- ❖ *flexibility*: the ability to respond to changes,
- ❖ *speed*: the degree to which the firm can keep customers happy by beating the competition and be a true leader.

Knowledge of the customer, be it an internal or external customer, is imperative when it comes to delighting them. Once again a host of factors influence customer satisfaction some of which are more controllable than others.

As can be seen from the above information, the three challenges are interrelated. Above all, management could still play a significant role in addressing these challenges in ensuring performance.

### **The way forward**

Given the above, it is suggested that firms attend to management development anew, focusing on both the management and leadership sides of it. Furthermore, a renewed focus should be placed on 'performance.' In the next article a methodology to improve performance will be discussed.■

*Dr Hester Nienaber is employed by one of the large commercial banks with the responsibility of management development on SST level one to three.*