THE SOUTH AFRICAN WAVE: A LEAP OF FAITH

BY

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Preface

PROVERBS 29:19

"A servant will not be corrected by words: for though he understands he will not answer."
Acknowledgements

This thesis is written with the knowledge and acceptance that I am mortal and incompetent to bring forth any work without the help of my Heavenly Father. I thank the Lord for His hours of patience and the help that He gave me in writing this thesis. I hope that this thesis will honour His name because without Him I would never have been able to write "A Leap of Faith".

Many thanks to my study leader Prof. N Lessing for all his help in the writing and completion of this thesis.

When you are married and one of the two partners decide to study it puts a fair amount of strain on the other partner and I thank my wife Carol for all her hours of patience, reading and rereading as well as her support in difficult times.

To my mother for all her help, not only with this thesis, but throughout my life.

To friends that joked and that helped many thanks Jacques and Winus.

Pat at Standard Bank Library for lending me the books for such a long period I owe you lunch.

Thank you to Charlene van Onselen for the typing.
The Leap of Faith Philosophy

The Leap of Faith is a very simple philosophy but it is one that will not be very easy to put into practice because man has been forced over centuries, by the unethical few, to undermine each other and to work against each other rather than to work together.

The Leap of Faith philosophy is based on human nature to be together and to work to the advantage of every one. The individual will not gain an advantage for himself if it will lead to the detriment of his fellow human beings.

The company is the centre of the workforce, and the survival of the company to the advantage of everyone is important. Every person that is touched by the company, must have a say in the management of the company as well as the direction in which the company is going. The stakeholder in a company is not just the shareholders or top management, as is the case now, but also the employees, their families and society. The company will be managed by every individual that works for the company as well as every person that is involved with the company, from the client to the pensioner whose life is touched in the smallest of ways by a company.

There will be no management structure or levels within the Leap of Faith company but only leaders that will help to implement the decisions that was made by all. Management levels will be minimised to one and the employees will indicate who they want as the leader to lead them into the future.

Every company will be a compact unit of thought, decision and action to the advantage of the company and everyone the company touches.
Die normale lewenspatroon, van die mens, is geboorte, kindwees, volwassewees, oud wees en dood. Suid-Afrika is nog in sy kinderskoene in vergelyking met lande soos die VSA, Japan en verskeie ander. Die speelgrond in die internasionale arena is egter nie verdeel tussen kinders en volwassenes nie, almal ding op 'n gelyke vlak mee, en Suid Afrikaanse maatskappye sal moet besef dat slegs die sterkes sal oorleef.

Dit is met hierdie siening dat hierdie studie onderneem is, met die hoop dat Suid-Afrika sy eie golf van bestuur sal hé. Suid-Afrika is 'n land op sy eie met 'n geskiedenis soos geen ander land in die wêreld nie, met 'n samestelling soos geen ander land nie. Daarom benodig Suid-Afrika 'n eie bestuursteorie. 'n Golf vir Suid-Afrika uit Suid-Afrika. Die oopgestelde mededingende speelgrond is nuut vir Suid-Afrika, en Suid-Afrikaanse maatskappye, maar dit moet besef word dat as die maatskappye nie by veranderende omstandighede aanpas nie, hulle tot niet kan gaan.
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Om vir Suid-Afrika 'n eie bestuursteorie te ontwikkel, moet Suid-Afrika eers met die belangrikste mededingers vergelyk word om uit te vind wat nog benodig word op ekonomiese, politieke en opvoedkundige vlakke. Daar moet bepaal word waar Suid-Afrika tans staan in vergelyking met die res van die wêreld. Uit hierdie vergelykings kan vir Suid-Afrika 'n beeld bepaal word wat nodig is om in vandag se wêreld te oorleef, en belangriker nog, om in die toekoms te oorleef.

Met die beeld in gedagte word 'n bestuursgolf vir Suid-Afrika voorgestel wat maatskappye, groot en klein, in staat sal stel om oor twintig jaar nog steeds deel uit te maak van die land, en die aanslag van buitelandse maatskappye te weerstaan.

Suid-Afrika is jonk en het 'n baie stormagtige verlede, maar wanneer gekyk word na enkele gebeure in die verlede byvoorbeeld:

- Die Groot Trek;
- Die Boereoorloë;
- Die jare van die apartheidsbeleid;
- Die oorgang na demokrasie;

is dit duidelik dat Suid-Afrikaners die wilskrag en die uithouvermoe het om te oorleef. Al wat Suid-Afrika nodig het, is om uiting te gee aan die leuse "EX UNITATES VIRES".

Dit is met hierdie gedagte dat daar deur die studie tot die gevolgtrekking gekom word dat Suid-Afrikaanse maatskappye, groot en klein, 'n nuwe en unieke bestuursteorie sal moet volg. Die teorie word ontwikkel met die doel om bestuurders in Suid-Afrika te help lei na 'n helderder en beter toekoms.
THE SOUTH AFRICAN WAVE : A LEAP OF FAITH

SYNOPSIS

TITLE: The South African wave : A Leap of Faith

CANDIDATE: Sean Hutcheons

STUDY LEADER: Professor N Lessing

DEGREE: Magister Commercii

FACULTY: Economic and Management Sciences

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The normal pattern of life is birth, childhood, adulthood, old age and death. South Africa can still be seen in its childhood shoes in relation to countries like the USA, Japan and others. However, the playing field in the international arena that South Africa has to operate in when it comes to survival, is not divided between children and adults but instead, we are all competing on equal terms, and South African companies will have to realise that only the strong will survive.

It is with this view in mind that this study has been undertaken in the hope that at completion South Africa will have its own management wave. South Africa is a country on its own with a history like no other country and a diversity like no other country. Therefore South Africa needs her own management wave, a wave out of South Africa for South Africa. The international competitive playing field is something new to South Africa and companies will have to adapt, or in years to come only a few of the current companies will have survived.

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To enable South African management to determine their own management a comparison of South Africa with her main competitors will be done. This will help to determine what is still needed in South Africa on the economical, political and educational fields and to help determine what South Africa need to survive for now and for the future. With this in mind it will be possible to start creating South Africa's own management wave which will enable companies, big and small, to still be part of South Africa in time to come, and to withstand the onslaught of overseas companies.

South Africa is young, and has a very turbulent history, but with past happenings like: The Big Trek; The Boer Wars; The years of apartheid; The coming of democracy; it is clear that the South African people has got the will, stamina and strength to survive. South Africans now need to realise "EX UNITATE VIRES".

It is with this in mind that the conclusion of this study will show South African companies, big and small, a new and unique management wave to follow. This new management wave will lead South Africa to a brighter future and a better tomorrow.
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CHAPTER ONE: Orientation

1.1 Background

"If I have seen further than Descartes, it is by standing upon the shoulders of Giants..." (Sir Isaac Newton)

In this world of an ever changing tomorrow, only the strong will survive and the weak and old will be swept away by the waves of change. The world of today is adapt or die and tomorrow nobody remembers you. If you are not the giant you will not be seen or heard, you will become obsolete and will not even be a ripple in the waves of change.

"A powerful tide of change is surging across the world today, creating a new and often bizarre environment in which to work, play, marry, raise children or retire." (Toffler 1981:15)

This statement (Toffler 1981:15) is nowhere as true and realistic as in the NEW SOUTH AFRICA. No more than four years ago South Africa was the black sheep of the world, the misfit; but overnight South Africa has become everybody's favoured son and the tide of change has struck with a tremendous force. Change and revolutions that had taken decades to happen in the rest of the world is now at the front door of South African companies and the time has come to adapt or die for all South African companies. The cocoon of isolation and closed markets, have been ripped open and South African companies are staring into the eyes of the international competitive monster and if current companies do not get their house in order, all that may be left will be faint memory of a bygone era.

This threat to South African companies is real, and due to the past decades of isolation
South African companies may shrivel up and die if they do not react quickly and decisively. There will be no time to wait, companies need to be proactive and not reactive. Those who are proactive will have a better chance of surviving. Those companies that do not want to take a LEAP OF FAITH, may find that the last chapter in their history is currently being written.

South Africa finds itself in a very peculiar position in world standing. It is the only country that is somewhere between third and first world status, the only country that is seen as a developed country and yet developing country. It is the only country that the world loved to hate. The only country that nobody wanted anything to do with, but everybody wanted part of. South Africa is a country by itself, and will have to grow by itself, but can look at the rest of the world, see their mistakes, learn from them and then create her own wave of management.

South Africa has a very stormy past, and from the outset has been plagued by war and a very uncertain future, but still has proven that it can and will survive. The past five decades of South African history is what is of importance to this study, and it is in these five decades that South Africa has been scarred more than in its whole history of war and unrest. The apartheid system that was implemented by the National Party in the forties led to South African isolation from the rest of the world, and in a global village an isolated country cannot survive by itself. Not only was South Africa placed under tremendous economical difficulties, but the management style that was adopted by the South African companies was and still is, outdated and this is where the biggest threat comes from for the survival of the South African economy and the South African companies.

The changes started in 1990, when the then governing National Party realised that South Africa would not survive in isolation, and took the first steps to democracy in freeing the
ANC leader, Nelson Mandela. This first step taken by the then South African government started a new wave in South African history. This wave has since grown into a tidal wave of change that has the rest of the world amazed at how people of all races and gender can work together to better their future.

It is in view of working towards a better future that this study has been done and especially towards a better management style. Before looking at the management style within South Africa, it is important to determine other factors that will play a role in South Africa in the future, and to see what the effect of these factors will be, and what needs to be done to change those factors so that they can all work together to enable South Africa to determine its own management wave.

1.2 Problem statement

The problem that this dissertation sets out to study is twofold, as set out in the primary and secondary problems below.

1.2.1 Primary problem

As a result of the years in isolation caused by the apartheid era of the government of the time, the management style of most managers in South Africa has not changed with the times, and the result is management styles that are outdated compared to that of the rest of the world. These outdated management styles has made South African companies less competitive with the rest of the world. With democracy returning to the shores of South Africa, so has the rest of the world and their companies. The companies returning to South Africa has modern management styles and are much more competitive than South African companies, and the South African companies will have to modernise their management style to survive, or create an own unique management wave.
South Africa will have to move from its current second wave management style to an style equal to a fourth or fifth wave of management.

1.2.2 Secondary problems

Although the study aims to determine a South African wave of management, there are other factors that play a role in the management of a country and a company, and these problems will be briefly addressed. These problems will be looked at by comparing South Africa to its major competitors in the international market and then determining the changes that need to be made in South Africa. The addressing of these problems will set the scenario from which a South African wave can be established and created for the future.

1.3 Aims of the study

The aim of this study is divided into the primary aim and secondary aim to help the managers of South Africa to understand how to change and why they need to change to the new management wave.

1.3.1 Primary aim

The primary aim of the study is for companies to change their current management styles to a management style that is more in line with international management styles, but that is unique to South Africa, and that will make them more competitive with other overseas companies that are entering the South African market.
1.3.2 Secondary aims

- The study also aims at providing the necessary basis that should be in existence in South Africa to help with the change in management styles.

- The study will provide management an insight into the future of management and to create a sense of security within the new management style that will be required for the future.

1.4 Methodology

This study is a literature study, in which a comparison between South Africa and its major competitors will aim to determine the best basis from which the most effective management can be done. This study will include economical growth, politics, education and other critical factors that will help in determining a new management style for South Africa.

The study includes the reading of books, and media material, about South Africa and her major competitors as well as management styles. Discussion with middle management and employees of major companies in South Africa, such as The Standard Bank of South Africa, will also be used to determine the current management style in South Africa.

Reading material was obtained from the following institutions:

- R.A.U. library
- Wits Business School library
- The Standard Bank of South Africa library

The study will also research and compare the current world management philosophies, from the First wave to the Fifth wave and Africa management, and will then be used to
set out a South African wave and a management style for South African companies, whether big or small.

1.5 Limitations

This study does not intend to determine any new methods, policies, theories or philosophies obtained to the current economy, growth, education or any other factors other than that of management in itself. The study is limited to the current policies, theories and philosophies on economy, growth, politics, education and other factors.

All comparisons between South Africa and the rest of the world will be limited to the following countries:

- UNITED STATES OF AMERICA
- UNITED KINGDOM
- GERMANY
- JAPAN
- FRANCE
- RUSSIA
- TAIWAN
- MEXICO
- PERU

The first six countries are selected on the basis of trade with South Africa, and the last three are also developing countries like South Africa and South Africa can learn from their past triumphs and failures.

1.6 Divisions of the study

In chapter 2 is a discussion on the different factors that play a role, or that may play a role,
and have an impact on the companies of today. The reason for this chapter is to lay down a foundation that should be in place to assist companies to be the most competitive where possible. This chapter will indicate those factors that are not just important to one company, but to all companies as well as the government of the day.

At the end of chapter 2 it will be clear that South Africa compares well to most other countries and that people can plan a future in South Africa.

In chapter 3 the study is a discussion what needs to be changed in South Africa and sets a current scenario of how the management structures and styles look. There will also be further discussion on topics that are unique to South Africa such as culture. Lastly, a future scenario for South Africa will be created.

Chapter 4 is a comparison of the management waves from the second to the fifth wave. This chapter determines what is needed to enable a company to move from wave to wave and to reach its optimal wave, as it is believed that each company will have its own management wave. Furthermore, the current South African wave and management styles will be discussed.

Chapter 5 is the conclusion and the indication to what is needed to create an unique South African wave. This chapter combines the previous three chapters to create a management wave that will be unique to South Africa. This new wave will help companies in South Africa to have a better understanding of what is required from them to be more competitive and productive to survive in the future. The companies that accept the LEAP OF FAITH management philosophy will still be here twenty years and more from now, and will still be competitive and productive and a force to be reckoned with. This chapter will be the conclusion of this study, but will be the start of a new tomorrow for all companies in South Africa and maybe the rest of Africa.
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Synopsis

To be able to determine a new management style for South Africa, it is necessary to take a look at other factors that can and will have an effect on the country in the future. To help to determine the Leap of Faith management style it will be necessary to determine the difference between South Africa and the rest of the world. This will help South Africa and her companies to see where change is needed to enable them to compete to the best of their abilities.

South Africa is not that bad off to the rest of the world, and South Africans can start thinking of planning for thirty or forty years from now, rather than the short term planning that is being done at the moment.

There are changes that need to be made and it is of vital importance that South Africa make these changes as soon as possible to ensure that South Africa will become a first world country and can take her rightful place among the leading countries of the world.
CHAPTER TWO: South Africa vs The world

2.1 Introduction

A South African businessman was sitting in a conference in Japan which was attended by all the major economical countries of the world as well as some of the smaller countries. He was there to give a presentation on what South Africans expect of the future and what the future holds for the rest of the world. When he finished his presentation there was no applause, it was as if the audience was waiting for him to continue. When he asked if there were any questions, one Japanese businessman stood up and said what about after five years, what about thirty or forty years from now. It was then that the South African businessman realised that what South Africans call "future planning" is shorter than "short term planning" in the East. It is essential that businessmen in South Africa start seeing the future as being two generations down the road, instead of five to ten years.

In the global village that South Africa finds itself, no country stands alone. Every country affects other countries, and is affected by other countries, either economically, politically or by other means.

If a country undergoes changes the way South Africa has done in the past four years, it is logical that these changes will affect the rest of the world. When changes are made, the rest of the world's experience can be used to help the changing country to avoid potholes on the road of change. It is with this in mind that the following countries will be compared to South Africa:

- UNITED STATES OF AMERICA
- UNITED KINGDOM
These comparisons will be used to determine where South Africa need to change to avoid pitfalls and to adopt the best possible solutions to problems, and possible problems, in the future.

It will also be important for South Africa to align itself with the rest of the world on important issues such as the GATT treaty.

All the information used in this chapter was obtained from the following sources:

- The Price Waterhouse collection "Doing Business in..." on each of the indicated countries
- International Monetary Fund October 1995. International Financial Statistics

2.2 Political system

This section starts by looking at the United States of America. The USA is a federal republic of 50 states with a government consisting of three branches: legislative, executive and judicial. The legislative branch is made up of two chambers: the Senate and the House of Representatives. There are one hundred senators, two per state, and the total membership of the House of Representatives is 435, (state population determines the
number of representatives per state). The executive branch enforces the law and controls foreign policy. The president is the head of the executive branch. The government in the individual states follows the same pattern as discussed above.

**The United Kingdom** is a monarchy, but in practise the sovereign reigns, but does not rule; governing is carried out in the name of the sovereign by the government. Government consists of a body of ministers who are the leading members of the political party in power and who is responsible to parliament. Parliament is made up of two houses: the House of Lords with limited powers and the House of Commons. The House of Commons consists of 651 members elected directly by adult suffrage for the life of parliament. A general election must be held every five years, but may be held more frequently. The party who wins the most seats in the election will command the House of Commons and will be the government.

In contrast to the United Kingdom, **Germany** is a federation of 16 states. There are two chambers to the federation: the Lower Chamber, who is directly elected by the electorate, has seats being allocated on the basis of proportional representation in line with the individual states. The Upper Chamber is made up of members delegated from the individual states in rough proportion to the size of the population of each state. Most of the acts passed by the Lower Chamber, must be approved by the Upper Chamber. The federal government consists of a Chancellor and his cabinet. The Chancellor is elected by the Upper Chamber. The head of the state is the federal president elected by both chambers. Each state elects its own parliament under a system of universal suffrage. There are also local governments for cities and rural districts that are elected on the same basis.

In **Japan**, the legislative power is vested in the Diet, a bicameral body consisting of the House of Representatives and the House of Councillors. Executive power rests with the
Cabinet, which is headed by the Prime Minister and who is elected by the Diet. The executive branch has 12 ministerial divisions. Japan is divided into 47 prefectures, each with its own executive power within the law.

**France** has a republican government and the President is very powerful. The President is elected for a seven year term by direct vote and he then appoints a Prime Minister and other ministers. The parliament consists of a National Assembly and a Senate. These members are elected by popular vote for a five year term. France is divided into 23 regions and each region is administrated by a council who represents the central government.

**Russia** is a federation with an Upper Chamber and a Lower Chamber, respectively known as the Federation Council and the State Duma. The Upper Chamber members are made up of two representatives per constituent of the federation. The State Duma has 450 members elected from a constituency and a party list. The President is in charge of the central government and can not be in office for more than two terms. The President, like in France, has extreme power. The President appoints all members to the government including the Prime Minister. The local government is made up in the same way as the Central government.

**In Taiwan** the central government is organized under the constitution of the Republic of China. The constitution provides for a National Assembly and a government that is composed of five independent branches: executive, legislative, judicial, examination and control. The executive is the highest administrative body in the government and is headed by the premier. The president and the vice president is elected by the National Assembly.
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**Mexico** is a federal democracy with 31 states and a Federal District (Mexico City). The federal government has power over public education, except university levels that differ from the countries' federations. The President is the head of the government and is in power for six years, and may not be elected for a second term. The 31 states' governments are headed by popularity elected governors, who also serve a single six-year term. The mayor of the Federal District is appointed by the President and is a member of the cabinet.

**Peru** is a republic headed by a president and two vice-presidents. The legislative power is vested in the Congress. The country is divided into 24 departments and a constitutional province.

**South Africa** is in the middle of change and currently has an interim constitution which provides for a federal system of government based on nine newly formed provinces. The powers of the provinces are still undefined, and is a very thorny issue. It is clear that South Africa still has to settle into a new government system. In chapter 3 a probable government system that fits in with the **LEAP OF FAITH** will be discussed.

### 2.3 Economic Indicators

When it comes to the economy, there will always be more than one side to the coin: most probably more than two sides to the coin because everyone has his or her own opinion about the economy of any country, and where change is needed. This section is not venturing to indicate where change is needed, but rather to compare South Africa with its major trade partners and other developing countries. South Africa compares well with the other countries and South Africa's economy is not about to collapse under the current circumstances (see table 2.1).
It is very important to try and build business confidence in the South African economy and it is the government's responsibility to see to it that this business confidence is gained. Private business in South Africa can also help by having confidence in their own country.

The South African economy has stabilised over the past few years as can be seen in the growth figures in table 2.1. The government has also reduced inflation to a more manageable level of 9.2%, and if this trend continues, the South African economy can only do better. The Prime interest rate could possibly be reduced to function as a kick-start for further growth in the economy. This may cause the inflation rate to escalate but economic growth and work creation is very important for the future of South Africa.

The South African economy is stable enough for overseas companies to feel free to do business with South Africa, and South African companies can, with confidence, do business with the rest of the world.

2.4 Policies

To further enhance the knowledge of how South Africa compares with the rest of the world, a number of important policies will be looked at in an attempt to solve the secondary problem as indicated in section 1.2.2 in chapter 1 and to try and make it easier for companies to change their management style to the Leap of Faith.

2.4.1 Exchange control

The United States of America has no exchange control as commonly experienced by foreign investors in many other countries throughout the world. There is one provision, the Exon-Florio Provision, that gives the President the right to stop any foreign acquisition and takeovers that could threaten national security.
### Table 2.1: Economical Indicators for 1995

<table>
<thead>
<tr>
<th>Indicator</th>
<th>USA</th>
<th>UK</th>
<th>Germany</th>
<th>Japan</th>
<th>France</th>
<th>Russia</th>
<th>Taiwan</th>
<th>Mexico</th>
<th>Peru</th>
<th>RSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (millions)</td>
<td>260.7</td>
<td>58</td>
<td>81.4</td>
<td>125</td>
<td>58</td>
<td>148.3</td>
<td>21</td>
<td>91.2</td>
<td>23.1</td>
<td>40.4</td>
</tr>
<tr>
<td>Unemployment</td>
<td>6.2%</td>
<td>2.7%</td>
<td>9%</td>
<td>2.7%</td>
<td>6%</td>
<td>12.6%</td>
<td>1.6%</td>
<td>3.6%</td>
<td>9.9%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Prime interest rate</td>
<td>7.1%</td>
<td>5.5%</td>
<td>13.4%</td>
<td>4.1%</td>
<td>8%</td>
<td>310%</td>
<td>5.5%</td>
<td>15.5%</td>
<td>53.6%</td>
<td>15.6%</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>2.6%</td>
<td>2.4%</td>
<td>2.9%</td>
<td>0.4%</td>
<td>1.7%</td>
<td>300%</td>
<td>3.8%</td>
<td>6.8%</td>
<td>20%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Growth rate 1992</td>
<td>2.3%</td>
<td>-0.5%</td>
<td>1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>-18.5%</td>
<td>6.6%</td>
<td>2.8%</td>
<td>-2.3%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Growth rate 1993</td>
<td>3.1%</td>
<td>2%</td>
<td>-2.4%</td>
<td>0.1%</td>
<td>-1%</td>
<td>-12%</td>
<td>6.2%</td>
<td>0.4%</td>
<td>6.4%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Growth rate 1994</td>
<td>3.9%</td>
<td>3.4%</td>
<td>2%</td>
<td>0.6%</td>
<td>2.3%</td>
<td>-13%</td>
<td>6.2%</td>
<td>3%</td>
<td>12%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>-166.360</td>
<td>-16009</td>
<td>45.71</td>
<td>145.91</td>
<td>9.132</td>
<td>11.3</td>
<td>12</td>
<td>-18.465</td>
<td>-580</td>
<td>5.781</td>
</tr>
<tr>
<td>Current Account.</td>
<td>-147.6</td>
<td>-8.6</td>
<td>-16</td>
<td>1320</td>
<td>11</td>
<td>5</td>
<td>5.3</td>
<td>-28.4</td>
<td>-2050</td>
<td>0.21</td>
</tr>
<tr>
<td>Exports</td>
<td>512.521</td>
<td>204.923</td>
<td>427.219</td>
<td>397.005</td>
<td>46</td>
<td>235.780</td>
<td>92.847</td>
<td>34.530</td>
<td>4.555</td>
<td>24.987</td>
</tr>
<tr>
<td>Imports</td>
<td>689.22</td>
<td>227</td>
<td>381.896</td>
<td>275.235</td>
<td>34</td>
<td>229.841</td>
<td>85.507</td>
<td>60.979</td>
<td>6.794</td>
<td>23.387</td>
</tr>
</tbody>
</table>

All figures are in millions $ except for USA Trade Balance, Current Account, Export and Import, which is in billions $

Unemployment is registered unemployment only

The United Kingdom abolished all exchange control in 1987, and currently has no exchange control in place. The same as in the USA there are mashers to stop agreements that are a risk to national security.

Germany also has no exchange control except with those countries with which Germany has a clearing agreement. There are still some controls on the statute books, but they are not in use, and it is unlikely that they will be used, because it goes against Germany's economic policy of free enterprise and private ownership.

Exchange control in Japan consists of the reporting of all transactions done by a foreigner in Japan, or by a Japanese citizen with foreigners. Direct inward investments have to be reported on the designated forms, which includes the object of the business, and the amount and period of the investment. All these forms must be sent to the Ministry of Finance through the Bank of Japan. The Ministry will then authorise the transaction. This authorization can take between 30 days and five months. The same procedure is followed when trading in technology. The Ministry of Finance also has the authority to require licenses to curb sudden deteriorations of the balance of international accounts. These licenses are on transactions that normally do not have any controls on them.

France has in the past decade diminished most of their exchange control, but has as yet, not eliminated them totally. European Community (EC) investors can trade with France without any controls, where non-EC countries are subjected to some controls. These controls consist of declaring all investments with the Ministry of Finance for approval. All currency transactions have to be approved by the Bank of France. What is clear from these controls, is that France prefers foreign companies to enter France through subsidiaries, branches and joint ventures, rather than just exporting to France.
In **Russia** the exchange controls are principally geared towards limiting capital flight. The biggest hurdle caused by the exchange controls are the non convertibility of the Russian currency, the Rouble. By law the Rouble may not be imported or exported, and this places a great constraint on trading. To assist in the conversion of the Rouble, the Central Bank has daily currency auctions, but this does not seem to work.

In **Taiwan** exchange control is minimal, and imports and exports can take place without declaration, as long as it is done through the Central Bank or appointed banks. To bring foreign exchange into Taiwan, approval must be obtained from the Central Bank.

**Mexico** adopted a dual system exchange control in the 1980's in which the government controlled exchange market coexists with a totally free exchange market. The controlled market is on the following transactions:
- income on export goods;
- loans received from foreign banks;
- repayment of foreign currency, due to indebtedness to foreign banks;
- payments on imported goods;
- payment of royalties;
All other transactions are free of any exchange control.

There are no exchange controls in **Peru**. Foreign investments must be registered with the National Commission of Foreign Investments, but there are no restrictions on the investments.

**South Africa**, on the other hand, has very complex exchange control, and is principally concerned with the local borrowing by foreign owned companies, and the export of funds by resident and non-resident individuals and companies. South Africa used to have a dual currency system, which was abolished in 1995.
2.4.2 Investment

The federal government of the USA maintains a policy of neutrality towards foreign investment, and the general open economy helps with the inflow of investments. The states on the other hand has extensive incentive schemes to attract foreign investment as they see foreign investment as a broadening of the tax base, job creation and improving the welfare and local economy.

In the United Kingdom there are numerous incentive schemes to attract foreign investment. Foreign-owned businesses has the same benefits as does the local business.

Germany also has an open economic system and encourages foreign investment. Incentives are focused on east Germany to maintain the pace of industrial innovation and other social reasons.

Investments in Japan are openly welcomed and there are various incentives from government and local government to attract foreign investment. It has been mentioned in the rest of the world, that although the Japanese market is open, it is very difficult to penetrate or to enter due to the extensive "red tape" that has to be cleared.

France has recognized the advantage of foreign investments to the unemployment situation and thus encourages foreign investments. Industrial, scientific and technical operations are especially encouraged. Incentives are available for all regions except Paris.

The Russian government realised that the pace of reform in Russia was very slow, and in 1992 they decided to start encouraging foreign investments to Russia. All incentives are regulated by the law on foreign investments in the Russian Socialist Federative Soviet Republic. This law also guarantees foreign investment against nationalization and offers
compensation for loss or damage under such circumstances.

**Taiwan** investment policy is mainly aimed at technology and capital intensive industries, as well as other productive industries conforming to certain criteria.

**Mexico** has only a selective number of incentives for foreign investment. The main thrust of these incentives are as follows:

- only investments that will maintain or increase employment
- increasing Mexico's share in the international market of manufactured goods
- increasing the participation of small- and medium-size industries in the overall economy
- promoting social welfare, for example low-income housing.

**Peru** has in the past four years changed their incentives substantially to fit in with their tax policy. This has placed some burden on the incentives, but Peru still believes in an open economic system and attracting foreign investment. Incentives in areas such as exploration and exploitation of natural mineral resources are still available.

The **South African** government welcomes foreign capital investments and has some incentives to attract investments. These incentives, however, are not specified for specific products or industries.

2.4.3 Tax

It is quite clear from table 2.2 that South Africa is one of the highest taxed countries in the world. If taking into consideration that only a limited amount of education and health services is free in South Africa, the tax rate is very high, and this is a major hurdle in attracting overseas investments.
South Africa is also one of the countys with a very low tax concession system in which to attract overseas investors and should urgently consider a tax concession incentive program to attract investors to South Africa. Concessions, like lower company tax for foreign companies in their first five years of business in South Africa, is a good beginning.

2.5 Labour relations

In the USA there is a readily available, well skilled labour force including supervisory personnel and management. Because of their size, labour unions are an important economical force to reckon with, but their membership has fallen dramatically in recent years as higher wages, rather than fringe benefits, become more important.

In the United Kingdom the labour force is generally adequate but there is a shortage of skilled labour in certain regions. The influence of trade unions have declined drastically in recent years. Fringe benefits play a mayor role in the remuneration of managers and senior staff.

Germany has a well skilled labour force but this has come at a high labour cost. Trade unions still play a mayor role in Germany and almost all workers belong to a union.

Japan's labour force is highly educated and skilled, and lifetime employment is common in Japanese companies. Labour cost is also very high in Japan, which is partly due to social insurance. Trade unions still play a role in the Japanese economy with about 25% of employees belonging to a union.
### Table 2.2: World Taxes for 1995

<table>
<thead>
<tr>
<th>Tax Concession</th>
<th>USA</th>
<th>UK</th>
<th>Germany</th>
<th>Japan</th>
<th>France</th>
<th>Russia</th>
<th>Taiwan</th>
<th>Mexico</th>
<th>Peru</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual tax rate</td>
<td>medium</td>
<td>low</td>
<td>medium</td>
<td>medium</td>
<td>medium</td>
<td>low</td>
<td>medium</td>
<td>no concession</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>Corporate tax rate</td>
<td>15% - 30%</td>
<td>20% - 40%</td>
<td>19% - 53%</td>
<td>10% - 50%</td>
<td>5% - 56%</td>
<td>12% - 30%</td>
<td>6% - 50%</td>
<td>20% - 40%</td>
<td>15% - 30%</td>
<td>17% - 43%</td>
</tr>
<tr>
<td>VAT</td>
<td>NIL</td>
<td>NIL</td>
<td>15%</td>
<td>NIL</td>
<td>NIL</td>
<td>20%</td>
<td>NIL</td>
<td>NIL</td>
<td>18%</td>
<td>14%</td>
</tr>
</tbody>
</table>

*Tax rates are between nominal and the effective rate.*

France has a labour force with a wide range of skills and professional competence (87% belongs to a trade union). A state social security system covers most of the employee risks that exits.

The labour force in Russia tends to be well educated and skilled. The role of unions is limited to that of representing and defending the interest of workers and cannot enter into binding contracts. Paying Russian citizens in hard currency is only allowed under certain conditions as this is seen as a way to keep inflation down.

In Taiwan the quality of the work force is very high but there are still shortages in some industries. There are approximately 2300 unions in Taiwan but only 21% of the work force are members of a union and unionism is not prevalent in Taiwan.

The labour force in Mexico is considered to have internationally competitive levels of efficiency but there is a shortage of skilled labour. In some industries, like petroleum, mining and others, there is a strong union movement.

Peru has a workforce that is readily available for labour and office employment. There is a very strong union movement in Peru and an extensive social security system covers all employee risks.

It is important to note that most of these countries have law enforced profit sharing in place to the advantage of all employees.

South Africa has had a turbulent labour history as this was the only vehicle that black activists perceived they had to express their political views. There is a relative shortage of semi-skilled and skilled workers in South Africa. Labour unions play a vital role in the South African economy. Profit sharing is not prevalent in South Africa and only
executives in some companies have this benefit.

2.6 Education

In the USA primary and secondary levels of education is free. There are basic requirements set by the state for education programmes, but these are generally exceeded by programmes set up by communities. Approximately 60% of all pupils enter college or university to obtain a degree.

In the United Kingdom schooling is also provided free like in the USA, but only about 30% of pupils attend a college or university.

Germany provides free education from primary school to university as well as learning an apprenticeship. The government also provides grants to assist students during their study period. Approximately 25% of pupils attend university. The education system in Germany is seen to be of a very high standard.

The Japanese education system is based on the same module as the USA. The elementary, junior high and senior high is state sponsored. The Japanese education system differs to most western systems, in that the number of school days in Japan is 20% more than anywhere else, and the standard of education is extremely high. 35% of pupils go to university of which most students obtain a degree. There are some state sponsored universities, but most are private.

Education in France consists of primary school, collège and lycée. After completing their education, pupils may go on to university but only a small percentage do. Education is free of charge and provided by the state. This includes university, technical college and other higher education.
**Russia** has a free universal education system that has a very high standard in science and quantitative subjects. The literacy rate in Russia is 99% and 96% of the population completes further education after school, of which 12% obtain degrees.

In **Taiwan** the government has instituted a free education system for all pupils up to high school. Approximately 9% of all pupils attend university.

**Mexico**'s federal government has instituted a free education system up to high school level. The government also subsidises the three largest universities in Mexico. Illiteracy has greatly been reduced, but there is still a substantial part of the population over 15 years of age that cannot read or write.

**Peru** used to be a country with a very high illiteracy rate, but since the eighties a free education system up to high school level has lowered the illiteracy rate substantially. Under recent legislation, employers are obliged to contribute to the training of their employees and their families. There is a new move to privatise education in Peru.

**South Africa**'s biggest casualty of apartheid was its education, and, this has led to the fact that half of its population is illiterate. Although education up to high school is free, a shortage of government funds has meant that parents had to contribute to the education of their children. Currently only 8% of the population has a higher education; only 6% of pupils enter into a higher education facility.

### 2.7 Summary

It is clear from this chapter that South Africa needs to do some changes to enable her to become a first world country and there are many lessons to be learnt from other countries and South Africa must learn from these countries. It is clear that South Africa is not as
bad off as many people believe and that South Africa has the capability to compete with the rest of the world and to become a strong and vibrant economy.

South Africa needs to do some house cleaning to be able to compete with the rest of the world but with the right spirit this can be achieved.

South Africa cannot exist on its own, and needs the rest of the world. The sooner companies and the government realises this, the sooner they will get their act together and work together for the future of this country, instead of working against each other.

In the first chapter it was set out that this chapter will indicate the difference between South Africa and the rest of the world and to show that South Africa is not that bad off against the rest of the world, and that there is a future for this country.

There is, however, one major concern that arises from this chapter and that is that South Africa need to improve its education system if the country and its companies want to compete in the international market.
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CHAPTER THREE : South Africa: today and tomorrow

Synopsis

Someone once wrote a song with the words "what does tomorrow bring" and these words are on the lips of every businessman in South Africa. Although man's time on earth is but a short one, nobody likes to live in uncertain times. That is exactly the time that South Africa is going through at the moment. There are those who feel that South Africa has no future, and will follow the path of some other African countries ending in a civil war that will destroy the country. Then there are those who feel that a black government does not have what it takes to run a country, and that there is no hope for South Africa unless the white man rules. There are those with hope who says that South Africa will see tomorrow and beyond.

This chapter shows the way in which South Africans can have hope to see beyond today, to look at more than just the crime, violence and unstable political balance in South Africa, to look at where South Africans need to understand each other culturally; and to see what needs to be changed to ensure that there will be a South Africa for the next generation to be proud of.
CHAPTER THREE: South Africa: today and tomorrow

3.1 Introduction

Africa, until recently known as Dark Africa, a mysterious continent with savages and cannibals and the place where slaves were captured, and where nobody in the civilised world would visit. Africa has in the past five years become the future light of the world and is seen as the emerging market of tomorrow, the place of opportunity.

There are still many misconceptions in the world about Africa and South Africa and businessmen will need to know what these misconceptions are and how they can impact their business especially on a cultural level.

South Africa is seen as the gateway to Africa, and as the rest of the world now wants to trade with Africa, they wants to use South Africa as a springboard to the rest of Africa. The problem with this is that South Africa is not a very safe springboard, and will need to do some housekeeping, to ensure that the rest of the world will use South Africa as the gateway to Africa. This chapter will indicate where there is room for change that need to be made, and to indicate what these possible changes should be.

Before looking at these changes and housekeeping that need to be done, the current management styles in South Africa will be examined, to give an idea of what the management style looks like in South Africa. After this a journey through the different cultures between the West, East and Africa will be undertaken to enable businessmen to understand the different people that businessmen will deal with in South Africa and Africa.
This chapter will be concluded by creating a scenario of what tomorrow might bring for South Africa and what one can expect to encounter as managers of the future.

3.2 Current management styles in South Africa

The management style of South African companies was formed by the apartheid era that the country went through. Most companies got stuck to a certain way of managing and has stagnated in this process. Due to sanctions the companies in South Africa was cut off from the rest of the world and the management styles did not change with that of the rest of the world.

Most South African companies find themselves in the grip of the second wave of management (see table 3.1) with a top down management structure, where only the top manager can make a decision. The organization is run in a hierarchical manner and the only thing that is important is profit. The bottom line figure and the shareholder is what is most important to South African companies. The timespan for planning for the future is very short, and in some companies long term planning means to plan ahead for one maybe two years. In discussion with management level employees, it became clear that a company vision for the future was not important, and that visionary statements were just a waste of time.

Although strategic planning is done, the implementation thereof is seldom a success, because the changes are forced on to the employees and this causes employees to revolt. With this top down management structure, the result is that critical decisions are made too slowly, and opportunities are lost to competitors. In South Africa about 2% of the population are managers whereas in the rest of the world the figure stands closer to 8%. In South Africa the ratio of managers to workers are 1:100, whereas in the rest of the world the norm is 1:10.
The result of this attitude of top down management is that a lot of South Africa's skilled labour force, find work outside South Africa, and this has resulted in the fact that South Africa loses a high number of her skilled labour. It was stated in chapter 2, that one of South Africa's biggest problems is the turbulent labour relations, and current management styles are commonly blamed when there is a labour dispute that results in strike action being taken by employees.

In "Mindset for the New Generation Organisation"(Nasser & Viviers:1993) it is said that one of the biggest, if not the biggest problem with South African management, is the fact that managers "seemed more concerned with maintaining the status quo than with dealing with large-scale competition"(Nasser & Viviers,1993:1).

South African companies will have to realise, that the decades of isolation has put them far behind the overseas competitors, and that they will have to change if they want to be
part of the New South Africa.

3.3 Different Cultures

It has become very important to any businessman in South Africa to understand the way in which culture, business and social, can play a role in doing business. The following tables indicate the more important points that business people will have to keep in mind when doing business or managing people. South Africa is the rainbow nation and consists of people from all over the world and this means that within South Africa there are many different cultures that needs to be taken notice of.

3.3.1 Making the initial contact

Making the first contact to do business can be the most important and table 3.2 identifies some of the important things to remember when making that first contact. Every culture has its own way of making the first contact and businessmen in South Africa should be aware of the different ways in which the initial contact is made as seen in table 3.2. In the Asian market it is customary to be introduced to a trading party be a third party and cold calling is not welcomed whereas in the West cold calling, in other words, a trading party does not need to be introduced by a third party, is welcomed.
<table>
<thead>
<tr>
<th>Table 3.2</th>
<th>Making the initial contact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WESTERN</strong></td>
<td><strong>ASIAN</strong></td>
</tr>
<tr>
<td>A third party is often not necessary. Contacting cold is acceptable.</td>
<td>Contact is normally established by means of an introduction through a third party.</td>
</tr>
<tr>
<td>Not knowing people, especially in international business, does not mean that you are not important.</td>
<td>Knowing people means you are important.</td>
</tr>
<tr>
<td>Very often contact will be made to do business without getting acquainted.</td>
<td>It is important that a high ranking person make initial contact with his equal in another company.</td>
</tr>
<tr>
<td>Getting down to business is what is important; the family or family ties has nothing to with business</td>
<td>During initial contact it is wise to talk about family and personal matters. The first to talk business may be in the weaker position.</td>
</tr>
<tr>
<td></td>
<td>WESTERN</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Making the initial contact</td>
<td>Westerners are often short tempered, emotional, arrogant and pushy. They easily lose face.</td>
</tr>
<tr>
<td></td>
<td>Two course meals or a salad is preferred and drinking &quot;too much&quot; especially during the day is frowned upon. Entertainment is less important.</td>
</tr>
<tr>
<td></td>
<td>It is common to greet with a handshake, affection is shown by physical contact.</td>
</tr>
<tr>
<td></td>
<td>Fashion and what is the &quot;in thing&quot; to impress with is keenly followed.</td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
3.3.2 The approach to business

It is important to distinguish between the different approaches to business by the different cultural groups. In the different cultures of the world there are many different views of why there is business and how business is seen in daily life. It is of importance to understand these views to enable businessmen to understand the viewpoint of their international trading partners. Table 3.3 shows some of these different view points.

3.3.3 Traditions and Cultures

Table 3.4 indicates some important traditions that play a big role in doing business and every party in any business should be informed of these traditions and should be tentative to these traditions

3.3.4 Negotiation and decision-making process

Who makes the final decision in negotiations is very important to know. Table 3.5 gives an indication of who plays a major role in decision making in the different cultures.

3.3.5 Strategic business alliance and ownership

Doing business or managing people can be seen as a line of alliances and it is important to know how the different cultures see alliance and ownership of the company.

In South Africa it will be important to understand the view of the other cultures concerning strategic alliance if South African companies are thinking of starting a business alliance with overseas partners. As indicated in table 3.6 in the East family and business alliance go hand in hand and is not separated as in the West.
Table 3.3  The Approach To Business

<table>
<thead>
<tr>
<th>WESTERN</th>
<th>ASIAN</th>
<th>AFRICAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making money is but one of many motives. Other are social responsibility; image etc.</td>
<td>The idea is to make money and only money. Charity in not understood.</td>
<td>Business is not just about money but social responsibility as well.</td>
</tr>
<tr>
<td>Short term view. Highest profit as soon as possible.</td>
<td>Long term view. Accepting low profits now and higher profits later.</td>
<td>Long term view.</td>
</tr>
<tr>
<td>Persons history, loyalty and reputation is of lessor importance.</td>
<td>History, reputation, loyalty and family ties are very important.</td>
<td>History, reputation and family ties are important.</td>
</tr>
<tr>
<td>Superficial relationships are more often found than deep rooted relationships.</td>
<td>Seeks deep, solid trusting relationship in business.</td>
<td>There is a deep rooted and solid business relationship.</td>
</tr>
<tr>
<td>Slow to react to changes in the market.</td>
<td>Quick reaction time to changes.</td>
<td>Slow reaction time.</td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
Table 3.4  Traditions and Cultures

<table>
<thead>
<tr>
<th>WESTERN</th>
<th>ASIAN</th>
<th>AFRICAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education is a vehicle to get to the top.</td>
<td>Education is second only to money.</td>
<td>Generally the work force is unskilled and uncommitted.</td>
</tr>
<tr>
<td>Only the successful few work hard, the rest is lazy and have a low productivity.</td>
<td>Hard work is the norm and laziness is frowned upon.</td>
<td>Low productivity and stay away's happens frequently.</td>
</tr>
<tr>
<td>Business is the &quot;young man's&quot; world.</td>
<td>Age is determinant to position and standing. It is not a &quot;young man's&quot; world.</td>
<td>Status and power is obtained by age.</td>
</tr>
<tr>
<td>Your YES is YES and your NO is NO. A man's word is of importance.</td>
<td>YES may not mean YES.&quot; HAI&quot; does not necessary mean I AGREE it could mean I UNDERSTAND WHAT YOU ARE SAYING.</td>
<td>To keep to said promises is not always done.</td>
</tr>
<tr>
<td>The wife is often considered as equal. Western businessmen are proud to present their wives and often entertains at home.</td>
<td>The wife plays little or no role in social events. Visitors are rarely invited home.</td>
<td>Tradition has it that the wife plays no role in business but this is changing fast.</td>
</tr>
<tr>
<td>Swearing and cursing happens often in the western company. This is not disrespectful.</td>
<td>The language is respected and swearing seldom happens as it is disrespectful to the language.</td>
<td>Swearing does not often happen.</td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
### Table 3.5  
**Negotiations and Decision Making Process**

<table>
<thead>
<tr>
<th>WESTERN</th>
<th>ASIAN</th>
<th>AFRICAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decisions are made by the individual.</td>
<td>Team-work is very important and decision is reached by consensus.</td>
<td>Individual takes the decision</td>
</tr>
<tr>
<td>It is easy to identify the individual that makes the decisions.</td>
<td>It is not easy to identify who makes the decision.</td>
<td>The most senior person makes the decision.</td>
</tr>
<tr>
<td>Westerners, due to their impatience, cannot handle silence in negotiations.</td>
<td>Asians can handle silence with ease and use this as time to think.</td>
<td>Are at ease with silence. Also likes to think about decisions.</td>
</tr>
<tr>
<td>The same quality for less money is negotiated.</td>
<td>Being pushy on price could lead to lower quality.</td>
<td>Lower price lowers quality.</td>
</tr>
<tr>
<td>Negotiations are only concentrated on the major issues.</td>
<td>Spend a lot of time covering all points.</td>
<td>Spends a lot of time on understanding each issue.</td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
<table>
<thead>
<tr>
<th></th>
<th>WESTERN</th>
<th>ASIAN</th>
<th>AFRICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>From experience</td>
<td>From experience it is said not to do business</td>
<td>Family and friends stick together and relay</td>
<td>There is not much in family business.</td>
</tr>
<tr>
<td>it is said not to</td>
<td>with family or friends.</td>
<td>almost all possible business between themselves.</td>
<td></td>
</tr>
<tr>
<td>do business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Few companies are</td>
<td>Few companies are created as a result of a</td>
<td>Almost all Japan's blue chip companies is a</td>
<td>Entrepreneurs try to disassociate themselves</td>
</tr>
<tr>
<td>created as a</td>
<td>strategic alliance.</td>
<td>result of a &quot;keiretsu&quot; (business alliance).</td>
<td>from social responsibility and the result is a</td>
</tr>
<tr>
<td>result of a</td>
<td></td>
<td></td>
<td>impersonal market. No alliance.</td>
</tr>
<tr>
<td>strategic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>alliance.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owning the</td>
<td>Owning the majority of the company is an</td>
<td>In terms of ownership it is considered rude to</td>
<td>Due to the threat of fraud there are very few</td>
</tr>
<tr>
<td>majority of the</td>
<td>obsession.</td>
<td>ask for 51% stake in the company.</td>
<td>partnerships.</td>
</tr>
<tr>
<td>company is an</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>obsession.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
3.3.6 Time

Different cultures have a different mindset to being on time or what time means, and it is important to every businessman to know what time frame he is doing business in. Table 3.7 gives an indication of the different thoughts on time.

3.3.7 Ethics

Ethics can have a different meaning to different people. Table 3.8 points out the different way that ethics is defined in the different cultures.

3.3.8 Building of relationships

In some cultures it is more important to build relationships than to do business and it is important to know the different views of the different cultures to enable business people to do better business. Table 3.9 shows the importance of building relationships in the different cultures.

Clearly there are similarities between cultures, but also vast differences, and these differences need to be considered when South African companies intend to do business with overseas companies.
### Table 3.7

<table>
<thead>
<tr>
<th>WESTERN</th>
<th>ASIAN</th>
<th>AFRICAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>M-time (monochromatic) is dominant. One thing at a time.</td>
<td>P-time (polychronic) is dominant. People are more important than time.</td>
<td>P-time dominates in Africa.</td>
</tr>
<tr>
<td>Time is divided into small units of time. Promptness is important.</td>
<td>Time is characterized by the simultaneous occupancy of many things and by great involvement with people.</td>
<td>Urgency to finish on time is not prevalent in Africa cultures.</td>
</tr>
<tr>
<td>Time is money.</td>
<td>There is a much looser notion of on time and being late.</td>
<td>Being on time is not important as long as you keep the appointment.</td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
## Table 3.8  Ethics

<table>
<thead>
<tr>
<th>WESTERN</th>
<th>ASIAN</th>
<th>AFRICAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribery is frowned upon and you could end up in jail if caught.</td>
<td>Giving a red envelope (bribe) is often accepted and basically expected.</td>
<td>Ethics is not a prime aspect in business.</td>
</tr>
<tr>
<td>Giving or receiving gifts is generally condemned.</td>
<td>Giving gifts of high value is accepted and expected.</td>
<td>Africans do not trust easy and giving gifts is looked at with distrust.</td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
Table 3.9 Building of relationships

<table>
<thead>
<tr>
<th>WESTERN</th>
<th>ASIAN</th>
<th>AFRICAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit is more important than relationships.</td>
<td>Friendship and trust is essential for a long term relationship.</td>
<td>Time is taken to build up good relationships.</td>
</tr>
<tr>
<td>Friendship is of lessor importance. They would want good business relationships where it is crucial to the business.</td>
<td>Friendship and trust is not easily established and it takes time to develop and needs to be nurtured over time.</td>
<td>The building of good relationships is not seen as a waste of time but is essential.</td>
</tr>
<tr>
<td>Lack of time puts a strain on building good relationships.</td>
<td>The keynote is to establish a personal relationship with decision-makers.</td>
<td>Time is not seen as so important and therefore can be used to build up good relationships.</td>
</tr>
</tbody>
</table>

Sources: Koekemoer L, 1993; Middleton J, 1970; Morris R, 1992; Rossouw D, 1994
3.4 Changes needed

In chapter 1 (1.6 above) it was said that the changes that need to be made to South Africa will be indicated in this chapter. What follows are the changes that could be considered in the new South Africa and these changes could help management in the exercising of the Leap of Faith management style.

3.4.1 Political system

This is one of the most important issues, that needs to be resolved, to ensure stability and security in South Africa. It is a known fact, that no one will invest in an unstable country. Because of the uncertainty about South Africa's political stability, overseas investors are still on the side line. In chapter 2 the different political systems were looked at, and from those systems South Africa needs to create a political system that will work in South Africa.

The ANC and the Inkatha Freedom Party, with their supporters, are currently the biggest political problem, especially in Kwazulu/Natal. Newspaper reports indicate that the situation in Kwazulu/Natal is vergeing on the edge of a civil war, and any further escalation to the problem can throw the whole country into a civil war which South Africa can not afford. Looking at other African countries, like Zimbabwe, Mozambique and Angola, it is clear to see what the effect of civil war has on a country. The possibility of a Federation to prevent any kind of war, must seriously be considered. Although politics is a game of survival, the ANC has to realise, as does all the other parties, that South Africa needs stability more than any one particular political party to survive.

3.4.2 Exchange control
In chapter 2 it was said that South Africa has a very complex exchange control system. This is one of the reasons why investors are reluctant to invest in South Africa. In Peru there is no exchange control, and that country has done remarkably well in the past few years with a growth rate of 12% in 1994. The question has to be asked whether there is not a lesson to be learnt from this for South Africa. Complex systems take time and money to maintain, and then they are still being sidestepped, which cost the country millions of rand and many unnecessary man hours, that could be used more productively somewhere else in the economy.

3.4.3 Tax

South Africa's tax system is in a state of chaos and South Africa loses billions of rand each year through insufficient tax collection and a tax system that does not work. The previous chapter showed that South Africa has one of the highest tax rates in the world, and it is because of this, that every person and company tries to use every method available to reduce the tax burden.

South Africa should consider a simple, low tax system with no complex benefits, other than those that will bring in overseas investors. Taiwan used tax incentives in the past which worked for their economy; South Africa should consider the same. The government should look at the long term benefits of tax incentives rather than the short term loss in revenue. Possible incentives are:

- Very low tax rates for overseas companies that open factories in South Africa, on condition that 90% of the workforce employed is from South Africa. This broadens the individual tax base which is the biggest contributor to tax revenue.

- No municipal rates and tax payments for the first two to five years in South Africa.
This makes South Africa less expensive in the production area, and will bring industrialisation to the country which is what it needs to help with unemployment.

- The government should guarantee all foreign investment, like in Russia, against nationalisation, to make overseas investors feel safe to invest in South Africa.

Among others, these incentives could be used to draw new companies and investment to South Africa and that is what is mostly needed to enable growth and a better future for every South African.

3.4.4 Labour

This subject has to be handled with the greatest care, because like the possibility of a civil war in Kwazulu/Natal, labour relations can be the beginning or the end of the new South Africa. The biggest margin of the population has in the past been ruthlessly exploited by employees, and it is one of the aims of the new government to change this. Labour unions in the past were mainly politically driven, but this has now changed. However, it seems that the labour unions have not realised this.

A new labour law, that is due to be appear in the statuary books, will empower the employee more, and place much more strain on the employer and the company. This new law should help to eliminate old exploitation. Labour relations in South Africa will have to change totally, if it hopes to entice overseas companies, to come to South Africa. Labour unions must take up the challenge to help management to change companies to benefit both the company and the employees, but not by way of strikes and other labour action, because this is detrimental to international investments in South Africa. Employers and labour unions should work together to assure that the company will still be functioning decades from now. The same goes for companies management: they must
realise that the exploitation of the past is over, and if they do not change, companies will not survive in the new South Africa.

The bottom line is the need for a more stable labour environment with greater cohesion, working together for a better future for all.

3.4.5 Education

South Africa will most probably find that the next decade will be very difficult and uncertain. Changes in political policy and economic policy will enjoy priority, but if education is left behind, South Africa will never recover from its past and will never grow to its full potential. In ten to twelve years from now a new generation of well educated young people must move into the economy or South Africa will be lost for ever. The government must place a very high priority on education and stop the current chaos in the South African education system. Companies, on the other hand, have the same responsibility, not just to the education of children, but also to the education of illiterate adults, and those that want to learn more. Companies should start education programs for these employees so that South Africa can have a high education level. The truth of the matter is, that not the government, nor the private sector, can say that education is not their problem if they want to survive for decades to come. Without a good economy, South Africa will not survive and without education, South Africa will not have a healthy economy and cannot aspire to anything more than a third world country.

Changes need to be made, and it is of considerable importance, that these chances be made as soon as possible. Self interest of political parties and companies must be exchanged for a better future for South Africa. South Africans, government and the private sector, will have to react quickly or it will be too late and this country will be lost for ever.
3.5 A possible tomorrow

To sketch a scenario of what the future holds, is very difficult under the best conditions, and creating a scenario for South Africa will be very difficult if not impossible. To help determine what the future can hold for South Africa, the South African environments into the 21st century (Huntley, Siegfried & Sunter, 1989:79) will be used.

In their book the authors reflect on three scenarios likely for South Africa. These are the High Road, Low Road and the Wasteland. This part of the study will concentrate on the High Road and the possibilities that it holds for South Africa.

The High Road scenario assumes that South Africa will build its future on its three greatest strengths:

- South Africa's modern infrastructure of roads, harbours, railways, electrical systems and telecommunication networks. No other developing country can match South Africa's modern infrastructure and this is a solid base with potential for growth.

- South Africa's mineral resources and treasures still place South Africa among the top mineral rich countries in the world. South Africa needs to concentrate on developing secondary industries instead of exporting raw minerals.

- The biggest possible asset is South Africa's people, who have proven themselves to be able to work together for a better future, and who have the industrious entrepreneurial capability to compete with the best in the world.

It is clear that if South Africa builds onto the above strengths, the future looks very
positive, but as the writers of *South African environments into the 21st century* (Huntley, Siegfried & Sunter, 1998:80) point out there are conditions attached to success. These conditions are:

- The first condition is that the process of negotiation across the colour line and the political spectrum, especially between the ANC and Inkata, must continue and spread. Patience and tolerance for thy neighbours need to be bred with every South African. Law and order needs to be maintained and strong economic growth is a prerequisite for this condition to be obtained.

- The completion of the constitution, which must be acceptable to every one in South Africa. The constitution must entrench a multiparty political system, which will enable voters to vote corrupt and inefficient governments out of power. The limitation of the power of central government by a judiciary and a constitution that includes a Bill of Rights. The more important political and economical decisions should be delegated down to regional and local authorities. In this regard South Africa can learn from the Far East, that the rule of law, respect for civil liberties and individual ownership of properties are responsible for high economical growth. Entrepreneurs are more creative and productive in a secure environment.

- The intervention of government in the running of the economy should be limited to the setting of South Africa's fiscal and monetary policies. The concept of free trade should be welcomed and the threat of nationalisation should not deter international investors to invest in South Africa.

- Government's spending should be on a tight rein and government should attempt to cut their budget in real terms.
Free enterprise and dual-logic economy must be allowed to thrive and deregulation must be done down to street level. The possibility of law enforced share ownership for employees should be looked at, but companies should, out of their own free will, start more share ownership programmes. This will allow greater employee participation and wealth creation in South Africa.

The housing shortage in South Africa needs to be addressed immediately, and this is the responsibility of all government structures as well as the private sector. The RDP needs to be taken seriously and implemented as soon and as efficiently as possible.

Long term capital should be drawn into South Africa in the form of loans and equity, and South African goods must be allowed to compete with that of the rest of the world on equal terms. Government should use tax and other incentives to draw new business to establish themselves in South Africa. Inflation should be brought down to 5% as soon as possible. More open competition in the market place and training programmes to create a more productive workforce is also needed. If there is to be a future for South Africa, and people to believe in the future South Africa, a low-inflationary environment needs to be created. This will get people to start saving, and encourage businessmen to start planning for the long term future.

The last condition is also the most important one of all. South Africa as a whole (government, private sector and every individual) must embark on a mass educational programme. It is proposed that education programmes similar to those in Japan or South Korea be followed, and that education must concentrate on a curriculum that will create wealth for South Africa, and will be relevant to the practical needs of the community. There should also be training programmes to
enable the older generation to be trained to be more productive to the advantage of South Africa.

The setting of these conditions is easy, but to attain them will be difficult for any society. It has to be stressed that although it seems impossible to attain these conditions, innovated and long term planning will ensure that South Africa can create these condition and be successful.

For those who think and live for the long term, thirty or forty years from now, these conditions will be obtainable. The future of South Africa is in the hands of every person, company and government institution, and the sooner everyone realises this, the sooner South Africa will be able to grow to her real potential.

There are some other factors that needs to be mentioned before ending this section and that is that South Africa will have to keep in mind the possible effect of the following:

- AIDS which in the future could be detrimental to life for all, but more so to the economy of any country and the world.

- The changing weather patterns in the world that could leave South Africa drought stricken in the next century, and South Africa's agriculture, a total failure. South Africa should lessen its dependency on agriculture and become more industrialised.

- Although all South Africa's neighbours are at peace at the moment, and a time of reconciliation is taking place, it has to be kept in mind that this peace is very fragile, and a new escalation of civil war in neighbouring countries could send
millions of refugees to South Africa, and this could place a great strain on South African resources.

In conclusion, it is clear that if South Africa can attain the above conditions, and build on her strengths, the future should stay rosy and South Africa can emerge as a developed country in the eyes of the rest of the world, and take its rightful place in the world economy. It is clear that there is a reason to want to invest in South Africa. There are no other developing countries in the world with the potential of South Africa. In *The Way to Win* (Carling, 1995:55) it is said that client excellence is not enough any more, and that excellent client service should be taken for granted, as part of any deal or company; but to delight your client is what is needed by companies, and what a company must do for his clients to be ahead and South Africa can be the delight of the rest of the world.
3.6 Summary

In 1.3.2 above it was indicated that the changes that need to be made within South Africa, to help with the new management style, will be discussed in this chapter to solve the secondary aim of this study. This has been completed above.

South Africa's last four decades has made it unique in the world, there is no country with the same diversity of colour, language, race and culture like South Africa. The past four decades of apartheid policy, has also left its mark on South Africa, and this is nowhere as clear as in the management styles of South African companies. Where the rest of the world is looking at fourth and even fifth wave management styles, South African companies are still set on a second wave management style in which the top management makes all the decisions, and the employee has to take it or leave it. The mind set of South African managers needs to be uprooted, and the complacency with keeping the status quo must be changed. Management needs to be changed to develop and enable innovation in companies by every employee, and not just by top management, if South African companies want to survive in the global economy.

Due to the fact that South Africa has such a diverse mixture of cultures, it is essential for companies and management teams to get themselves up to speed with the cultural differences between Western, Asian and African methods of doing business. With South Africa being seen as the gateway to Africa, South African business men will need to know how to work and deal with their African counterparts.

Before South Africa can think of being the gateway to Africa, a few changes need to be made, to enable it to become a strong economical force in Africa. These changes range from politics, educational to economical. If these changes do not take place, South Africa will become just another developing third world country somewhere in dark Africa.
biggest and most important change is that people of South Africa will have to learn to live in harmony with one another and a greater tolerance for each other must be developed.

This same tolerance is needed if South Africa hopes to attain the scenario of great economical growth, and greater wealth for every person in this country. South Africa's future looks good, and the potential is there to take South Africa from a developing third world country, to a developed first world country with the advantages to South Africa and Africa's people, but this will all be determined by the government, private sector and people of South Africa.

*South Africa's future is in the hands of the South African people.*
CHAPTER FOUR : Management waves and South Africa

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CHAPTER FOUR : Management waves and South Africa

Synopsis

Change is part of the world, and has been from the beginning of time, and will be with mankind until his last day. Change is a natural part of life and can be seen in the changing of the seasons from one to the next. This same phenomena can be seen in the way people relate to each other and how this has changed the way people manage their business.

The waves of change have crashed onto the shores of South Africa and managers need to ride these waves of change to be successful. To enable South African managers to do this successfully, it is necessary to look at changes in the past: changes that have happened to someone else and to learn how to ride the waves of success into the future.

In this chapter, a journey into the past, and through to the future, will be taken to help managers understand where the South African wave comes from and why it will be a leap of faith.
CHAPTER FOUR : Management waves and South Africa

4.1 Introduction

The winds of change have been blowing from the beginning of time. The ice age, dinosaurs and man's occupation of the earth was but a few examples of changes that has taken place and that has played a major role in the history of this planet. With all the changes that has taken place it is strange that people are still so scared of change. It is a known fact that people resist change and has a fear of the unknown that change brings.

Fear or no fear, changes do happen, and you have to adapt or die, go with the motion of the ocean, or it will be the end. South Africa is now experiencing this wave of change, and with this there are new horizons to be exploited and to take advantage of. If South African managers don't change with this wave, they will belong to a past era and their companies will become extinct. To enable South African managers to adapt to this wave of change it is necessary to look at where this wave comes from, and what can be learnt from those who have already gone through this change.

South African managers have to see the future as an opportunity, and not as a threat to themselves, and have to change to adapt to the new wave that is crashing on the business shores of South Africa. The sooner the managers accept the new wave and the opportunity that it brings, the sooner South Africa and its people will have a better life and future.

In chapter 1 the aim of the study was shown as finding a unique and new management style for South Africa. This chapter will be the start, by looking at the past waves of change and the current waves of change, to help in completing the aim of this dissertation. This chapter will also be used to elaborate on the primary problem and will give insight into what South African companies can expect from the international companies with
which they will be competing.

4.2 The history of management waves

Change has been with mankind from the start and will always stay with mankind until man feels that he has become immortal and can change no more, up until this point change will be a way of life.

4.2.1 The First Wave - Agriculture

The First Wave of change happened approximately ten millennia ago. This wave of change spread through villages, settlements and all cultivated land on global proportions (Toffler, 1980:27). The First Wave was also the start of the modern economical system, in which tasks were divided, and an interdependency among people developed. This interdependency resulted in supply and demand of goods, which resulted in the first trade taking place, originally in the form of swops and later in the payment of money (Barnardt & Du Toit, 1991:4).

Although the First Wave and its existence is very limited in today's world, it can still be found in its entirety in many parts of Africa. In this part of the world, agriculture is still the only wheel around which life revolves.

4.2.2 The Second Wave - Industrialisation

The Second Wave of change started in the mid seventeenth century, and this wave changed all aspects of the human existence (Toffler, 1980:35). The Second Wave is also known as industrialisation. The main reason for the development of the Second Wave, is that people found out that profit could be generated from rudimentary trading, and that
the larger the production, the higher the profit will be.

The principles on which the Second Wave is based can be found in the book: The third wave (Toffler, 1980) in which Toffler describes these principles to be:

- **Standardisation**
  This is the producing of millions of the same product, in a production line at the same standard. Added to this, is the performance of tasks and the day to day running of a company.

- **Specialisation**
  The first indication of specialisation was noted by Adam Smith's The wealth of nations and is the oldest principle of the second wave. This principle is based on the fact that an employee, who performs a specific task, and only that task, will become specialised in that task. The well-being of the employee was not considered in this matter.

- **Synchronisation**
  One of the biggest results of industrialisation, was the gap that started to appear between demand and supply, and the consumer and producer. Due to this gap producers started producing as many goods as possible, in as little time as possible. Time and the optimal use thereof became crucial and this led to synchronisation of tasks.

- **Concentration**
  The result of the second wave was the ever increasing markets which led to the concentration of production factors, such as people and energy.
Maximisation

One of the outstanding features of the second wave is the craze to be the biggest. This craze led to bigger and better products, factories and everything else. The result of this craze is very clear today as can be seen in the level of pollution, depletion of natural resources and the destruction of the planet.

Centralisation

The principle of centralisation, is the empowerment of a few select individuals, to decide on the future and the wellbeing of the masses. All power and decision making, was placed in the hands of a few individuals, with no input from the entities they would affect. This was to the detriment of the masses.

The Fourth Wave (Maynard & Mehrtens, 1993:70) describes the second wave company as follows: "... centralised and hierarchical, focused on values like profit, efficiency, bigness and growth ... survival, self-preservation, beating the competition, winning. Success is measured by the bottom line, the generation of profit and long term time horizons are defined as five to ten years." The company is further seen only as "a way to make a living."

The Second Wave had the effect that companies and people believed that everything, from work to politics to society could be broken down into smaller parts, and that each of these smaller parts could be addressed individually, and re-assembled some time in the future in an improved state. The problem with this view was, that all of these parts were part of the whole, and although this was recognised, it was ignored in the day to day running of companies and the holistic picture was lost. This led to the fact that making effective decisions, which would be to the advantage of the company as a whole was lost. Due to the fact that the decision maker could not see what the effect of the decision would be on the company he could not determine the effect of the outcome of his decision on
the company. The Second Wave thus resulted that people were robbed of their basic human rights to choose and to be in charge of their own lives. Decisions are made by top management and employees have to except the decisions without having any say about the decisions.

The effect of the Second Wave on mankind should not just be seen as negative. On the contrary, without the Second Wave, mankind would still think that the earth is flat, and that being a farmer is the only way of living and have no contact with people on other continents. The Second Wave has brought education, culture and industrialisation as well as a more healthy live.

4.2.3 The Third Wave - Individualism, Technology and Information

As shown above, mankind's basic human rights where deprived with the Second Wave, and it was these basic rights that would also lead to the global change from the Second Wave to the Third Wave. The concern over human well-being, which consisted of economic development, quality of life and environmental health, were the biggest factors that lead to the Third Wave (Handle, Siegfried & Sunter, 1989:12).

The father of the Third Wave is Alvin Toffler who, with his books Future Shock (Toffler: 1970), The Third Wave (Toffler: 1980) and Power shift (Toffler: 1992) showed the business world what was to come. In Future Shock (Toffler, 1970:57-91) Toffler gives an indication of changes to come as the starting point of the Third Wave:

- Toffler talks about the "economics of impermanence" through the production of disposable and recyclable products as well as "fad machines" (Toffler, 1970:54-65) such as VCR's to be used on an impermanent basis.
The dissolving of the family as it has been known and the rise of a new society as part of the "global family" (Toffler, 1970:172-219).

The organisation will also change from the hierarchical structure with a strict bureaucracy at the helm to a more ad-hocracy with project and group management in place (Toffler, 1970:119-135).

Due to the fact that society will now have freedom of choice this will lead to a situation of overchoice found in all parts of life. This will lead to a very diversified society and to subcultures outside the work place such as "the fun lovers" and "hippies incorporated" (Toffler, 1970:258-292).

In *The Third Wave* (Toffler, 1980), Toffler continues to describe the changes that was to shake the foundations of the Second Wave:

Toffler brings a breath of fresh air into the dead business world, by saying that due to the fact that individualism and breaking everything into smaller parts is something of the past, the future is seeing everything as a whole, seeing the big picture by every one in the business (Toffler, 1980:142-311).

A new breed of man will be walking the earth, the so called "techno-rebels". These will be the people that will thrive on technology that drives the new low energy Third Wave industry (Toffler, 1980:153-160).

Due to the fact that the Second Wave has resulted in the diminishing of the earth's energy and natural resources, the third wave will concentrate on alternative energy forms, other than fossil fuels. The techno-rebels will also guide the
appropriate technology to serve the purpose of man and not just the few individuals at the top (Toffler, 1980:361-364).

- There are four industries that will become giants in the Third Wave: Electronics, Space, Gene and man's movement into the sea.

- Consumer needs will become more important than ever, and standardisation will be replaced by customising of products to address the needs of clients (Toffler, 1980:194).

- The intelligent environment of technology and computers will change the way society thinks, works and lives. People will work from home and won't need an office, communication will be via the electronic information highway (Toffler, 1980:179-204).

- The concept of nationality will change to one of global citizenship (Toffler, 1980:295).

It is clear that all these changes will effect the way in which business is done, and that a strategy change has to take place.

In Power shift (Toffler, 1992) Toffler describes the shift in power that is taking place and that every business should be aware of:

- "... in any economy, production and profits depend inescapably on the three main sources of power - violence, wealth and knowledge. Violence is progressively converted to law. In return, capital and money alike are now being transmuted into knowledge ... Because it reduces the need for
raw material, labour, time, space and capital, knowledge becomes the central source of the advanced economy." (Toffler, 1992:90-91).

Several other authors have expanded on Toffler's work and had the following to say:

- The mind set of man is moving towards the concept of holism (Senge, 1990:3).

- Mankind will, rather than being managed, take responsibility for his own creations and the excellence thereof (Hickman & Silva, 1989:21-25).

- The concept that every person is hard working, and will do what is expected off him/her, will become more evident. The individual will look at an inner source of authority and power (Maynhard & Mehrtens, 1993:27-29).

- Government is not excluded from this change, and it will be expected from government not to intervene in free trade, and to play a role supporting trade, building global trust, securing stability and sponsoring research (Peters, 1992:760).

- In The borderless world (Ohmae, 1991:242-244) Ohmae writes that government will have to ensure that policies exist that will underwrite education and freedom.

From the above it is clear that change from the Second to the Third Wave will happen, and will not be stopped. The sooner companies realise this, the sooner they will be able to take up the challenge to change, and ensure that the change is to their advantage rather than to their disadvantage.

4.2.4 The Fourth Wave - Integration and responsibility for the whole
The change from the Second Wave to the Third Wave can be compared to moving from one floor to another, the change between the Third and the Fourth Wave is like taking one step up on a staircase. The Fourth Wave is an extension of the Third Wave, although it might seem more radical than just an extension.

Society is realising that in the past, they were robbed of their fundamental rights as human beings. The right of choice, decision making, accepting decisions and to self-empowerment have been in the hands of the privileged few, and society had to accept whatever choices were made for them. This view is changing rapidly and the global society is demanding their fundamental right to make their own decisions, and to control their own lives, without being terrorised by a privileged few.

Animals are born with a natural instinct to enable them to survive, and it is mankind's instinct that is now emerging after being suppressed by so-called civilised cultures. Taking a look at what the privileged few has done to the earth and its natural resources, deforestation, pollution, greenhouse effect and the hole in the ozone to understand why mankind's natural instinct to survive is now breaking free from its bounds of civilised culture. Society now realises that they have the right to determine their own future or mankind will become extinct.

It is with this in mind that the Fourth Wave has been developed as an extension of Third Wave (Toffler, 1980) and as mentioned above it is just the next step in the staircase of change.

This new found freedom has placed a question on what role business has in the new society. In The Fourth Wave (Maynard & Mehrtens, 1993) the suggestion is made that "The business of business is not just only business" (Maynard & Mehrtens, 1993:6). Modern day companies will have to play the role of global stewardship (Maynard &
Mehrtens, 1993:6). Business has to adapt to the challenge of taking care of society and changing from the Second Wave to the Fourth Wave. The hierarchical set structured company will be the company that will find itself as a leader in the 21st century.

"Fundamental change in the values that guide how corporations act toward their employees will provide the foundation for building community" (Maynard & Mehrtens, 1993:14-20). These changes will include:

- **Diversity embraced**
  Achieving a *truly diverse* workplace in terms of ethnic, race and sex.

- **Truth and openness promoted**
  "... putting the dirt on the table ..."

- **Structural violence ended**
  Employees currently live in a climate of constant fear of being punished or intimidated and this should not be the case. Openness to mistakes and opinion should rule.

- **Balance and moderation encouraged**
  The company is the cause of addiction, like alcoholism, of its employees, due to stress that is caused in a *tension-riddled matrix organisation*.

- **Employee health and well-being supported**
  "An awareness of the value of the 'wellness workplace' (Naisbitt & Aburdene: 1991) will move the Second Wave company into sharing responsibility for all-round employee well-being (Third Wave) and then into a leadership position where the corporation includes the goal of employee..."
well-being among its other articulated goals and commits its time and resources to that end (Fourth Wave)."

- It will also be expected from companies to rethink their opinion, and the effect the company has on the environment. Society demands a safe and clean environment to live in. 
  Ecology and economics should work towards a common cause. Society has started with a "...spiritual reawakening on the part of people to the sacred quality of nature."

- Organisations will need to become aware of their responsibility to the destiny of modern man and woman.

Nothing that is worth something comes easy, and this is exactly what the future holds for South African managers. Managers and employees have a long and hard battle which they will have to face in the future. The change from the Second to the Fourth Wave of management is nothing short of radical, and pose a threat to most managers, but to the few that see the change as an opportunity, it ensures survival into the next decade and beyond.

4.2.5 Comparing the Second, Third and Fourth Waves of management

Table 4.1 is a short comparison between the Second, Third and Fourth Waves of management and will help managers to understand the changes that need to be made to enable them to move from the Second Wave to the Fourth Wave and then to the South African wave, A Leap of Faith.
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Second Wave</th>
<th>Third Wave</th>
<th>Fourth Wave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Role Goals</td>
<td>Maximize profit</td>
<td>Create value</td>
<td>Serve as global steward</td>
</tr>
<tr>
<td>Motivation</td>
<td>Make money</td>
<td>Make money and help solve social problems</td>
<td>Leave valuable legacy for the future</td>
</tr>
<tr>
<td>Values</td>
<td>Profit, growth and control</td>
<td>Creating value, trust and learning</td>
<td>Responsibility for the whole, service and personal fulfilment</td>
</tr>
<tr>
<td>Stakeholder Owners</td>
<td>Owners of business and shareholders</td>
<td>Stockholders, employees, families, suppliers, customers, community and government</td>
<td>Stockholders, employees, families, suppliers, customers, community, government, ecosystems and Gaia</td>
</tr>
<tr>
<td>Outlook</td>
<td>Self-preservation; business as a way of making a living</td>
<td>Cooperation; business as a way for people to grow and serve</td>
<td>Unity; business as a means to actively promote economic and social justice</td>
</tr>
<tr>
<td>Domain</td>
<td>National and local 5-10 years in the future</td>
<td>International; share responsibility for the welfare of local, national and global communities; decades in the future</td>
<td>Global; share leadership in local, national and global affairs; generations or centuries in the future</td>
</tr>
<tr>
<td>Corporate wealth</td>
<td>Definition of wealth Financial reward from tangible assets</td>
<td>Financial reward and improved quality of life</td>
<td>Quality of life and alignment with the natural order</td>
</tr>
</tbody>
</table>

Table 4.1: Characteristics of Second, Third and Fourth Wave Corporations
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<thead>
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<th>Characteristic</th>
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<th>Fourth Wave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>Stockholders</td>
<td>Direct and indirect worker ownership</td>
<td>Communitarian</td>
</tr>
<tr>
<td>Assets</td>
<td>Physical plant and inventory</td>
<td>Plant, inventory, intellectual capital and diversity</td>
<td>Ideas, information, creativity and vision</td>
</tr>
<tr>
<td>Performance measure</td>
<td>Financial accounting</td>
<td>Financial accounting with increasing use of social accounting</td>
<td>Social and resource accounting</td>
</tr>
<tr>
<td>Corporate structure</td>
<td>Hierarchy, matrix and business unit</td>
<td>Team-value</td>
<td>Community</td>
</tr>
<tr>
<td>Locus of control and Authority</td>
<td>Centralised top-down</td>
<td>Democratic and participatory</td>
<td>Consensual decision making, everyone a leader and a follower</td>
</tr>
<tr>
<td>Role of management</td>
<td>Decision maker; serves higher levels of management and owners</td>
<td>Coach, servant, facilitator and advocate</td>
<td>Nonexistent</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>Fear, lack of trust, low morale, resistance to change and learning</td>
<td>Truth, open and direct communication, collaboration; learning a high priority</td>
<td>Freedom of self-expression for all, openness and acceptance, equality, flexibility and life long learning</td>
</tr>
<tr>
<td>Corporate community</td>
<td>Employees</td>
<td>Employees and their families</td>
<td>Every one whose life is touched</td>
</tr>
</tbody>
</table>

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### Table 4.1: Characteristics of Second, Third and Fourth Wave Corporations

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<th>Second Wave</th>
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<th>Fourth Wave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethos</td>
<td>People separated from each other by barriers</td>
<td>Growing bonds between people, barriers increasingly let down</td>
<td>People unified, fully open to, and supportive of one another</td>
</tr>
<tr>
<td>Outlook</td>
<td>Deal with employees independent of the personal and familial context of their lives</td>
<td>Deal with employees in a multidimensional way</td>
<td>Strive for seamless boundaries between work and personal live</td>
</tr>
<tr>
<td>Values</td>
<td>Traditional white male perspective; structural violence supported</td>
<td>Female and minority perspectives incorporated; structural violence discouraged; truth, communication, collaboration, learning balance and moderation</td>
<td>All forms of diversity embraced; structural violence in all spheres of life eliminated; openness and acceptance, equality, lifelong learning</td>
</tr>
<tr>
<td>Support</td>
<td>Manifest concern for employee health and well-being via medical benefits</td>
<td>Actively encourage the wellness workplace with programs to address addiction and co-dependency, family assistance</td>
<td>Operate under a holistic paradigm recognizing the mind-body connection; ensure health and well-being of all</td>
</tr>
</tbody>
</table>
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<th>Fourth Wave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment orientation</td>
<td>The earth: A &quot;gigantic toolshed&quot;</td>
<td>A source of materials worthy of care and protection</td>
<td>A living presence (Gaia) and major corporate stakeholder</td>
</tr>
<tr>
<td>Economics and ecology</td>
<td>Antagonistic</td>
<td>Connected</td>
<td>Integrated; operations are consistent with ecological stakeholder</td>
</tr>
<tr>
<td>Resource use</td>
<td>Consumption as a way to boost economic prosperity; self-preservation the highest priority</td>
<td>Values of unlimited consumption questioned; focus on sustainability, the sanctity of life and conservation</td>
<td>Focus on integration of life and fulfilment of purpose, recognition of all systems and preservation</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>A problem; little or no stewardship for the commons accepted</td>
<td>A challenge; shared responsibility for stewardship of the commons</td>
<td>A way of life; no distinction between the commons and the personal property</td>
</tr>
<tr>
<td>Opportunities in environmental ism</td>
<td>Few recognised</td>
<td>Economic potential recognised; initial ventures undertaken</td>
<td>New industries developed; old industries re-configured to incorporate 4 R's</td>
</tr>
</tbody>
</table>

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## Table 4.1: Characteristics of Second, Third and Fourth Wave Corporations

<table>
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<th>Characteristic</th>
<th>Second Wave</th>
<th>Third Wave</th>
<th>Fourth Wave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology development</td>
<td>In a vacuum</td>
<td>In growing harmony with sociocultural, political and environmental values</td>
<td>In full accordance with the principle of appropriate technology</td>
</tr>
<tr>
<td>Creativity and options</td>
<td>Dampered by organisational structure</td>
<td>Stimulated by a growing dependence on intuitive techniques and a team-value structure</td>
<td>Maximized by a full marriage of intuition and the rational mind</td>
</tr>
<tr>
<td>Choice of options</td>
<td>Act without awareness from unconscious scripts</td>
<td>Growing awareness of the need for acting with intent</td>
<td>Primacy of the mind and the centrality of intention recognised</td>
</tr>
<tr>
<td>Assessment</td>
<td>No corporate form</td>
<td>Corporation establish offices of technology assessment</td>
<td>Corporation assume a leadership role in technology assessment</td>
</tr>
<tr>
<td>Role of ethics</td>
<td>Little or none</td>
<td>Ethics employed to consider implications of technologies and corporate action</td>
<td>Ethical concerns integrated with all aspects of corporate life</td>
</tr>
<tr>
<td>Leadership</td>
<td>Activity</td>
<td>Politics</td>
<td>Aware of need for biopolitics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Biopolitics</td>
</tr>
<tr>
<td>Characteristic</td>
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<td>Fourth Wave</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Selection of leaders</td>
<td>Appointment by corporate governing board</td>
<td>Top executives appointed by board; team leaders selected by team members</td>
<td>Through process of multiple successive elections</td>
</tr>
<tr>
<td>Allegiance</td>
<td>Corporate and national</td>
<td>Moving beyond corporate and national boundaries to embrace the earth and its people</td>
<td>Corporate and planetary</td>
</tr>
<tr>
<td>Responsibilities</td>
<td>Lead corporation</td>
<td>Lead corporation and contribute to public dialogues on social and global welfare</td>
<td>Lead corporation, help create global political order, guide and influence public dialogue</td>
</tr>
<tr>
<td>Performance review of leaders</td>
<td>By governing board; bottom line is main criterion</td>
<td>By governing board; contributions beyond bottom line and outside corporate walls taken into account</td>
<td>By a global council representing all people; results of biopolitical activity a major criterion</td>
</tr>
</tbody>
</table>

*Source: Maynard, Mehrzens 1993:164-169*
4.3 The Fifth Wave - The Learning Organisation

Due to the years of isolation South Africa has fallen behind the rest of the world when it comes to management and management styles. A big gap has formed between top management and the employees and top management seems to be out of touch with the needs of their employees.

In The Fifth Discipline (Senge, 1990:4) an article in the Fortune magazine is mentioned, that said "Forget your tired old ideas about leadership. The most successful corporation of the 1990's will be something called the learning organization the ability to learn faster than your competitor." It is with this mind set that Senge wrote his book The Fifth Discipline - The Art and Practice of the Learning Organization (Senge: 1990). Senge starts off by looking at the way companies currently see problems and indicates this as the start of all problems in business. "From a very early age, we are taught to break apart problems, to fragment the world." (Senge, 1990:3). This breaking up of the problem causes more problems than it solves, due to the fact that the BIG PICTURE is lost in these small fragments of the problem. How many times has the sales force blamed the production force for not doing their part, and causing a bigger problem, and how many time has the MD of a company complained that the staff does not understand how important things are. All of these complaints can be written down to the fact that companies break up problems in so many fragments that nobody can see the BIG PICTURE. Senge writes that this idea that the world is created of, or has to be broken into, separate parts belongs to the past, and that organisations should give up this illusion and should start building The Learning Organisation. This organisation will be one "where people will continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn
together" (Senge, 1990:3). Any problem that arises in the company, will be that of the company, and all its people as a whole and not just that of the top management or any management level. Problem solving from the top level only, is not possible any more, in this fast changing world of today. By the time that top management solve the problem, and realise the solution, the problem and the situation have changed and a new problem arises.

The company as a whole needs to be able to see the **BIG PICTURE** and should help to create this picture.

Many may argue and say that not everyone has the ability to be part of such a Learning Organisation, but this is not true. Every person has the desire to learn, and to solve problems, and to see that what they worked on will become a success. The reason why it is so difficult to see this, is the fact that second wave companies has undermined and brain washed people to the extent that they do not believe in themselves and their learning ability any more.

If you look at a baby who is learning to walk, it will become clear that everyone has the will to learn. Nobody teaches a baby to walk, it happens because the baby sees that everyone around him walks, and then one day he/she stands up and walks and the parents are amazed at the fact that the child can walk by itself. That is what companies should be, the amazed parent who sees that the people in the company can learn to walk by themselves. This is a concept that is difficult to accept, the same way parents accept that the child walks without their help, but it is a fact of life, and the sooner companies realise that people want to be part of a learning organisation, the sooner can they start to use this Learning Organisation as a competitive advantage above their competitors.
Senge(1990:57-67) has set out rules to make this Fifth Discipline work and they are as follows:

- **Today's problems come from yesterday's "solutions"**
  
  There is a saying known as *passing the buck*, which means to pass your problem onto someone else, and feeling that you have succeeded in solving your own problem, no matter what the result to the company as a whole may be. In a learning organisation, this will not happen because everybody is the organisation and not just working for the organisation. If a problem is solved it will be solved and not just passed on to the next department or person in the company.

- **The harder you push the harder the system pushes back**
  
  When a new person starts at a company, he/she is very eager to do well and to prove themself, especially someone just out of school or university. When things do not happen as they expect, their first reaction is to work harder, and make a better impression, and then make things work for them. A few years down the line they realise that to work hard does not help, and they become discontent with the company, and then they just do their work not caring whether it is to the advantage of the company or not. It is this mindset that does not fit into the Learning Organisation.

- **Behaviour grows better before it grows worse**
  
  Many problems are solved by management. At first the solution seems to work well and all the problems have disappeared. This sense of well doing, make management feel that they do not need the rest of the people in the company, as they have solved the problem. What they do not see is the effect their solution has on other departments in the company. Senge(1990:60) uses the example of a manger who solves the high inventory cost problem, but does not realise that now the sales force has to explain to angry clients why their orders are late. In the Learning Organisation problems will be solved by taking into
account the effect that the solution will have on the company as a whole.

- **The easy way out usually leads back in**
  Problems are part of every day life and so are the solutions to these problems. Many companies have fixed solutions to problems and they stick to these solutions, even if they are not the best, due to changes in the company or in the world that has created new and better solutions to the problem. The Learning Organisation will always look for the best solution and not for the old and used solution.

- **The cure can be worse than the disease**
  Stress at work can be relieved with a drink after work to make one feel relaxed and in control. This can later become a drink in the morning and eventually lead to alcoholism and in this case the cure (the drink) became worse than the disease (stress). This happens in companies across the world because the people in the company only want to solve their own little problem, and does not care about the rest of the company or its problems. This is when the cure to the problem can become worse than the disease. In the Learning Organisation, the problem will be that of the whole company to start with, and every one will help to solve it to the advantage of the company as a whole.

- **Faster is slower**
  Many organisations believe that the faster they grow, the better, and that this is the only way to do business, but what they seem to forget is that every system has its own growth rate, and that, if this growth rate is exceeded, the system as a whole, may come to an end and self-destruct. In a Learning Organisation it is not said that the growth should be slowed down just because fast does not work, it is said that the organisation as a whole should grow together for a longer and better future for all involved.
THE SOUTH AFRICAN WAVE: A LEAP OF FAITH

• **Cause and effect are not closely related in time and space**
  It is human nature to try and solve problems where they occur, and not to determine the real cause of the problem. For instance, if the problem occurs on the manufacturing line, then it is believed that the cause must be on the manufacturing line, and it is this belief, that cause and problem are closely related, that leads to bigger problems or that the real problem is never solved. In a Learning Organisation the whole picture is looked at by everyone, and thus the real problem can be solved no matter how far away the cause is from the problem.

• **Small changes can produce big results - but the areas of highest leverage are often the least obvious**
  In the Second Wave, company problems will be solved by looking at which big solution will solve the problem. Many times the smaller solutions which could bring the biggest results are overlooked. In the Learning Organisation where the picture as a whole is seen by everyone it is many a time the small solutions that will bring the biggest results.

• **You can have your cake and eat it too - but not at once**
  Companies that think and act in the short term, may find that many possibilities look like problems instead of possibilities. Senge(1990:65) uses in his book the example of high quality that leads to high cost which is the short term view, whereas in fact over the longer period high quality can lead to lower cost. It just takes time, and it is this time factor that a lot of second wave companies do not understand, and this leads to a very short term view. The Learning Organisation is a patient and long term company, and will reap the benefit of its patience.

• **Dividing a elephant in half does not produce two small elephants**
  Senge(Senge, 1990:66) uses a Sufi tale to illustrate the fact that in current organisations people do not see the company's problem in the whole picture but only in their own little
world. "As three blind men encounter an elephant, each exclaims aloud. 'It is a large rough thing, wide and broad, like a rug,' said the first, grasping an ear. The second, holding the trunk, said, 'I have the real facts. It is a straight and hollow pipe.' And the third, holding a front leg, said, 'It is mighty and firm, like a pillar'". This tale indicates exactly the way managers from three different departments of a company may see the same problem. In a Learning Organisation this problem will be seen the same by everyone and everyone will see the whole problem.

- **There is no blame**

In today's company people like to blame everything but themselves for problems or mistakes. In the Learning Organisation it is realised that everyone is part of the whole system, and that they have to work together to solve the problem: **THERE IS NO BLAME.**

How a organisation becomes a Learning Organisation is the question. The answer is simple: organisations can only learn if its people learn. As Senge(1990:139) says "Organizations learn only through individuals who learn. Individual learning does not guarantee organizational learning. But without it no organization learning occurs." It is clear that if the whole organisation learns, it is better for the organisation, than when management alone tries to learn.

The **Fifth Discipline** (Senge, 1990:66) envisages the company and everything it touches as a system, and that this system is a whole. This whole should be seen by every person that it touches as a whole, and that they are all part of this whole and will work together to make the company a success and a lasting feature in the business world.
4.4 Africa management

In the previous points a discussion on the more traditional management methods as well as the modern management methods took place. These management methods were seen from a western culture. South Africa finds itself in the midst of the western cultures as well as its own African culture as was seen from chapter 3.3. There are some African management styles that play a role in management today and that needs to be discussed.

4.4.1 Ubuntu

"Ubuntu is a metaphor that describes the significance of group solidarity, on survival issues, that is so central to the survival of African communities, who as a result of poverty and deprivation have to survive through brotherly group care and not individual self-reliance." (Mbigi & Maree, 1995:1).

Ubuntu is not peculiar to Africa alone and can be seen in any country where the poor will stand together to survive. The cardinal believe of Ubuntu is that "a man can only be a man through others" (Mbigi & Maree, 1995:2).

The Ubuntu management approach must have the following outcomes:

The development of cooperative and competitive People, Paradigms and Perspectives, Practices, Processes, Policies and Procedures and values and institutions (Mbigi & Maree, 1995:10).

Ubuntu is a new concept to the South African company, a concept of looking after each other, and working together to create one's own solidarity and survival, but not to do this by encroaching on someone else. That in a spirit of brotherly dependency, and not self survival, the upliftment of the poor and deprived can take place to the advantage of all in the system within South Africa.
The following changes need to be made to South African companies according to the Ubuntu management style (Mbigi & Maree, 1995:119):

- companies must move from single shareholder accountability to multiple stakeholder accountability;

- companies need to move from efficient resource utilisation to effective resource optimisation by harassing the community spirit that lies dormant in our companies;

- a move from exclusive governance and performance to that of inclusive governance and performance;

- a move from lifetime job security to lifetime work life security;

- companies need to move their view from lifetime specialisation to lifetime multi-skilling;

- instead of managing people and resources, companies should mobilise people and resources.

Ubuntu brings a new challenge to South African business, not much different to that of the Fourth and Fifth Wave: to change to that of an open business with no hidden agendas, and companies that are run and are created to the advantage of the community as a whole.

4.4.2 African Management

In African Management (Christie, Lessem & Mbigi, 1993) it becomes clear that South Africa's business world has to face many challenges to correct the wrongs of the past in
which black people were excluded from the business world. This exclusion has lead to two major challenges:

- "The need to develop industrial relations philosophy, policy and procedures to respond more effectively to the collective expression of the needs of the workers"

- "The need to address the shortage of managerial, professional and technical skills, which have been exacerbated by the exclusion of blacks from participation in the mainstream of political, socio-economic, educational and business life in South Africa." (Christie, Lessem & Mbigi, 1993:310).

To overcome these challenges will not be easy, and there awaits a long and turbulent road ahead for South African companies. This process of change can be made easier if management looks at African management when they decide on a strategy for the future, because to try and solve any problems in the new South Africa by just using western methods, and not looking at African management, will make the road more difficult.

In Africa, in contrast to the west, the individual cannot stand alone and the management style of Africa cannot be based on the individual. Every person has a responsibility to his and her society and everyone around them. "The African career is formed within a framework of shared values, norms and belief system ..." (Christie, Lessem & Mbigi, 1993:311); "Traditional African values foster a communalistic world-view towards life. Nobody in an African context lives for himself." (Christie, Lessem & Mbigi, 1993:311)

It is clear from the above, that in the African management context, every worker, manager and person who comes into contact with a company, is seen as part of the system in which
the company lives and survives. This brings to mind the *Fifth Discipline, the Art of the Learning Organization* (Senge: 1990) and it comes to mind that it has taken the western business culture centuries to realise what African management has known all along.

Africa known as the dark continent, the place of cannibalism and slaves, has changed and become the light source of future management styles. Management styles that have been inbred in the life and values of the dark people of the world. Have they known something all along that took the white and cultured races centuries to find out: "divided we fall, but together we stand strong". After centuries of being enslaved and deprived, the wheel of change has turned, and may now show that the future is African management.

4.5 Summary

The business world has come down a long and winding road of change, a road with turbulence and changes that can be found nowhere else in life, and these changes will continue into the new century. The waves of change from the Agricultural through the Industrial and into the now Learning Organisation may be a difficult concept to understand, but if South African companies hope to see into the next century, and beyond, they need to change, and change at a fast pace, or they will just become statistics for future generations to look at and to smile and say "they had the answer in their hands but did not know what to do with it".

South African companies need to sit down and look at what they need to change to be part of Africa, because Africa is an unforgiving place. Africa will destroy the weak and only those who change and fits into the culture of Africa will survive. To be the strongest is the only answer to the African onslaught. Adding fuel to the fire is the fact that the people of Africa have been misused, enslaved and deprived for too long. Mother Africa is awakening to the call of her people, and the challenges that awaits the rest of the world,
who wants to deal with Africa, will be unknown except to those who adapt to the African way.
CHAPTER FIVE: The Leap of Faith

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CHAPTER FIVE : The Leap of Faith

Synopsis

Life is a never ending journey and from birth to the day that man dies, man is on a journey called life. Man has his better and worse time within this journey but still he stays on this never ending journey. Management styles also started on a never ending journey a millennia ago and has been on this journey ever since.

South Africa is on a journey and in the current stages of this journey South Africa finds herself in times of turmoil and change, changes like she has never known before and the outcome of these changes will shape the future of every South African and those still to be born as South Africans.

This dissertation started out by indicating how South Africa currently compares to the rest of the world. Then a study was made of the different management styles within South Africa and at the newest management style that the rest of the world has to offer. A look at the management styles of Africa, and what Africa management is all about is where chapter 4 ended, and this chapter will attempt to bring together all that will be of help to South Africa, to enable South Africa to create its own Leap of Faith.

In this chapter an attempt will be made to indicate how South Africa needs to look to enable its managers to have a better management style to ensure a better future for their employees.
CHAPTER FIVE: Leap of Faith

5.1 Introduction

To start this final chapter the question needs to be asked, what is A Leap of Faith and what does it mean when saying that a Leap of Faith is necessary to change the management styles in South Africa.

The Oxford dictionary (1986:307,196) gives the following explanations for the words Leap and Faith:

Leap - Is a jump. Jump is a sudden movement caused by shock
    Jump- accept eagerly.

Faith - Trust, belief, loyalty and trustworthiness.

It is clear from the above that South Africa will need to make a sudden move from its current position by trusting and believing in its people. South Africa's people can make a difference and can help South Africa to survive. The people of South Africa will have to be loyal to the South African cause and will need to show trustworthiness for this country as a whole to survive the future and to become more than just another third world country with no place in the global village on the planet earth.

The road ahead is not going to be easy, in fact it is going to be very difficult and it is going to get worse before it will get better. Every one in South Africa will need to give up something to make the future of South Africa a rose garden rather than a rubbish dump. A time of reconciliation and trust is what South Africa needs and this will only be achieved if everyone works together for a better future. South Africa's deprived and scorned people will have to be patient and will have to work hard to enable a better future for themselves. The privileged few of South Africa will have to lead the change and will

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have to give up a lot of their unfair and sole privileges that belongs to the masses rather than to the few.

The decision will have to be made by all South Africans *DO WE, AS SOUTH AFRICANS, WANT TO LIVE TOGETHER IN PROSPERITY, OR DO WE WANT TO LIVE APART AND DESTROY THIS BEAUTIFUL COUNTRY* because only with a fixed believe in God, unity and peace, will South Africa prosper.

5.2 The surviving look

To survive in this turbulent and changing world of today, is not and will not be easy. Changes are happening at an ever increasing pace and to keep up with this change will be difficult enough. For one person, or a management team, to keep abreast of all the changes that effect a company and what is happening in the world will be impossible. Everyone that can give input into the company and other sectors of society, from politics to social life, will have to be involved in decisions and the results there of.

The surviving look that follows takes into account that every sector, from public to private, has and will take a responsible role in society and will fulfill their roll to work together towards a better and new South Africa. The day in which the government could say that the private sector is the only one responsible for a solution to a problem, or vice versa, must be left in the past as a bygone era. If South Africa is to survive and become a force to be reckoned with in the future everyone will have to work together as one team or South Africa and all her people will become nothing more than just another set of borders on a map. After winning the World Cup Rugby in July 1995 the slogan **ONE NATION, ONE TEAM** was on the lips of every person in South Africa and that is the motto that should stay in politics, the economy, labour, education and South Africa's social responsibility.
The survival look should include the following:

- Free political activity and political stability throughout South Africa.

- The ruling government should be as small as possible. The bigger the government the more unnecessary and uncontrolled spending will take place.

- It will be of the utmost importance that government spending is kept to the absolute minimum. The private sector must except a dual responsibility for society and not just leave this responsibility to the government of the day.

- Although keeping inflation under control is important, it is more important to have a growing economy that can create work and help people to be more self reliant and not so dependant on the government. At the present time the control of inflation, by increasing interest rates, put a damper on economic growth.

- South Africa should abolish all exchange control and have an open and free market that will attract overseas investors without investors being intimidated by unwanted exchange control. Exchange control places a damper on foreign investment. The cost involved in enforcing these control regulations is very high and that is an unnecessary expense to South Africa.

- South Africa is currently undergoing a massive brain drain and this is mainly due to a crime wave and violence. It is essential for the future of the country that the brain drain is reversed and this will only be possible if the government can reduce the crime level in South Africa.
FOREIGN INVESTMENT must be obtained by giving foreigners incentives that they cannot refuse to invest in South Africa. These incentives can include guarantees from the government of all funds invested in South Africa or tax incentives where a foreign company that opens a plant or office in South Africa within a predetermined industry pay minimal tax for a period of time as well as no or minimal charges on water and electricity. These tax incentives can be instituted with the provision that the company employs a certain percentage of South African people.

The tax system in South Africa needs to be simple and much more efficient. The implementation of a flat tax rate as a start can be considered so that the problems with tax collecting can be ironed out and then a more involved system can slowly be introduced.

Labour in South Africa will have to learn to become patient and to wait for change to occur. Stability within labour is of the utmost importance if South Africa is to draw overseas investors and companies.

Labour unions should change their view as a fighter for the right of the deprived majority to that of a party to a company that wants to help the company to survive and to be a viable option to fulfill its role in society. Labour unions should assist companies to help employees to have a better life.

One of the most important issue is that of education. Everyone has a responsibility to ensure that the education in South Africa change for the better. This is not just a government problem but the private sector will need to take an active role in this country's education if they want to ensure that they have the necessary skilled labour and employees for tomorrow and the next decade.
The time has come for South Africa to show the rest of the world that the move to democracy can be done in the spirit of ONE NATION, ONE TEAM. The private sector must take the lead in this and must prove to everyone that they intend to survive not just as a company, but as a community company.

5.3 The Leap of Faith - Management style

For South Africa to obtain its full potential and to become a leader in the world, South Africa will need an extraordinary management style and this style will need to be a LEAP of FAITH.

There are five steps in obtaining the Leap of Faith:
1) The believe that every person wants to work hard and do their best
2) A policy of openness
3) Change in company culture
4) Do not say no
5) Take pride in society and employees

The five steps need to be done in succession and will need the cooperation of every person in the company as well as all parties that are touched by the company, from government to the union to the rest of the private sector.

Step 1: The believe that every person wants to work hard and do their best

The 1 step that needs to be taken to start a new management philosophy will be the biggest and most difficult one. The Leap of Faith philosophy starts with the believe that every person wants to work hard and wants to do his or her best. This need to be
excepted by everyone who is going to attempt the Leap of Faith. Past experience of unfaithful employees and employers need to be forgotten and a new and fresh beginning needs to be made. This will be a step in which all players will need to have Faith in each other and themselves. Without this Faith in each other the new philosophy will not work, it will just be a waste of time and will lead to frustration and conflict. That is why the first step in the Leap of Faith philosophy will be the most difficult.

Step 2: A policy of openness

The second step will have to come from the current stakeholder, the shareholders and top management. The second step will need to be a policy of openness. This will mean that top management will need to inform its employees about information that is currently not given to them. The secrecy of what is happening in the ivory tower needs to be shown to the employees and their opinion needs to be relayed to top management. This step may seem extreme, especially to top management who likes the safety and secrecy of the ivory tower, but this step can be implemented in stages. A company in Brazil, Semco, started this process by teaching their employees how to read and understand the company's financial results and reports. Semco then published these results onto billboards inside the company on a quarterly basis (Semler, 1993). Semco has gone as far as to reveal information like directors salaries to employees and to obtain employees approval for these salaries (Semler, 1993:197-198).

Involve the employees that will be touched by changes or decisions. Let them give their opinion of what needs to be done to ensure that these decisions and changes will be successful, no matter how sensitive top management may think the information might be. Remember step one, trust and faith in each other. Top management must guard against patronising employees by treating them like subordinates and not being totally open with them. This will lead to distrust and the failure of the new management philosophy.
The second step, the step of more openness, will help to prove to employees that top management is serious about change and about the involvement of employees in a new and better tomorrow for everyone. In the same way this will help management to see that employees can be trusted and that management and employees can work together on all levels. Top management will be surprised to find that within their employment there is a wealth of knowledge and determination that can be channelled to the advantage of the company in the long term.

Step 3: Change the company culture

The 3 step, which flows from the second, is to change the company culture that currently exists in companies. Although some big companies have the view that company culture is a myth and does not need to be managed, every company has its own culture and subcultures. To manage and change a culture is very difficult but if steps 1 and 2 can be done with success, the third step will follow automatically.

The company needs to grow a culture of working together as one to the advantage of every one touched by the company, from the shareholder, to the employee, their families and society. The culture change should also include the change from the current manager employee scenario to that of a team and their leader. There is a saying in modern management philosophies that if you want to manage, manage yourself and rather be a leader of people. This may seem difficult to achieve but it is natural for humans to choose a leader and to follow a chosen leader. Society is made up of leaders and followers and fortunately there are more followers than leaders and this enables society to function so why not use this age old phenomena in companies. If the employees choose their own leaders they are much more likely to follow them and to work with these leaders and this can only be to the advantage of the company as a whole.
Step 4: Do not say NO

Step 4 will be to allow the employees to do their work without having to worry about what the boss will have to say about this. The employee knows what needs to be done, so let them do what they need to do. DO NOT SAY NO. This step most managers will say is impossible and will lead to disaster and the downfall of the company. The truth is in Japan this is common practise and employees make sound decisions on a daily basis without consulting management. The reason why the Japanese are at ease with this practise is that in there language their are no negative words. Words like no, do not and can not, does not exist and this has followed through to their management styles and philosophies. The employees in a Japanese company will discuss between themselves a possible change, and if they are happy with the decision, will implement the decision themselves. The Japanese say, to try something new and to fail is a lesson that has been learned, and not to be repeated. This is what the 4 step should be, do not let the employees be scared to try something new. If this is the policy of the leaders of the company, they as leaders, will be included in the discussions of the employees as to changes that need to be made.

The ultimate culture is one of openness, togetherness and working as a whole to the advantage of every person and the environment that is touched by the company.

Step 5: Take pride in employees and society

Step 5 is for the company to take pride in the society that its employees live in. If you were the owner of a company and you walked down the street in a suburb were your employees stayed would you be able to determine which one of the houses in that street your employee stayed in? In his book Maverick Semler had the following to say "... Not long ago the wife of one of our workers came to see a member of our human
resources staff. She was puzzled about her husband’s behaviour. He no longer yelled at the kids, she said, and asked everyone what they wanted to do on the weekends. He wasn’t his usual, grumpy, autocratic self. The woman was worried. What, she wondered, were we doing to her husband? We realised that as Semco had changed for the better, he had too." (Semler, 1993:8).

Currently every person has two lives that they live. One is their work, and the other, their time away from work. On average every person sleeps a third of their life and that leaves two thirds of life to work and to play and do what they want too. If an employee is busy with his work, from the moment that he travels to work to the moment that he gets back home, half the time that he is awake, he is involved with his work. If he does not enjoy what he does, his life becomes mostly boring and worthless and if his life seems worthless to himself it will not be worth much to the company.

The 5 step is for the employee to have a life worth living, not only at work but also away from work. If the company becomes part of the employees social life and takes pride in the social life of the employee, then life in total is two thirds worth something to live for. A company whose leader or any one person of that company who walks down the street and can identify their employees will be the company of tomorrow.

The five steps as set out above will be underlined by the day to day working of the company. The organisation structure should be flat with only leaders and followers as levels of differentiation. Every person within the company, and those that are touched by the company, from clients to families should have a say in the running of the company. The company must be a community company that sustains its existence on the enhancing and upliftment of the community and its people and South Africa as a whole. Shareholders must be willing to give up short term gain and higher profits for long term survival and the knowledge that the company means much more to the country as a whole.
than just an employer and a business but that the company is, in total, part of the new South Africa. **ONE COMPANY, ONE NATION.**

To enable companies to move from their current second wave management style to the new Leap of Faith management style, a realisation is necessary that if South African companies do not change with the winds and waves of change that is currently blowing over the shores of the South Africa, they will not be part of the long term South Africa. The time that lies ahead for companies within South Africa is going to be difficult and changes are going to be necessary. To survive, the question that remains, is to ask which companies will be left when the changes have taken place. If being there at the end and being able to say that the company has survived is what is important. A **LEAP OF FAITH** is what awaits South African companies.

5.4 Changes to look at

The following are some examples of changes that need to be made within companies to ensure that they have the best possible chance of survival in the future:

- Employees should own at least 33.3% of the company that they work for.

- Employees should be trained to understand the company's financial statements and what they mean for the future.

- Employees should choose their own leaders and employ their own colleagues.

- The company must become a status symbol to everyone that its touches, and not just another company.
All decisions to be made that will influence the company, and those who the company touches, should be made by all involved and not just the so called top management. Top management structures should be abolished.

Every person knows what needs to be done to do the work successfully, leave them to do their work and to be successful for the company and themselves.

5.5 Summary

"Life is a journey, not a destination in which we regret the things we did not do more than the things we did and failed" (Anonymous) South Africa is on the next leg of its journey, and the end of this leg will see South Africa looking totally different to what she was. If South African companies do not change to fit in with the new South Africa they may be forgotten memories of days gone by or they will not be remembered at all.

The changes that need to be made will not be easy but if everyone works together towards a better future for all, the changes will seem to be natural and taking the next step will be just that: a next step. Change is part of human nature and changing to the better and for the better comes easier than one wants to believe possible. When the LEAP OF FAITH management style is introduced, the changes will be to the advantage of every one in South Africa, and these changes will be easier than what one will expect when reading this dissertation.
Epilogue

The following was a answer by a black employee at one of South Africa's blue chip institutions to the question, describe management :

- Panic.
- Frantic search for the guilty.
- Punishment of the innocent.
- Total disillusionment.
- Promotion of the uninvolved.

The following question comes to mind :
Is this the kind of management South Africa want to show to the rest of the world and to the Rainbow Nation?
THE SOUTH AFRICAN WAVE: A LEAP OF FAITH

Bibliography


THE SOUTH AFRICAN WAVE : A LEAP OF FAITH


THE BIBLE.


