

**MOVING TOWARDS A TRULY INTEGRATED
SOUTH AFRICAN MANAGEMENT
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1. INTRODUCTION

In his book "Capitalism, Socialism and Democracy"; Joseph Schumpeter 42 years ago observed the following:

"...(the) capitalist economy is not and cannot be stationary. Nor is it merely expanding in a steady manner. It is incessantly being revolutionised from within by new enterprise, i.e. by the intrusion of new commodities or new methods of production or new commercial opportunities in the industrial structure as it exists at any moment. Any existing structures and all the conditions of doing business are always in the process of change. Every situation is being upset before it has had time to work itself out. Economic progress in capitalist society means turmoil..."

Whilst Schumpeter focused on the incessant revolution from within, it would seem clear that the 'turmoil' of economic progress in South Africa is also being fueled from without - from codes of employment practices and from increased foreign intervention and pressures as well as an ever more interdependent world economy.

If we accept that turmoil - a state of continuous flux - is an unavoidable fundamental feature of our developing economy, and we must, then we need to face at least two fundamental challenges, viz;

A structural adjustment process which is not just an esoteric economic concern, but a sweeping process that affects entire societies.

Secondly, when it comes to structural adjustment in a free society, we really have no choice in the matter. The issue is not whether structural adjustment will take place. It will take place whether we like it or not; indeed we are in the midst of it already.

The real issue is what the characteristics of this adjustment process will be. Will it continue to throw millions of people out of work, lower real incomes for everyone, and possibly lead to increased social tension and political conflict? Or can we handle it in a better way?

2. WHY MOVE AWAY FROM CURRENT STRUCTURE?

The need to move away from the current economic and management structures has become an economic and political imperative for survival. As a country, South Africa is duty-bound to break loose of the shackles of racial capitalism - some would say Afrikaner tribal feudalism - and strive for the optimisation of the use of natural and human resources. In

particular, South Africa's use of its managerial potential continues to be sectional, focused on drawing management material from about fifteen per cent of the population which is white. The table below is a major indictment on the country's ability to utilize its TOTAL management potential:

WHITE	159 093	94.67%
COLOURED	2 918	1.7%
ASIAN	3 384	2.0%
BLACK	2 794	1.7%
TOTAL	168 189	100.00%

Department of Statistics: 1983

Corporate South Africa by now appreciates that if this country is to develop and prosper, by the year 2000~.. 62%. of all executive and professional, and 85% of all white collar jobs will have to be filled by blacks.

That up to 95% of South Africa's current management is drawn from the white sector of the population - a sector that constitutes less than 15% of the total population - is by now common knowledge. A situation so anomalous must of necessity have thrust a substantial proportion of these managers to their levels of incompetence (in terms of the Peter Principle). And as we know, at this level (of incompetence) managers or any employee for that matter, are at best unproductive and at worst counter-productive.

Preoccupation with the use of whites only as managers has gone beyond the point of diminishing returns and it is now imperative for corporate South Africa to tap and develop the virtually untapped management brain power/potential of people other than white.

The rift between the management group and the managed, partly due to the situation outlined above, and in part due to the sociopolitical situation which encourages divergence and adversarial relations between managers and the managed is also a factor that impedes productivity.

While making real strides in technological advances, South African commerce and industry still operate in 1986 in much the same way as in the 1950's. There continue to be troublesome tension between boss and subordinate, and between the firm and the public good, broadly defined.

The need to put aside traditional adversarial relations between managers and the managed cannot be overemphasized. Unless corporate South Africa strives to bring about consensus working relationships between the two groups, trade unions will have to be pardoned for bargaining like ostriches. They will continue to have their heads in the sand - pursuing as their sole objective getting whatever they can without paying attention to the consequences for industry and the economy.

The need for productivity demands that South Africa suppress old divisions and seek a new sense of community, and follow the dictum of Pope John Paul II's encyclical *On Human Work*: "In no way can labour be opposed to capital or capital to labour, and still less can the actual people behind these concepts be opposed to each other".

The fruits of consensus management are varied and complex. But in simple terms, consensus management (as against adversarial management) not only provides the

individual with a greater sense of fulfillment but also educates him about the reality in which the corporation exists. The participants (managers and employees) perceive and appreciate the demands of competitiveness that confront the company, and experience the necessity of sacrificing for the good of the whole.

We should consider profit sharing and employee stock option plans of various types. In Japan today 25% of a typical employee's salary is dependent on corporate profits rather than rands paid for time given. Employees must have a greater stake in the long-term success of the firm if South Africa is to be successful in the current economic circumstances.

3. PRE-REQUISITES FOR MOVING TOWARDS DESIRED STRUCTURE

For South Africa, both the private and public sectors, to move towards a truly integrated management structure, a fundamental change of heart is essential. For one thing, there must be an admission of collective guilt. White South Africa has over the years been racially selfish and greedy where management skills and expertise are concerned. Blacks too, for whatever reason, have not been sufficiently demanding. Hence the skewedness in the managerial balance of power.

Corporate South Africa must also come round to acknowledging the imperfections of western concepts of management. Corporate South Africa must also come to realize that South Africa is in Africa. A magnanimous corporate South Africa would also be willing to explore and possibly incorporate aspects of indigenous African value systems in this country's art of management.

The phenomenal success of Japanese business enterprise during the past three decades or so has put paid to the claimed' superiority of western management systems. The phenomenal success of Cashbuild during the past five years in this country also attests to the merit of indigenizing management and business enterprise. Picking a leaf from African communalism Cashbuild developed its management philosophy around "making Every Employee an Owner" of the company. Profit-sharing schemes for all employees replaced the conventional wage and bonus schemes. This has generated a sense of ownership and esprit de corps among employees and went a long way in bridging the US - THEM rift between Managers and the Managed. The result is integration of labour and management with consequent high morale and productivity.

4. WHITHER SOUTH AFRICAN MANAGEMENT?

One way to envision a truly integrated South African Management Structure is to picture in your mind's eye a South Africa without Apartheid. As currently structured South Africa is designed to keep the various race groups essentially ignorant of one another. As things stand now management, which is white, cannot really claim to be able to manage the managed, who are mainly black, competently and effectively. Competent management presupposes knowledge of the managed's world-view and existential experiences. In a South Africa beyond Apartheid this will be possible.

During the past two years there has been a resurgence of corporate awareness of the need to "breed" and develop managers and to focus greater attention on the hitherto largely untapped "Black Management potential". The resurgence manifested itself in such

concepts and intended programmes as :

Black Advancement Programmes

Special Emphasis Programmes

Accelerated Management Development Programmes

"Affirmative Action Programmes"

Equal Opportunity Programmes, etc.

If we accept that South African society is structured to promote inter-racial ignorance, then what is missing from the above list of programmes is a "White Advancement Programme" designed to inform whites about the concerns, expectations, agendas and value systems of those they manage. The envisaged "truly integrated South African management structure" would be designed for human resources development and utilization. The cardinal object would be to ensure PEOPLE MANAGEMENT COMPETENCY.

In recent times there has been too much talk about this or that advancement. Advancement where to? I guess towards proper and full utilization of our economic and human resources which is heavily dependent on effective and competent management. But what is competent management - how is it conceptualized in this country, what is the ideal we should strive to attain?

There is a crying need to develop a logical, integrated model of managerial competence. Such a model should provide a context for understanding the different demands of the management job, and help managers tap their competencies to become more effective. Such a model should take into account the developing stage of the country, the socio-economic milieu and prevailing socio-political mood. Allied to this should be a model of individual competence that goes beyond the typical simplistic notions of traits and skills, illuminating various levels at which competencies exist in the human organism.

5. FOCUS ON THE BLACK COMPONENT

As portions of the foregoing discourse illustrate, the black component of the managerial potential remains largely undeveloped. At this stage I would like to share with you some highlights of a study jointly conducted by Co-ordinated Marketing and the Contact Group on Black Advancement/Accelerated Management Development Programmes. I'll focus more on:

Factors Leading to Success in Programmes

Problems and Factors Leading to Failure

Tentative Solutions, and

Factors that can Accelerate the Development Process.

6. FINDINGS

6.1 *Factors leading to success in programmes*

The first and foremost requirement for success is a clear definition and understanding from the top about what such programmes constitute and what they are meant to achieve. Allied to that, management must make clear their intention to pursue this objective and to communicate that intention through all operative levels. Proper objectives or at least, objectives that have been found to contribute towards the success of programmes are those that were based on business/economic considerations rather than social concerns. In instances where companies have achieved a measure of success it is because "... it was not a social responsibility job... there was no morality involved. It was a pure business decision..." What further contributed to the success of these programmes was the proper selection, proper placement and proper support of candidates.

A distinction was made between mere upward mobility and development of competence levels to enable people to "grow" into higher level jobs. True success, it was opined, would require that the competence level of people be developed as opposed to just facilitating upward mobility.

"People have to be given a job of work to do". Being thrown in to swim or sink is an essential element for success. Potential managers have to be given responsibilities and objectives instead of being labeled trainees. As it was put "...if you appoint someone and tell him you are a trainee, he'll never stop being a trainee until he leaves the company." Success is encouraged when, as in one scheme, people speak of "merit-based manning" and 'non-racial manning' instead of Black advancement. Taking the racial element out of it and concentrating on sound management development was seen as a hallmark of some of the more successful management development schemes.

Another important factor for entry into management is being able to break the trust barrier. The trust referred to here is that which springs from common identity, background, interests and other socio-economic circumstances. In other words networking is an important variable in breaking into managerial ranks. Upper management have to be certain that one shares the same worldview and values as they do.

A critical ingredient for success is mentorship. A good mentor was likened to a "back-stop", a necessary safety-net. The mentor has to be well-chosen, respected, fairly senior and a high-flier.

An important element, which one respondent thought might be overlooked was the preparation of an organisation to be receptive to an integrated workforce. Such organisations also exhibit foresight in truly realising that management in the future must draw from Blacks.

6.2 *Problems and factors leading to failure*

In large measure the discussion revolved around the failures of the development programmes. The general orientation, whatever aspect was discussed had as an underlying theme the practical difficulties Black managers experienced in trying to break into management ranks. By inference, the absence or the obverse of the above-going success factors constitute the factors leading to failure. If any of the above conditions did not

hold or pre-requisites not met, then it was deemed more than likely that the development programme would be handicapped.

The point was raised about what actually constituted success. It was suggested that the discussion group's perception of success may be different from that of various entities involving themselves with management. For some companies, these management development programmes become an end in themselves rather than a means towards an end." This in itself is an important reason of the failure observed today. Companies to date have been content to put people through packaged courses without regard to the end product. This is partly because of the pressure exerted from various quarters, most notably mother companies overseas, and pressure groups intent on ostensibly ameliorating the plight of workers in South Africa. Therefore, most companies view management development especially for Blacks, as a point-scoring exercise for the various codes of conduct mandated for South African Affiliates of multinational corporations. What further compounds the problem is that the impetus, the rationale and sometimes even the practical details and mechanics of these upliftment and development programmes are originated and pushed from abroad. There is thus a consequent lack of conviction and involvement in the project. For those whom the heat from abroad is no factor, they feel constrained for public relations purposes, to be involved in these type of programmes.

The programmes thus lack direction and objectives designed to develop Blacks into competent managers.

Another important contributory factor towards failure is the fact that those entrusted with the practical implementation of this policy are often those most threatened or feel threatened by the advancement of Blacks. Alternatively the people responsible may be so culturally insular and unreceptive to an extent that they typify Blacks as lacking those qualities necessary for a management role. In such instances there is often an erroneous fusion of White culture with corporate culture.

An inappropriate mentorship programme has also contributed to the failure of these development programmes. Whereas the ideal mentor protege ratio is one-to-one, there have been instances where there have been up to seven proteges to a mentor, clearly an untenable situation. To compound the problem, more often than not the mentor will be somebody who has a strong affective capacity, a "corporate social-worker", "somebody with time on his hands". This is quite contrary to the Principles of mentorship as most respondents were at pains to point out. A proper mentor system required a mentor who was fairly senior, certainly with an access to top management, a "higher-flier within the corporation.

Some length of time was devoted to the problem of the trust-barrier and the inability to bridge that barrier. The point was made that it is not only a black-white problem primarily, or even at all, but prevalent in all situations where people were not alike, such as of male-female and also of different social-class backgrounds.

Lastly the problem was also located in the employee. It was noted that those on these management development programmes often lacked 'staying power,' that they did not stick out the duration of the developmental programme. This in itself may be reflective of other problems with the development scheme, such as lack of clearly defined objectives and time-tables -

6.3 *Tentative solutions*

The solutions, it was argued, could be gained by simply redressing the problems identified. It was felt appropriate however that certain proposed solutions bear discussion.

An innovative solution proposed was to try and learn from the successes of small enterprises, where it was observed upward mobility does seem to come easier. As to how this could be made to apply in large companies, it was conceded it would be difficult. A way of overcoming the difficulty was for companies to foster entrepreneurship i.e. encouraging companies to encourage small divisions to be autonomous and perhaps within these divisions the advantages that normally are associated with small companies will also hold. The smallness and proximity of actors in small companies create better atmosphere for understanding and emergence of a group ethos, a common identity.

The other solutions proposed primarily focus on making the work environment conducive to development of a Black management cadre. Basic to this must be the adherence to basic management principles, which if applied properly should result in proper human resource development. It must be noted that “basic management principles” is a concept that seemed to be universally understood and taken for granted by the participants. Allied to the concept of following basic management principles, it was argued that companies should explicitly recognize and state manning objectives and importantly, take concrete steps to achieve them.

In addition to the above, it was suggested that companies must develop support systems to help reinforce the employee in the work environment. Various support mechanisms were suggested from direct contact with top management, a sort of “open door policy”, to external agencies that can intervene on behalf of the employee when the need arises.

Another obvious but important solution proposed was removing the responsibility for success of these programmes from those who feel most threatened by its success.

Whereas looking at “merit based” schemes rather than black advancement schemes was viewed as a tentative solution, it was recognized that perhaps for the short-term, Blacks ought to be pushed through in great numbers deliberately so as to create role-models and peers within and without the industry thus creating one form of support mechanism.

7. FACTORS THAT CAN ACCELERATE THE DEVELOPMENT PROCESS

Once decision is taken to pursue Black advancement within the corporation, the company must realise that it is a sensitive and political area, because it means Africanization of management positions. The company must therefore be resolute and provide for the inevitable opposition that will follow. An appropriate response to deal with this opposition and possible sabotage must be prepared.

Another important way to accelerate the development process is for the corporations to realise the need is now, not “in the year 2000” or some other “romantic target year”. It should become imperative to seriously implement the programmes now and not “sometime soon”.

The process would be hastened along if Black Management development was made part

of a “key results area” that responsible executives are to be appraised on. There must be rewards and penalties attendant on the performance of the responsible executive. Allied to that, corporations must recognize Black management development as a key business objective, a strategic objective because of the importance of Blacks as a pool for management talent now and most importantly in a few years down the line. Therefore corporations must cease to regard Black management development as a part of “corporate social responsibility programmes”.

A method that generated some disagreement was an “affirmative action” programme where target numbers and quotas would be set. It was opined that “equal opportunity” stance was not adequate nor appropriate in the circumstance. Such a stance often afforded recalcitrant management to hide inactivity in their area by pleading “lack of suitable Black candidates”. “In the long term equal opportunities maintains the status quo”.

A point made earlier was that if somebody is appointed “a trainee” and is not given a specific task with specific objectives and responsibilities then the person remains a “trainee” for ever. These “trainees” often mark time, missing out on vital on-the-job training. Therefore, those on management development programmes should not be labeled “trainee” or any other appellation that in effect takes them out of the mainstream of the ‘work environment.

Those on management development programmes or those who might have successfully gone through could also help by being useful role-models and being supportive. Instead of denying others their place in the sun by jealously clinging to the “first-and-only-Black” syndrome, other Blacks in management ranks could help to push others into management ranks.

There was opinion expressed that perhaps nothing can be done except by top management in the corporation. They have to be convinced of the dire necessity to develop, Black management as part of effective resources utilization.

Lastly, it was felt that it was perhaps not possible nor desirable to accelerate the process. Earlier it had been contended that it takes “about 10 years or more” to train, develop and “season” a good manager.

8. GENERALISATIONS ON UPWARD MANAGEMENT MOBILITY

A few things could be generalized about pertaining to upward management mobility. Most of these were centred on the aspirant manager. Premier among these is drive, ambition and “a ‘will to grow” on the part of the aspirant manager.

A certain amount of “political savvy” also is necessary. The aspirant manager must be able to create and maintain useful alliances and knowing ‘whose wagon to hitch one’s star to.

The aspirant manager must be able to read the corporate culture, to be able to fit in, to belong. He must quickly learn what is prudent and acceptable and where compromise and patience are advisable.

Lastly, the corporation has to cultivate an environment that makes such upward mobility possible. Realistic and achievable standards must be set which carry some rewards upon achievement. The corporate environment has to be conducive to all, among, or perhaps

especially Blacks to pursue and attain these objectives.

Another general phenomenon noticed was that whether formally structured or not, those who do climb the corporate ladder invariably had a sponsor, a mentor.

9. CONCLUSION

Moving towards a truly integrated South African management structure is central to the challenge currently facing this country. Significant moves in this direction will help diffuse the politically explosive situation in the country, ensure economic survival and growth and generate a sense of national pride among the various sectors of South African society.