

**GLOBAL BUSINESS AND TECHNOLOGY
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**RECONSTRUCTING GLOBAL MARKETS:
CHALLENGES, POLICIES, AND STRATEGIES**



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Editors:

N. Delener, Ph.D.
Christina Schweikert, Ph.D

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AIRBNB IN CAPE TOWN'S BO KAAP: ENSURING SHARED GROWTH AND OWNERSHIP OF THE TOURISM VALUE CHAIN THROUGH AIRBNB EXPERIENCE

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Abstract

Tourism has grown in leaps and bounds in South Africa since the first democratic elections in 1994. The integration of South Africa into the community of nations, presented the world, with a destination that has a divergent tourism product which was already a leader in conservation. Tourism was promoted due to the positive economic impacts of tourism such as labour- intensive jobs, attracting foreign exchange, and promoting the development of small businesses. Ensuring shared growth in the tourism industry has become a major focus of tourism authorities to ensure that tourists are geographically-spread, extend their length of stay and contributing to transformation to include the previously disadvantaged in the tourism industry. Considering South Africa's troubled history, the indigenous people were disposed by colonialism and apartheid ensured that the state and economy, excluded them from active participation within the economy. The transformation of the tourism industry had sought to ensure that the previously disadvantaged groups benefit from the tourism industry, so that the benefits of tourism are shared, and ensure that the tourism industry is sustainable. The City of Cape Town is the leading tourism destination in South Africa, attracting the vast majority of both domestic and international tourists. Close to the CBD, there is a Muslim enclave called the Bo Kaap, characterized by bright coloured houses and cobbled streets was the first residence for freed slaves in colonial times. The Muslim enclave became a major tourist attraction as tourists filled the streets, but with scant benefit from the positive economic impacts of tourism. Increased traffic, rude tourists and an increase in property prices were experienced by the residents of the Bo Kaap. The suburb was regarded as being trendy, and 'outsiders' started buying property, which resulted in the accrual in property rates and property prices. The rise in property prices led to the poorer residents selling their properties, and this led to gentrification. The residents of the Bo Kaap used Ramadan to rally the community against a new enemy, gentrification. This led to the Bo Kaap becoming a no go area for tourists as tourists were discouraged. Airbnb has emerged as a means for the community to have ownership and control the tourism industry. Airbnb hosts have grown in the Bo Kaap, as community members are

harnessing the power of the sharing economy to become hosts and host experiences. Community-Based Tourism (CBT) has been used as the Theoretical Framework, used for analyzing the experience of Airbnb in the Bo Kaap.

Keywords: Airbnb, Community Based Tourism, Bo-Kaap, Cape Town, Gentrification, Heritage Protection, Overtourism

INTRODUCTION

“The tourism industry has grown in leaps and bounds in South Africa, since the first democratic elections in 1994. The peaceful elections which resulted in the election of Nelson Mandela, as the first democratically elected President of South Africa, was the beginning of the growth phase of tourism in South Africa. The tourism industry has shown sustained growth it is regarded as a panacea for the plethora of challenges facing many countries. For the past 24 years since 1994, tourism has experienced growth rates that have been above the GDP growth of the entire South African economy” Henama (2018a: 1). Tourism is promoted because of the positive economic impacts that it has at the destination area, such as creating labour-intensive jobs, attracting foreign exchange, diversifying the economic base and promoting investment in the destination as noted by Henama (2018b). As noted by Sifolo & Henama (2019) tourism is disproportionately important for African economies that are weak, and dependent primarily on extraction industries that have suffered due to the drop in commodity prices. Hence, almost all countries have jumped on the tourism bandwagon. Africa has an attractive tourism product offering which that is yet to be exploited to its full potential, which means that there is much scope to grow more tourism to the continent”.

“One of the reasons that the tourism industry is sought after is to ensure that the standard of living of the locals is raised. This is achieved by ensuring that the locals benefit from the tourism industry, the tourism industry is especially relevant considering that South Africa has a high rate of unemployment and inequality” Henama (2013: 232). Henama and Sifolo (2017) noted that the tourism industry in South Africa faces numerous challenges such as the integration of Black South Africans as product owners. The sharing economy has been able to lower the barriers of entry and this has benefitted Black South Africans who have increased their participation within the tourism industry. This seeks to ensure that the sharing economy becomes an enabler of tourism that benefits the local community, by offering a sustainable avenue to become a member of the tourism value chain. Through the sharing economy, citizens of South Africa have an active participation in the tourism industry, through the value chain created by Airbnb, and its resultant disruptive entrepreneurship. Increasing tourism numbers has become a priority in South Africa due to a slowing economy and now tourism is regarded as a panacea for the plethora of socio-economic woes facing the country. Tourism is regarded as the “new gold” as it is sustaining the growth of the economy in South Africa, such as gold has done in the 1970s and 1980s. As a result of the perennial growth of tourism, almost all countries have jumped on the tourism bandwagon, preparing themselves as tourism destinations.

SHARING ECONOMY

Peer-to-Peer providers are located within the sharing economy, disrupting established value chain, by allowing those with assets that are idle to use them for economic gain, and this becomes an avenue for participating in disruptive entrepreneurship. “Since 2010, Airbnb has been helping South African households and communities create economic opportunities for themselves through innovative, sustainable travel. Six hundred thousand guests arrived at Airbnb listings in South Africa in the past year, representing year-on-year growth of 144%” Airbnb (2017:14). South Africa represents about a third of all the Airbnb listings in Africa, with Cape Town leading the Airbnb listings in South Africa. “In Cape Town, there were 17 600 active listings on Airbnb, earning a combined income of R762 million over the past 12 months. In the past year, hosts on Airbnb in Cape Town welcomed almost 290 000 visitors, which resulted in an estimated economic boost of R2,4 billion for the city” Tourism Update (2018: 3).

THEORETICAL FRAMEWORK: COMMUNITY-BASED TOURISM

The tourism industry does not naturally lead towards development, distribution of benefits and empowerment of the host community, unless additional measures are undertaken to ensure that the tourism industry is pro-poor. “The primary purpose of CBT is a community development outcome is to provide development opportunities that distribute benefits that otherwise do not exist across a community. These benefits include economic returns, while also empowering a community with skills and resources to develop a sustainable tourism enterprise” Harwood (2010: 1911). Strydom et al. (2018) noted that CBT has been promoted as a way of a development where by the socio-cultural, environmental and economic needs of local communities are met through the tourism product offerings. Local control in the tourism industry is imperative to ensure that tourism becomes an effective tool for poverty alleviation. The host community is of particular focus, as they must be actively involved in initiating, and managing the tourism project and benefit financially. This would ensure that the host community’s gets a financial incentive for operating tourism project(s). Goh (2015) noted that as tourism activities are developed and operated mainly by the local members, consent and support are gained locally which adds towards meeting the social sustainability objectives.

In order for meet Airbnb’s desire for health tourism, that benefits the host community, it was necessary to train the host community’s Tourism Enterprises so that they can get onto the Airbnb platform. Upon successful training and mentorship over six months, the tourism enterprises would access the value chain of Airbnb that matches millions of clients with those listed on the Airbnb platform. This presents the Tourism Enterprises with market access that would secure their long term financial sustainability. Airbnb had altered the demand away from traditional commercial accommodation providers, whilst the Airbnb Africa Academy sought to include Previously Disadvantaged Tourism Enterprises into the value chain of Airbnb that is growing and leaps in terms of demand. The Airbnb African Academy therefore creates an opportunity to achieve the following:

- Small business creation with Airbnb’s technology platform; and
- Upskilling the participants to become hosts and after-service and back of the house support for a period of up to six months to ensure that hosts meet Airbnb standards, so that they become sustainable businesses.

“CBT should not be viewed as an end in itself, but as a means towards empowering poor communities to take control” Strydom et al. (2018: 4). Zapata et al. (2011) noted that literature and policy documents and policy documents on CBT have identified three main criteria:

- CBT is located within a community
- Owned by one or more community members and
- Managed by community members.

Community-based tourism (CBT) has emerged as a means of ensuring that the host community benefits from the tourism industry. Giampiccoli & Saayman (1999) noted that CBT is rooted in the alternative development approach. Dodds et al. (2018) noted that there are three main types of CBT:

- A project in which community members are employed using a rotation system and profits are allocated to community projects or dividends to residents.
- A project that involves family or group initiatives with the communities, based on community assets.
- A joint venture between a community or family and an outside business partner.

BO KAAP IN SOUTH AFRICA’S CAPE TOWN

Cape Town is the leading city in South Africa in terms of tourist arrivals, and is a ‘bucket list’ destination for many tourists. Within the city of Cape Town’s Central Business District (CBD) lies, the Bo Kaap which is a Muslim enclave

where the first freed slaves resided and the houses that are painted in bright colours are passed down from one generation to another.

According to Kros (2008) the Bo-Kaap is a small but densely populated area situated on the slopes of Signal Hill in Cape Town and artisans, builders and craftsmen started to build their own homes from 1750 onwards. The residents of the Bo-Kaap are slave descendants that came to work in the Cape, for the Dutch East India Company. The houses in the Bo-Kaap are passed down from one generation to another generation and up to seven generations have lived in the Bo-Kaap. BBC (2018) noted that the historic area of Bo-Kaap with its picture postcard pastel-coloured houses, rich cultural heritage and beautiful location overlooking Cape Town's city centre has always been a favourite stop for tourists. Pillay (2018: 1) "There's a special place in Cape Town's city centre that can't be matched when it comes to providing an authentic cultural experience in a location that holds a tumultuous history, set against the backdrop of the majestic Table Mountain. This is Bo-Kaap".

There's big interest in the colourful houses (and) heritage and the Bo-Kaap is one of the oldest communities and only 'Malay Quarter' in South Africa according to Property36 (2013). Collison (2018) noted that in South Africa, Cape Town has the largest Muslim population in the country. Gobbled stone roads, brightly painted houses, an Iziko Museum, and a unique Muslim heritage that includes the oldest mosques to be built have all made the Bo Kaap unique and the area became a major 'must-see' attraction within Cape Town. The rise of tourism to Cape Town has also meant that the number of tourists that came to the Bo Kaap increased, as it literally located within the CBD and not far from other attractions. The increase in tourism gaze accrued several negative impacts such as increased traffic, rude tourists, noise from tourists, and the opening of a liquor outlet which clashed with the Muslim heritage of the Bo Kaap. The friction between the tourists and the host community led to tourists being undesired in the Bo Kaap, especially because the host community did not have a direct stake in tourism expenditure. There are two issues that have created discomfort for the residents of the Bo Kaap, namely overtourism and property rates.

Overtourism

UNWTO (2018:4) defined overtourism as "the impact of tourism on a destination, or parts thereof, that excessively influences perceived quality of life of citizens and/or quality of visitors experiences in a negative way". The cited definitions are in agreement that overtourism occurs when there is unrestrained and uncontrolled growth of tourism activities. Claudio et al. (2018) concurred that overtourism in all its forms occurs when tourism development fails to take into consideration limits to expansion. It is therefore a phenomenon characterised by a situation where the number of tourists and the type of tourism in a particular place exceeds its carrying capacity (Benner, 2019). Overtourism is well documented in the European context and destinations that come to mind when the term is mentioned are Venice (Italy), Barcelona (Spain), Rome (Italy), Amsterdam (Netherlands) Dubrovnik (Croatia), Santorini (Greece), Paris (France), Berlin (Germany) and London (England) among other cities. It is also worth noting that current discussions on overtourism are being done in a context of an industry that celebrates increase in tourism arrivals but has also realized the need to steer away tourism activities from overvisited places to limit the negative impacts of tourism (Benner, 2019). The protests in the Bo Kaap can be associated with overtourism, which is a new phenomenon in post-apartheid South Africa. A visit to Cape Town is not complete without visiting one of Cape Town's bucket list destinations, the Bo Kaap. According to Pillay (2018) local and international tourists want authentic experiences, and places like Bo-Kaap are able to share such authenticity when tourists respect certain legal or social boundaries.

The property investors would then seek to upgrade their 'new' properties which would also mean changing the character of the traditional character of the Bo Kaap houses, which would create community discomfort. The developers created high rise buildings around the Bo Kaap, from properties that they had bought. In addition to conflict with the developers, the arrival of thousands of tourists that have created traffic congestion, has irritated the residents of the Bo-Kaap. The tourists come to the Bo Kaap without being immersed within the local culture, and they contribute economically nothing to the Bo Kaap, as they don't buy from the local stores, and the majority of them come with tour guides and tour operators from outside the area. 'Locals don't generate an income from the tourists. It doesn't translate into rands and cents.' Another second-generation resident, who asked not to be named, says there are more tour groups than ever before. Property36 (2013) noted that locals don't generate an income from tourists whilst the number of tour groups has increased. The tourists buses have increased traffic and considering the small gobbled streets of the Bo Kaap, this made traffic unbearable for the residents of the Bo Kaap. Because the iconic area is

associated with Cape Town, the movies shot in the area, do not benefit the residents of the Bo Kaap, who have their normal life disrupted by the movie shoots according to Charles (2017). Bo-Kaap, one of Cape Town's tourist hot-spots has become a haven for criminals and tourists have been warned to exercise caution when visiting the area. The warning came after a 24-year-old from Switzerland was robbed at knifepoint by three assailants. In 2018, the Bo-Kaap became a no-go area for tourists and this was unfortunate for tourism in Cape Town.

Property Rates

Property36 (2013: 1) "In recent years, the Bo-Kaap has become a sought-after area, both for tourists and for those looking to buy houses within walking distance of the city centre. Property values have increased, tour groups stream into the area, and the profile of the predominantly Muslim community has changed. Now the fear is simple: gentrification". The rise in property prices had led to property rates, also rising in the Bo Kaap, and this has negatively impacted on the economic prospects of the traditional residents of the Bo Kaap. The elderly who make up the majority of the residents of the Bo Kaap, cannot afford the increased property rates. Chetty (2018) noted that some of the pensioners had property rates that amounted to R6000 per month, whilst the source of income for most residents are pensions that don't match the property rates, excluding water, lights and refuse collection. "Chaos erupted in Bo-Kaap as angry protesters tried to stop a construction crane from entering the area so that work on a high-rise building can begin. Police had to use teargas to keep protesters at bay as they escorted the crane to its destination in Lion Street" Charles (2019:1). The development had been resisted by the community, and the developer had acquired a court order against disruptions to the construction of the building, which would have further gentrified the Bo-Kaap.

AIRBNB EXPERIENCES AS A SOLUTION FOR THE BO-KAAP COMMUNITY

Airbnb had emerged as a joint venture with the Bo Kaap community, allowing technology to create the conditions for the residents of the Bo Kaap to participate in the tourism value chain as owners. This has assisted the community of the Bo Kaap to have a sense of control over the tourism industry which was beginning to encroach on the Bo Kaap, causing friction between tourists and the host community. Airbnb in the South African context had developed the Airbnb Africa Academy, that targets Tourism Enterprises (TEs), that are not listed on Airbnb, and offers them training over two-days and ongoing online support for up to six months so that they can become hosts (for accommodation) and experiences (Airbnb Experiences). Airbnb usually operates remote from hosts, allowing the technology platform as the only interface between Airbnb and hosts. The Airbnb Africa Academy can be regarded as form of pro-poor Community-Based Tourism initiative as the vast majority of participants are from previously disadvantaged groups (PDIs) who had been under represented within on the Airbnb platform. The establishment of Airbnb Experiences could be differentiated by offering small scale, authentic tour guiding services, offered by locals and premised on active guest participation in the Airbnb Experience. According to Visit Utah (2019) there are two types of experiences:

- Single Experiences which last a few hours; and
- Adventures which encompass the end-to-end trip.

Since the community members control entry into the Bo Kaap, the fact that a descendant of the Bo Kaap hosts tours in the Bo Kaap, has allowed for the return of tourists to the Bo Kaap. Instead of being mass tourism, which creates negative impacts such as traffic congestion and the erosion of Muslim heritage, Airbnb has allowed for tours through Airbnb Experiences that would not clash with the community of the Bo Kaap. An example of Airbnb Experiences in the Bo Kaap is "Bo-Kaap: Walking with a local" hosted by Rafiq.

OUTCOME

The confluence of gentrification, overtourism and an increase in property rates was that community protests began which made the area a "no-go" zone for tourists. In 2018, a community movement called Bo-Kaap Rise organised the community to protest against gentrification. Another Bo-Kaap movement called the Bo-Kaap Youth Movement

(BKYM), from May 2018 began protesting against gentrification, burning tyres at the entrance of the Bo-Kaap, which meant that it only allowed entry and exit, for the residents of the Bo-Kaap. The major development that threatened began breaking ground in 2018 as noted Jones (2018) at 40 Lion Street in Bo-Kaap by BLOK. The outcome sought by the protests was that the area be declared a national heritage site, which would protect the area from gentrification. In 2019, the Cape Town Metropolitan Municipality City Council voted to include the Bo Kaap in a Heritage Protective Overlay Zone (HPOZ), which would protect the architecture and heritage of the Bo Kaap for current and future generations. The HPOZ would ensure that future developments in the Bo Kaap would meet the requirements of the HPOZ, and not disrupt the culture and heritage, both tangible and intangible of the Bo Kaap. Such a declaration was regarded as a victory for the residents of the Bo Kaap.

CONCLUSION

It was a tragedy that the Bo Kaap was closed off, but the fundamental issue was that the established supply chains dominated by vertically and horizontally integrated large companies in the tourism economy had ensured that marginalized Bo Kaap, remained marginalized. The emergence of the sharing economy and peer-to-peer platforms such as Airbnb had disrupted the traditional value chains that had in some instances in African countries created the conditions of a centre-periphery between Cape Town as the centre and Bo Kaap as the periphery, when it came to sharing the developmental benefits from tourism. The disruption of the entrenched tourism supply chain meant using Airbnb has created access for Tourism Enterprises from the Bo Kaap and created new entrepreneurs that seek the power of the sharing economy in empowering communities. The residents of the Bo Kaap, led by the youth, decided to make the Bo Kaap a 'no-go' area for tourists by burning tyres at the entry and exit of the Bo Kaap, effectively closing the area away from tourism. Since the host community was not benefiting directly from tourism expenditure, and only being a recipient of the negative impacts associated with tourism, it was therefore easy for them to close the area away from tourism. Airbnb Experiences has become an avenue for the residents of the Bo Kaap to curate their own story through authentic tours of their neighborhood that have achieved two ends: empowering the host community through opportunity and allowing the host community to control the destiny of the tourism experience and tourism consumption in the Bo Kaap. Tourism is only developmental if it benefits the host community and the example of the Bo Kaap reflects how Airbnb can be a force for good in empowering communities using the sharing economy's ability to create new value chains.

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ACCELERATED DIGITALIZATION UNDER CONDITIONS OF NON-TRUST AND FEAR, SAVING BUSINESSES POST COVID-19

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ABSTRACT

Covid-19 caused a disruption that pushed firms to urge transformation. Rapid transformation required a mindset shift in order to face the disruption and sustain businesses under elements of stress, urgency, fear and non-trust. One way to achieve that is the adoption of cloud technology; however, acceptance of such a new paradigm is still questionable by firms. The urgency under covid-19 conditions pushed leaders to reconsider technology based on different priorities shaped by paradoxical factors. This paper suggests a causality between elements of non-trust, acceptance, and use of cloud technology to accelerate digitalization where covid-19 moderates the relationship. The paper draws on empirical quantitative research. +1000 professionals have been surveyed, based on which 470 observations were analyzed. Structural Equation Modeling (SEM) has been used for data analysis. The paper promotes factors that will allow firms to survive the post-covid-19, and will allow policy makers to empower economic recovery of firms post-covid-19.

Keywords: Digital acceleration, Technology acceptance, data, cloud computing, covid-19

INTRODUCTION

In the new era of digitalization and disruption, the creation and coordination of innovation and digitalization across ecosystems is becoming of paramount importance for firms (Lemus-Aguilar, 2020), especially with the emergence of the knowledge-based service-oriented economies (Kronblad, 2020) and disruptive times of covid-19. Elements of trust and fear are determinants to the adoption and use of new emerging digital paradigms such as cloud computing (Mao et al, 2021), where the digitalization of services and the rise of automation and digital technology in our society attracts attention from researchers (Meyer et al., 2020) and practitioners (Rabra, 2020). Digital transformation is the transition from a traditional economy model towards an economy based on online information to make quick and effective economic decisions (Moroz, 2018). Cloud computing is part of digital transformation of firms and it represents a new technology adoption paradigm that is growing in popularity (Mao et al., 2021), because it allows to reduce cost and increase productivity (Cengiz & Bakırtaş, 2020). According to Gartner (2021), the cloud computing market is projected to grow by 18.4% in 2021 to total \$304.9 billion.

From a different perspective, businesses all over the world are required to accelerate digitalization to support adaptive capabilities to face the new normal of lockdowns and distant working and schooling that is caused by the covid-19 pandemic. Firms are required to adapt their business and operating models to accommodate agility and prepare for a safe business recovery post-covid-19 (World Health Organization, 2021). The massive accelerated digitalization of private and public services during the outbreak (Rabra, 2020) raised our attention to the technology

acceptance theories and how they pass the test of such societal massive transformation and change. It is believed that cloud computing provides the required technological capabilities at a time and cost advantage, that will equip firms with the required business resilience to face the challenges of such a new era.

STATE OF THE ART

Huber (1990) proposes that a proper use of digital technology increases organizational capability to rapidly and accurately identify firms' opportunities and problems. Decision making related to technology is based on how trustworthy is the technology in question (Boukadidi et al., 2020; Carter & Bélanger, 2005), and how organizations accept and use technology and digitalize (Schneider & Sting, 2020) in order to accelerate innovation (Rogers, 1995). Digital technologies reconfigure our entire socio-political conceptual vocabulary and redefines the relationship between the spatial and temporal dimensions of firms. In this regard, spatially defined understanding of authority, hierarchy or relation underestimates the repercussions of shifting temporalities. Such an understanding of shift in temporality and authority manifest in the adoption of cloud technology that imposes a mindset shift, whether in terms of adoption or use of technology and data. Cloud technology - (eg. Oracle OCI) is a structural capital that reduces the risk of physical employee presence and interaction for technological assets (Kudyba, 2020). Achieving the level of accelerated digitalization involves leveraging cloud capabilities to foster social capital (eg. use of zoom platform for online collaboration, using Oracle cloud platform), and the relational capital with cloud service providers who become partners in the transformation process. Cloud Computing is an emerging paradigm that represents a model for rapidly enabling ubiquitous, convenient, and on-demand access to serviced digital technology (Gahm, 2020). Cloud computing is characterized by on-demand self-service, broad network access, resource pooling, rapid elasticity, and measured service (Mell & Grance, 2011). Cloud computing raises questions about non-trust, and fear of data residency, data security and data sovereignty. Technology acceptance theories have emerged to provide understanding of how people trust and accept technology. For instance, theory of reasoned action (TRA) focused on voluntary situations (Fishbein & Ajzen, 1975) while theory of planned behavior (TPB) focused on mandatory situations (Ajzen, 1991). Theory of diffusion of innovation (DOI) by Rogers (1995) has been used in Information Systems field to explain user adoption of new technology. Technology acceptance models, such as TAM1 (Davis et al 1989), TAM2 (Venkatesh & Davis, 2000), and TAM3 (Venkatesh & Bala 2008) emerged as theories used widely in recent technology acceptance contexts, with variances that include technology use such as the unified theory of acceptance and use of technology (UTAUT) (Venkatesh et al., 2003 ; Venkatesh et al., 2012). Other theories emerged to address additional aspects of technology adoption, such as social cognitive theory (SCT) (Bandura, 1986), Model of PC Utilization (MPCU) (Thompson et al., 1991), Motivation Model (MM) (Davis et al., 1992), and decomposed theory of planned behavior (DTPB) (Taylor & Todd, 1995b). All these theories are criticized to be fragmented as they cover more than 76 factors (Wahdain & Ahmad, 2005).

WHAT ARE WE MISSING?

The speed to respond to covid-19 disruption questioned organizational resilience, agility, and readiness (Boukadidi et al., 2020). The crisis has accelerated the rate of digitalization, which is a phenomenon that rescripted data privacy throughout the rapid transformation of firms (Maalsen & Dowling, 2020). Policy makers and decision makers were facing the paradox of whether to stick to traditional ways of dealing with technology and data or give up on some of their control to gain in velocity and accelerate digital adoption (Boukadidi et al 2020). While considering cloud technology as a way-out for acceleration, data sovereignty used to be a flagship of governments and regulators, a fact that questioned policy makers' capacity to take the right actions during such disruptive times. In fact, leaders are overwhelmed with surviving the covid-19 disruption, through digitalization, and they still face obstacles related to data sovereignty, data residency, and data security, that are fed with factors of fear and non-trust (Boukadidi et al. 2020). Qolomany et al. (2020) argue that establishing trust is a key challenge when considering cloud computing, and that a common conceptual model of trust in cloud computing has not yet been defined (Chiregi & Navimipour 2017). Trust has been investigated from different disciplinary lenses including psychology, sociology, economy, management, and information systems; however, we still miss a commonly accepted definition of what trust is about (Qolomany et al., 2020). In the context of accelerated digitalization, timely decision-making to adopt and use digital technology is of paramount importance; however, leaders still need to face factors of trust towards new technology paradigms such as cloud computing. In fact, we still don't know much about how aspects of non-trust and fear of new technological paradigms effect accelerated digitalization, how psychological and social factors of acceptance and use

of these new paradigms mediate this relationship, and how covid-19 moderate these relationships. Answering such questions is relevant because it's important for scholars and practitioners to learn more about the new witnessed phenomenon of digital acceleration, and how it relates to existing technology acceptance theories. Scholars need to reassess if these theories still pass the test of relevance in the new context of covid-19 (Boukadidi et al. 2020). In addition, what we see in practice is an important gap between organizations that are pushed to trust and accept cloud computing from one side, and decision makers who still fear to make the actual move, while users are still in their traditional way of using technology, which creates a skills gap. It is believed that bringing answers to such critical questions will help scholars and practitioners to learn and understand better what really matters to decision makers and firms and will help economic and business recovery post-covid-19.

HYPOTHETICAL MODEL

Elements of non-trust, fear, acceptance, and use of technology, alongside with the reaction to covid-19, are all social and psychological factors. The hypothetical model is based on a systematic literature review (Boukadidi et al., 2019), and an inductive research (Boukadidi et al., 2020) which provided factors related to each of the constructs. In addition, theories of technology trustworthiness (Carter & Bélanger, 2005), technology acceptance and use (Davis et al., 1989; Venkatesh & Davis, 2000; Venkatesh & Bala, 2008; Venkatesh et al., 2003; Venkatesh et al., 2012), digital acceleration (Karahanna et al., 1999). Majority of the considered theories are based on empirical studies. Based on the different theories mentioned, the LISREL model (Linear Structural RELations) in Figure 2 is proposed.

Figure 1: Conceptual model enriched with nested factors (Based on Hayes 2018 – Model 85)

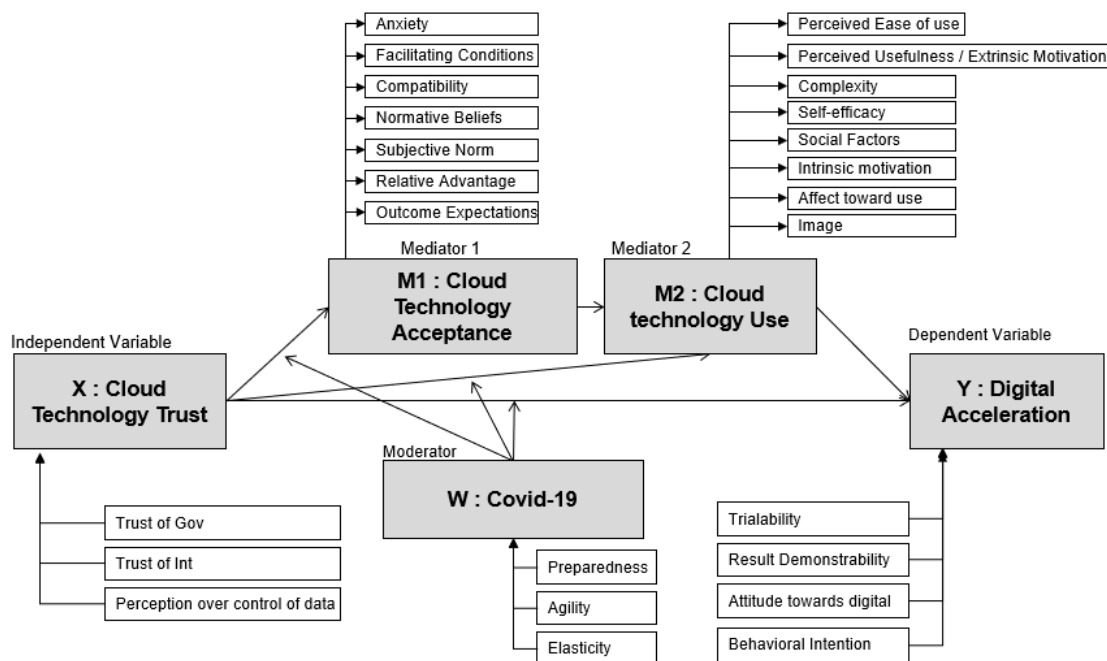
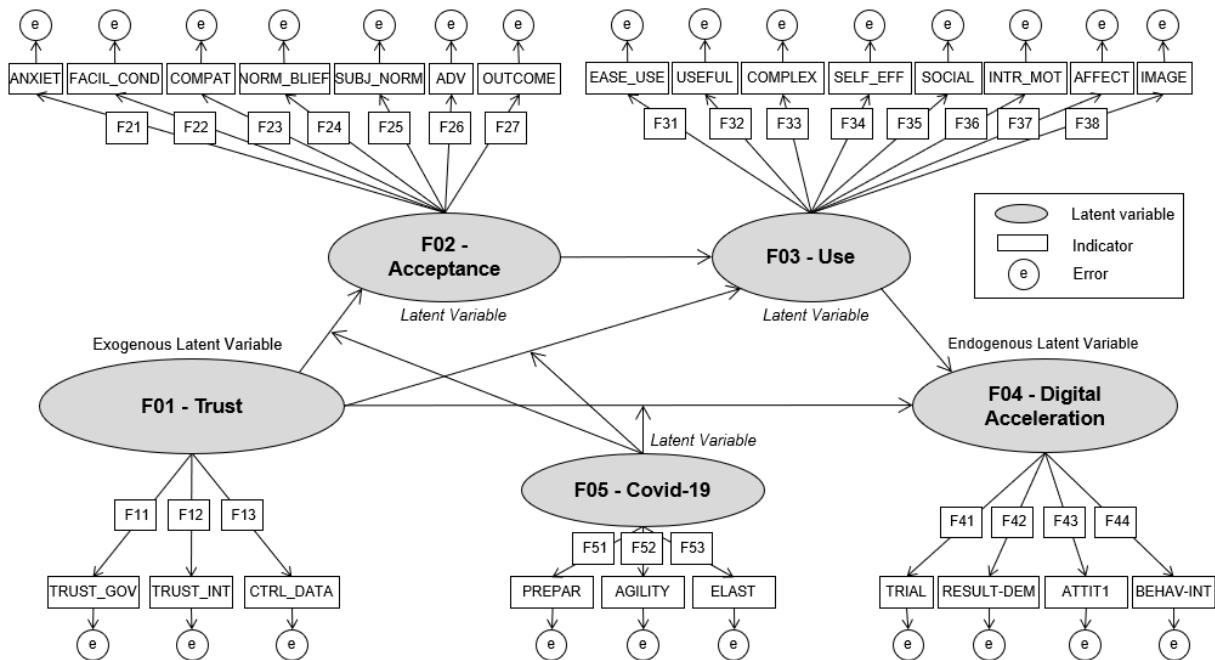


Figure 2: Path Diagram / LISREL Model (Linear Structural RELations) (Hox & Bechger, 1999)



RESEARCH DESIGN & METHOD

Following a deductive approach to the research, and based on quantitative research methodology, a survey study has been designed for data collection. A stratified sampling technique has been chosen based on the United Nations regional classification of the Middle East and Africa region (United Nations, 2021), and a population of +1000 professionals has been targeted. Regarding the data collection technique and strategy, we have used a network of +43 volunteering facilitators distributed in the targeted region and belonging to different countries. A sample of +800 professionals has been targeted, from which we received 470 observations. Measurement of each variable/ indicator follows Linkert scale of 0-7, and questions have been reused after adaptation from the literature to insure validity and reliability. The survey has been published using Qualtrics, and a private invitation link to the survey has been generated to be used by participants. Data collection has been run for a four weeks period, with periodic follow-ups. SAS has been used to process data and generate analysis reports. Because of their suitability in social and behavioral sciences, exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) have been used. Both approaches belong to the family of structural equation modeling (SEM) technique that allows for the investigation of causality among latent variables in theory-derived models (Mueller & Hancock, 2001). Analysis included factor analysis, reliability and sampling adequacy analysis, and latent variables have been analyzed using the CALIS Procedure, the covariance structure analysis based on the standardized results for linear equations, and finally multivariate regression analysis based on eigenvalues of the reduced correlation matrix technique. In addition, many tests have been processed, such as sampling adequacy test (Kaiser), test of reliability using cronbach alpha/coefficient (Taber, 2018), and test of convergence criterion, that helps in solving non-linear optimization models.

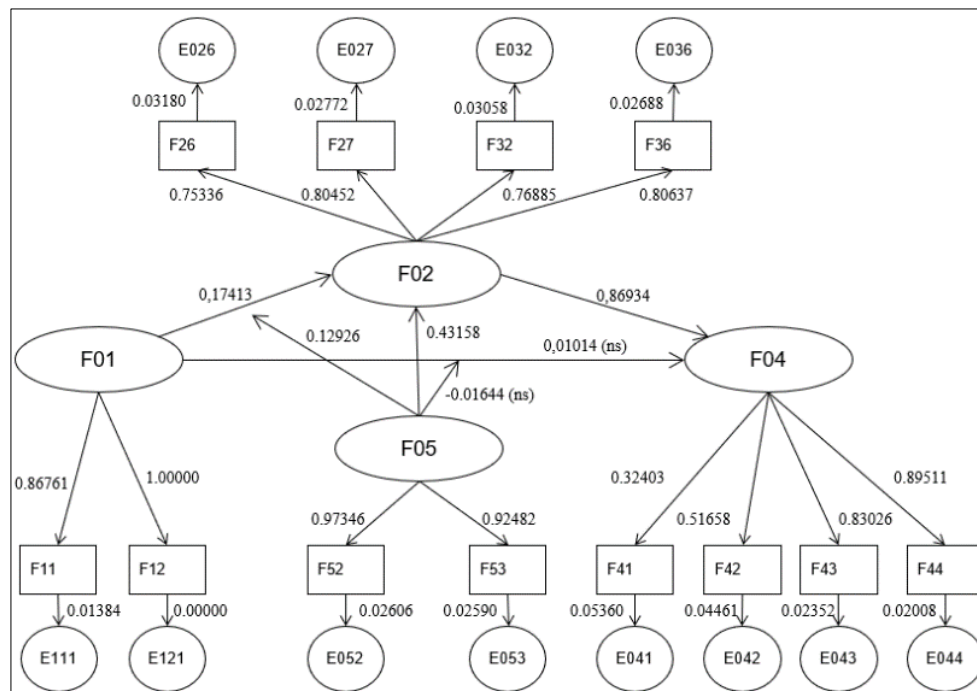
RESULT

F03 (Technology Use) was found to be highly correlated with F02 (Technology Adoption), this means that both constructs as being considered as one concept. This was a structural finding as we move from a two mediated model to a one mediated model. In fact, both variables have then been merged into one concept. Factors with eigenvalues greater than 1 have been retained (Kaiser, 1960). This rule is essentially an asymptotical and theoretical lower bound to the number of true and reliable structural dimensions at the population level (Braeken & Van Assen, 2016). Based on the initial reliability and stability assessment, many factors did not pass the test of reliability, consistency and stability. This allowed to reposition a system of factors more consistent to validate and confirm a valid model that

addresses the research question. In fact, F21 (Anxiety) has a Cronbach's alpha=0.892034 which is acceptable, however, the low factor pattern of -0.33516, and the "Correlation with Total" that equals -.318043, both make the factor problematic for the model. F33 (Complexity) has a low factor loading (-0.1207) and forms a 2nd factor on its own, with "Factor 1 = -0.17688" and "Factor 2 = 0.77658"; a "Correlation with Total" of -.053955, and a Cronbach alpha of 0.818060. F34 (Self Efficacy) has a low factor loading (0.1279) and again forms a 2nd factor on its own, in addition, the factor scores a "correlation with Total" of 0.226457 and a Cronbach alpha of 0.775670. For F51 (Preparedness), the factor model cannot be estimated. F13 (Control Over Data) has a Cronbach alpha of 0.925790 which is acceptable; however, the factor is removed as this improves considerably validity of the overall model. For F37, the covariance structure analysis of the maximum likelihood estimation indicates an equation of "F37=1.0000 F03 + 1.0000 E037", which makes it a problematic factor if we look at the level of correlation. F22 (Facilitating conditions) has a low loading factor (-0.3269), and finally for factors F23, F24, F25, F31, F35, F38, they are unifactorial as the loading happens on second and third factors and removal of these factors raises the Cronbach alpha.

Fit statistics is used to confirm theoretical structure. In fact, Chi-square identifies similarities among observed and expected matrices. An acceptable model is determined by a chi-square probability (SRMR) greater than or equal to 0.05. For the confirmatory factor analysis (CFA) model at hand, the chi-square value is 137.0893 (expected to be close to zero) and the "Pr > Chi-Square" condition is $p = 0.0001$ (expected to be less than 0.05). RMSEA shows a value of 0.0674 which satisfies the "0.06 or less" criteria. RMSEA explains the amount of residual or unexplained variance. Bentler-Bonett NFI= 0.9570 meets the criteria of "0.90 or larger". At this point, if we look at the regression analysis, which estimates the relationship between the dependent variable (Digital Acceleration) and the independent variables, we can estimate significance of the relationship that forms the adjusted model structure. In fact, variables that are not statistically "significant" reduce the model's precision. From this stand, we can see that the relationship between F01 and F04 has a p-value 0.8215 (Expected to be less than 0.05 for statistical significance). Similarly, the moderating relationship F01F05-F04 has a p-value of 0.7035, making it statistically non-significant. Besides these two variables and relationships, the model seems to attain an acceptable level of stability, with reliable and consistent factors. Figure 3 represents the result model after the described changes.

Figure 3: Result regression analysis



DISCUSSION

This research shows how factors of "Outcome", "Advantage", "Subjective Norms", "Usefulness" and "intrinsic motivation" contributes to digital acceleration of firms (Estimate = 0,86934). Trust being non statistically significant for digital acceleration (Estimate = 0,01014); however, we see clearly how covid-19 effect technology acceptance (Estimate = 0.43158) , with no moderation effect of the relationship between trust and digital acceleration (Estimate = -0.01644), and a slight moderation of the relationship between trust and technology acceptance (Estimate = 0.12926) but not as a moderator. In terms of non-trust and fear, the only factor that matters is trust of government, where both trust of the internet and fear of losing control over data both did not pass the test of reliability and stability. This is an interesting finding as it shows that the development of connectivity have had an echo from businesses, and that elements of fear disappears in detriment of urgency, while it is still considered by major players in normal setups. In an unexpected finding, ease of use factor, which has been considered in all technology acceptance theories, did not pass test of reliability and stability. This explains that ease of use is not relevant in the choices for digital acceleration.

Digital technology is becoming a flagship of transformation, and the new paradigm of cloud computing provides the required element of temporality and affordability for a timely access to technology. It allows organizations to fail fast and at a lower cost, and allows organizations to learn and innovate fast. In this context, urgency and the dynamics of time are important elements. Our research brings to light this element through acceleration of digitalization, that provides better chances for firms to survive and build resilience for the new and the next normal. In the same context, governments need to revisit and review old policies related to data sovereignty, data residency, and technology acquisition. Governments cannot afford to miss economic recovery opportunities; however, they are required to help organizations recover and build resilience. This paper provides policy makers with a framework that proves relevant factors that matters to organizations in such difficult times of covid-19.

Although it represent the most problematic aspect of cloud technology, and the most relevant for practitioners and academia, public cloud represents a subset category of the cloud computing paradigm. We recognize this to be a limitation of this research, as the findings may not apply to other forms of cloud computing, such as private cloud or hybrid cloud. In fact, data analysis has shown many irrelevant factors, which was something that is expected due to the cross sectional nature of the research, we suggest future research to consider those factors and the full gathered dataset that could guarantee relevance and reliability. A future research agenda can cover the question of how factors of acceptance effect cloud technology adoption in the context of covid-19, with a deep revisit of the traditional theories of technology acceptance. A second research agenda may cover comparative analysis that could stem from the regional and cultural differences and shed light on additional phenomenon that could trigger curiosity for a better understanding of social and behavioral aspects of digital acceleration and cloud technology adoption at a global scale.

CONCLUSION

This paper addressed an important gap related to technology adoption theories with implications of two new phenomenon. The first is the emergence of covid-19 as a global disruption affecting businesses globally. The second being an unprecedented digital acceleration that characterized digital adoption during the times of pandemic. We have used a theoretical framework built using an inductive research (Boukadidi et al., 2000), then we have relied on theories of technology acceptance, trustworthiness, and acceleration, to construct our hypothetical model. Factors related to each construct (Latent variables) have been operationalized based on theories of technology acceptance. This helped build on existing theories and allowed reuse of operationalization that is already proven and valid. The fragmented theories of technology acceptance (+76 factors) married with the inductive research of Boukadidi et al. (2020) allowed a pragmatic approach towards developing the theoretical framework, until the model has been proven empirically stable.

This research provides empirical evidence that acceleration happens considering factors of trialability, result demonstrability, attitude towards technology, and behavioral intention. Different than what we have expected, elements of non-trust are not relevant to digital acceleration; however, trust affects technology adoption, which in turn affects digital acceleration. The non-trust construct embeds elements of fear, which did not pass the test of validity. Does this mean that firms trust cloud technology in the current circumstances? Does it mean that decision makers don't fear losing control over their data anymore? Our research shows that while non-trust and fear factors still undermine acceptance of technology, in the context of covid-19, firms who used to un-trust and fear cloud are

influenced by subjective norms, relative advantage, expected outcome, usefulness, and finally intrinsic motivation; all these factors undermine any fear in detriment of what is perceived as high priority, demonstrated by the factors that passed reliability tests. Covid-19 does not moderate the acceleration; however, it moderates the elements of technology acceptance and trust of government.

This result has strong implications to academia and to practice. In fact, the research adds new perspectives to the technology acceptance and trustworthiness theories that have never been addressed in contexts of covid-19 and digital acceleration. It also brings knowledge to the theories of covid-19 and firm's survival in global disruptions such as pandemics. It also shed light on theories of technology acceleration and digital transformation. The result of this research has already been used by Oracle, a global firm and a leader in enterprise technology and innovation, for its strategic planning for supporting businesses in the region of Middle East and Africa. This research can be used by businesses alongside with governments in emerging markets, it will help them strategize and plan for the recovery phase post-covid-19. Finally, the research will support policy makers in designing measures that could be favorable for the overall economic recovery of emerging markets.

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ANTECEDENTS OF SUPPLY CHAIN PERFORMANCE AMONG SMALL AND MEDIUM ENTERPRISES IN GAUTENG PROVINCE

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ABSTRACT

The objective of this study is to examine the antecedents of supply chain performance among Small and Medium Enterprises (SMEs) in the Gauteng province of South Africa. This study considers three of these drivers, namely supply chain flexibility, knowledge sharing and supply chain competence on supply chain performance. A numerical approach was implemented in which a survey questionnaire was used to collect data from 225 managers and staff members from SMEs in the Gauteng province. The study used a non-probability convenience sampling technique to select respondents. Information was analysed through two software packages, namely the Statistical Package for the Social Sciences (SPSS version 26.0) and the Analysis of Moment Structures (AMOS version 26.0). The main goal of this research is to evaluate the influence of these three predictors on supply chain performance in SMEs. A confirmatory factor analysis was applied in examining and testing the relationships between observed constructs and their causal latent constructs while structural equation modelling helped in testing the hypothesised relationships among variables. The results of the investigation made known that supply chain flexibility, knowledge sharing and supply chain competence have a meaningfully impact on supply chain performance. This investigation concludes that to achieve greater supply chain performance, SMEs should expedite the levels of supply chain flexibility, knowledge sharing and supply chain competence.

Keywords: Supply chain flexibility, Knowledge sharing, Supply chain competence, Supply chain performance, Small and Medium Enterprises.

INTRODUCTION

Investigating the antecedents of supply chain performance among small and medium enterprises (SMEs) remains an important factor in the economy because SMEs are accounted for more than half the domestic economic activity in most developing and developed nations (Hsu, Tan, Laosirihongthong & Leong 2009). Despite the growing salience of SMEs, limited research has been done on the intangible resources that these firms deploy to thrive, especially with respect to supply chains. SMEs are not simply smaller versions of large firms, but entities on their own (Ren, Ngai & Cho 2010). Supply and demand is crucial in every SME or organisation, hence adequate knowledge is required to manage an effective and efficient supply chain process. The holistic approach of supply chain allows researchers to consider a general perspective about the performance of an organisation. Flexibility in supply chain can improve the company's competitiveness, particularly for the decision-making process of implementing technologies (Kumar 2007). The lack of co-ordination and search for local optimization by each factor reduces the performance of the whole supply chain. The availability of raw materials at the right time and space improves the supply chain performance. Holding excess inventories negatively affects net cash flow and has a negative outcome on the supply chain process and competitiveness of the company and managerial abilities of the organisation (Basaran 2013). The performance of a supply chain determines the level of productivity the company can achieve, and all supply chain aspects play an important role (Mentzer, Dewitt, Keebler, Min, Nix, Smith & Zachareia 2008). As diversity and uncertainty in the business world constantly increase, most companies are responding by finding ways to enhance their supply chain performance by closely monitoring the aspects such as supply chain flexibility management in order to enhance supply chain performance which leads to supply chain competence (Lima, Eduardo & Faria 2009). Supply chain management is an integrated management tool for information and materials or services flow among different facilities and stakeholders (Tang & Nurmaya 2011). An effective information flow system remains the key aspect for achieving

effective results from a firms supply chain as this forms a guide on what is required and at what time and in which condition the product or service is to be delivered (Tang & Nurmaya 2011).

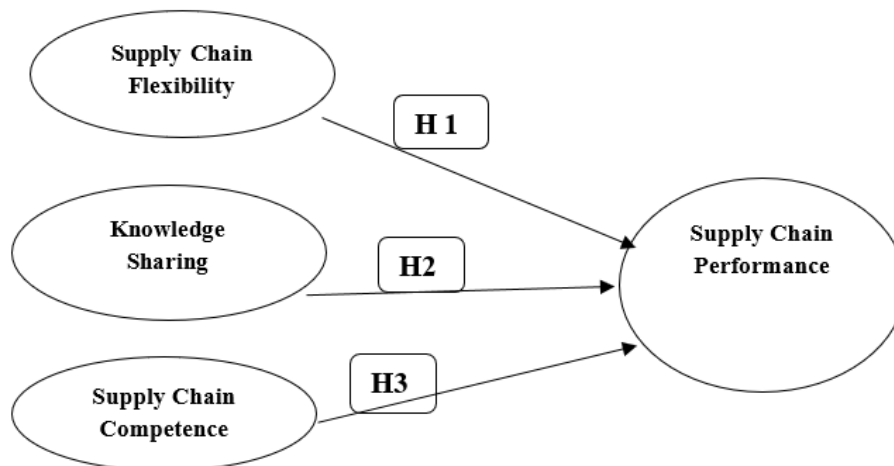
PROBLEM STATEMENT

It is estimated that the failure rate of small and medium enterprises (SMEs) is between 70% and 80% in South Africa (Olawale & Garwe 2010). Millions of rands are being lost on business ventures because of essentially avoidable mistakes and problems. The survival rate of SMEs is relatively low. Less than half of newly established businesses survive beyond five years. This is not only true for South Africa, but also a common phenomenon in the rest of the world (Brink, Cant & Ligthelm 2003). The major issue is lack of competencies within the supply chain among SMEs in South Africa and the knowledge regarding the antecedents that lead to long-term competencies among SMEs (Mitchell, Friswell & Mooren 2012). Although researchers have studied these antecedents which are supply chain flexibility and supply chain performance separately in different settings and contexts, very little have been addressed on the issue of how an effective supply chain performance could sustain the benefits and value of a long-term supply chain competence among SMEs (Kovacs & Pato 2011; Cheng & Tang 2014). Even though there is research that highlights the antecedents and enablers of supply chain agility and its effect on performance, (Blome, Schoenherrand & Rexhausen 2013) and factors influencing supply chain advantage and performance (Anatan 2014), very little research has considered the influence of supply chain competence on supply chain performance. In recognition of the aforementioned scarcity, the present study seeks to fill this research gap and perhaps reveal significant relationships between supply chain flexibility and knowledge sharing on supply chain competence and the impact it has on supply chain performance. In filling this gap in academic literature, the study will further aid theoretically by contributing new empirical literature, findings and concepts that may encourage more studies regarding related antecedents which lead to supply chain performance. Furthermore, the study will contribute practically in stimulating SMEs firms to reassess their degree of supply chain performance and supply chain competencies and improve where necessary. These findings will also aid in improving the economy of South Africa through the effectiveness and competencies of the SMEs.

CONCEPTUAL MODEL

Regarding the literature review, the following conceptual model has been developed. Relationships based on research variables will be developed thereafter. In the conceptualized research model, knowledge sharing is the predictor variable, supply chain flexibility and supply chain competence are mediators while supply chain performance is the outcome variable.

Figure 1: Conceptual model (own source)



Hypothesis statements

Based on the above conceptual model, the following hypothesis statements have been developed.

H1. There is a positive relationship between supply chain flexibility and supply chain performance amongst small and medium enterprises in Gauteng province.

H2. There is a positive relationship between knowledge sharing and supply chain performance amongst small and medium enterprises in Gauteng province.

H3. There is a positive relationship between supply chain competence and supply chain performance amongst small and medium enterprises in Gauteng province.

LITERATURE REVIEW

Various items of literature will be reviewed including material from books, journals, completed dissertations and online information. From this an attempt will be made to gain a clear understanding of the concepts involved in the study and their influence on each other.

The Systems Theory (ST)

The theoretical framework of this study is outlined from the Systems Theory (ST), as it is used to reveal the more fundamental aspects of supply chain. The benefit of developing this more fundamental view of supply chain is important, as it provides an insight into how supply chain operates and how their management can be improved (Holmberg 2000). A system is not normally something presented to the observer, but rather something that is recognised by the observer, thus, in the real world, systems do not exist independent of the human mind (Skyttner 1996). From the perspective of purpose, supply chain systems are created for the benefit of participants in terms of improving the flow of goods, services and information from one organisation to another. System dynamics lead to understanding that systems interact and are influenced by their environment and by other systems. Operations of each system component have an effect on the way the system operates as a whole and that each system component is interdependent (Backlund 2000).

Supply chain flexibility

Supply chain flexibility may be defined as the ability to change or react with little penalty in time, effort, cost or performance within a supply chain (Galletti, Lee & Kozman 2010). Flexibility can improve the company's competitiveness, particularly for the decision-making process of implementing technologies (Huiskonen & Karkkainen 2009). But managers do not have a comprehensive view of flexibility because they focus more on machine flexibility than on total system flexibility (Grigore 2007). The ability of supply chain to flexibly adjust to changing demands and environment is crucial, especially in our current reality characterised by increasing global complexity (Blome *et al.*, 2013). Because increased flexibility does not always result in greater economic income (Gong 2008).

Knowledge sharing

Nancy (2008) suggested that knowledge-sharing means to share personal information or knowledge with others who would thus have the same information or knowledge. Nonaka, Toyama, and Konno (2010) indicated that knowledge-sharing is the creation and reuse of knowledge. Within a supply chain, an enterprise must first understand how to use its core competences to increase innovation. Knowledge-sharing within the supply chain could then be used to strengthen the effect of core competences. A supply chain is a network of firms connected in value chain activities (Sun 2013). Knowledge-sharing among supply chain partners allows the firms to achieve learning competence in the chain (Wadhwa & Saxen 2007). Malhotra, Gosain and Sawy (2007) states that knowledge sharing between supply chain partners is a key aspect of such partnerships as it has poised to be critical to the performance of a collaborative supply chain network.

Supply chain competence

Supply chain competence is defined as the significant predictors of employee performance and success, where academic aptitude and knowledge content are equally important from a practical point of view (Kovacs & Pato 2011). In a knowledge-based economy, the environment is changeable. To deal with such a changeable environment, firms connect with each other to form a supply chain to ensure that they obtain core resources and related knowledge, which can then be transformed into core-competencies that create competitive advantage (Sun 2013). Despite the growing salience of SMEs, little research has looked into the intangible resources that these firms deploy to thrive, especially with respect to supply chains (Lima, Eduardo & Faria 2009). SMEs are not simply smaller versions of large firms (Williams 2007). SMEs lack the advantage of massive resources when they engage in a supply chain (Blackwell, Shehab & Kay 2007). Instead, they are constrained by their limited resources, lack of brand recognition and imperfect management.

Supply chain performance

Shepherd and Gunter (2011) defines Supply chain performance as the process of quantifying the effectiveness and efficiency of action. Effectiveness is the extent to which a customer's requirements are met and efficiency measures how economically a firm's resources are utilized when providing a pre-specified level of customer & satisfaction. Corporate performance measurement and its application continue to grow and encompass both qualitative and quantitative measurement approaches. The variety and level of performance greatly depend on the goal of the organisation or individual strategic business unit's characteristics (Lima, Eduardo & Faria 2009). Performance measurements are central to improving organisational competitiveness. Organisations and researchers have developed and investigated various performance measurement systems to manage and improve internal and external operations for logistics and supply chains (Bai & Sarkis 2011).

RESEARCH APPROACH

This current study will use a quantitative research, because quantitative research is mostly based on larger sample sizes in order to produce results which can be generalized to a wider population. In this regard this study's target population are SME companies in the Sedibeng district of Gauteng province. These two lists will form the sample frame of the study. This study will use simple random probability sampling which is the most basic among the probability sampling techniques and gives each element of a population a fair chance of being selected. It is freedom from human bias and classification error remains one of the biggest advantages that simple random sampling offers. Every variable has its own measurement instruments. "Supply chain flexibility" will use four (4) measurement scale items adapted from (Hall, Skipper & Hanna 2010). "Knowledge sharing" will use (5) measurement scale items adapted from (Cai, Goh, Souza & Li 2013). "Supply chain competence" will use four (4) measurement scale items adapted from (Hsu *et al.* 2011). Finally, "Supply chain performance" will be measured using five (5) measurement scale items adapted from (Blome, Schoenherr & Rexhausen 2013). All scale items will be measured on a 5-point Likert scale which will be anchored by 1=strongly disagree to 5= strongly agree to express the degree of agreement. The scale is based upon the assumption that each statement/item on the scale has equal attitudinal value, importance or weight in terms of reflecting attitudes towards the issued questions (Kumar 2007).

Psychometric Properties of the Measurement Scale

Table 1 reports on the psychometric properties of the measurement scale. The table shows the research constructs, Cronbach alpha test, composite reliability (CR), average variance extracted (AVE) and item loadings.

Table 1: Accuracy assessment and descriptive statistics

Research constructs	Descriptive statistics*		Cronbach's alpha test		C.R.	AVE	Item loading
	Mean	SD	Item-total	α Value			

Supply Chain Flexibility (SF)							
SF 1			0.780				0.811
SF 2			0.688				0.730
SF 3	2.33	1.501	0.703	0.793	0.793	0.710	0.759
SF 4			0.819				0.955
SF 5			0.813				0.942
Knowledge Sharing (KS)							
KS 1			0.914				0.976
KS 2			0.603				0.628
KS 3	3.18	1.145	0.813	0.806	0.806	0.708	0.820
KS 4			0.890				0.933
KS 5			0.705				0.801
Supply Chain Competence (SC)							
SC 1			0.875				0.904
SC 2			0.807				0.835
SC 3	2.15	1.351	0.771	0.722	0.722	0.603	0.893
SC 4			0.918				0.976
SC 5			0.791				0.808
Supply Chain Performance (SP)							
SP 1			0.691				0.726
SP 2			0.925				0.954
SP 3	2.38	1.709	0.696	0.855	0.855	0.701	0.782
SP 4			0.705				0.802
SP 5			0.909				0.925
<i>SF=Supply Chain Flexibility; KS= Knowledge Sharing; SC=Supply Chain Competence; SP= Supply Chain Performance</i>							

The lowest figure item to total loading observed was KS 2 with 0.603 whilst the highest was SC 4 with 0.919. The lowest factor loading observed was KS 2 with 0.628 and the highest was SC 4 with 0.976. This shows that the measurement instruments are valid. On the other hand, the lowest Cronbach alpha was 0.722 and the highest was 0.855, which shows that the constructs were internally consistent or reliable and explained more than 70 percent of the variance. In addition, all composite reliability values were above the recommended minimum of 0.7 (Bagozzi & Yi, 1988), which further attests to the reliability of the measurement instrument used in the study. One of the methods used to ascertain the discriminant validity of the research constructs was the evaluation of whether the correlations among latent constructs were less than 0.60. These results are reported in Table 2.

Table 2: Inter-construct correlation matrix

Variables	SF	KS	SC	SP
SF	0.445			
KS	0.401	0.383		
SC	0.305	0.448	0.354	
SP	0.469	0.490	0.400	0.364

SF=Supply Chain Flexibility; KS= Knowledge Sharing; SC=Supply Chain Competence; SP= Supply Chain Performance

A correlation figure between constructs of less than 0.60 is endorsed in the empirical literature to confirm the existence of discriminant validity (Bagozzi & Yi, 1988). As can be observed from Table 3, all the correlations were below the acceptable level of 0.60.

Path Model Outcomes and Factor Loadings

Table 4 indicates the path-co-efficiency results and the T-Statistics for the research constructs.

Table 4: Results of structural equation model analysis

Path	Hypothesis	Path coefficients (β)	T- Statistics	Decision on hypotheses
Supply Chain Flexibility (SF) \rightarrow Supply Chain Performance (SP)	H1	0.597 ^a	8.831	Accept/ Significant
Knowledge Sharing (KS) \rightarrow Supply Chain Performance (SP)	H2	0.493 ^a	7.799	Accept/ Significant
Supply Chain Competence (SC) \rightarrow Supply Chain Performance (SP)	H3	0.501 ^a	8.144	Accept/ Significant

^aSignificance level $p < .10$; ^bSignificance level $p < .05$; ^cSignificance level $p < .01$.

Table 4 shows the four hypothesised relationships, path coefficients, the t-statistics and the decision criteria. The value of the t-statistics indicates whether the relationship is significant or not. A substantial association is expected to have t-statistics above two. Drawing from the results provided in Table 4, three of the hypothesised relationships (H1, H2 and H3) were statistically noteworthy.

DISCUSSION OF THE RESULTS

The initial hypothesis stated that supply chain flexibility has a positive influence on supply chain performance. In this study, this hypothesis was supported. It can be observed in Table 4 that supply chain flexibility exerted a positive influence ($r = 0.597$) and was statistically significant ($t = 8.831$) in predicting supply chain performance. This result implies that supply chain flexibility directly influences supply chain performance in a positive and significant fashion. The higher the level of supply chain flexibility, the higher the level of supply chain performance.

In addition, the second hypothesis proposed that knowledge sharing has a positive influence on supply chain performance. This hypothesis was reinforced in this study. Table 4, indicate that knowledge sharing H2 was supported. Knowledge sharing exerted a positive influence ($r = 0.493$) on supply chain performance and was statistically significant ($t = 7.799$). This result signifies that knowledge sharing is related, positively and meaningfully, to supply chain performance. Thus, higher levels of knowledge sharing will lead to higher levels of supply chain performance.

The third hypothesis, which advanced that supply chain competence exerts a positive influence on supply chain performance was buttressed and acknowledged in this study. It is reported in Table 4 that H3 supply chain competence exerts a positive ($r = 0.501$) influence on supply chain performance and that this impact is statistically significant ($t = 8.144$). This outcome advocates that supply chain competence has a direct positive effect on supply chain performance; therefore, the more effective the supply chain competence, the greater the positive supply chain performance.

Supply chain flexibility ($r = 0.597$) developed as the highest scoring construct amongst the three factors impelling supply chain performance. Perhaps, this result could be attributed to the fact that most companies in Gauteng province emphasis on flexibility as the core business. Things should not be rigid but agility should flow such that there is diversity in ideas and smooth of information and operations. Thus, in order to enhance good supply chain performance, greater emphasis should be placed on supply chain flexibility which should be very efficient and effective at whatever cost.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The study has both theoretical and managerial implications. Theoretically, this study makes a noteworthy progression in supply chain literature by methodically examining the interplay between supply chain flexibility, knowledge sharing and supply chain competence on supply chain performance. Furthermore, the study is an important contributor to the existing literature on this subject. On the practical front, supply chain flexibility, knowledge sharing and supply chain competence has great influence on supply chain performance and excellence in SMEs in South Africa. Supply chain

flexibility could then be improved by delegating duties to subordinates, empowerment and training of employees. Knowledge sharing on the other hand could be improved through teamwork, transparency and corruption eradication. Last but not least supply chain competency should be improved through innovation, creativity and excellence in boosting production.

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ORGANIZATIONAL PERFORMANCE IN FOOD RETAIL INDUSTRY IN GAUTENG PROVINCE

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ABSTRACT

Organizations around the world are stressed to perform better than their competitors by applying creative strategies to support to their businesses. Achieving performance is the focus of any organization, because it is through performance that an organization is able to grow and compete. For food retailers, it is vital and critical to know and understand how to develop long lasting strategies to enhance their performance. Information technology and quality enhance organizational performance. Information technology and quality enable the firm to coordinate organizational activities and deliver a high-quality product or service. Information technology and quality are consistent to enhance the performance of food retailers. Organizations must develop strategies that engage all the members of the organization from the head of the company to the bottom line of the workforce to ensure good organizational performance. In order to function or perform effectively and efficiently organizations also needs the engagement of its workforce. This study therefore focuses on exploring strategies or variables which will help to enhance organizational performance. A quantitative approach was implemented in which a survey questionnaire was used to collect data from 350 employees who works in food retail industry in the Gauteng province. The study used a non-probability convenience sampling technique to select respondents. Data was analyzed using SPSS and Amos 26.0 because aim was to test relationships among the different constructs which are commitment, culture, citizenship behaviors and organizational performance. The study showed that there is a positive and strong relationship between all the variables. This study has also both practical and theoretical implications

Keywords: Commitment, Culture, Information technology, Citizenship behaviors, Organizational performance.

INTRODUCTION

Drawings from the competitive and unpredictable environment of today's business, organization around the world are stressed to perform better than their competitors by applying creative strategies to support their business (Al-Dhaafri, Al- Swidi & Yussof 2016). According to Furst (2018) achieving performance is the focus of any organization, because it is through performance that an organization is able to grow and compete. For food retailers, it is vital and critical to know and understand how to develop long lasting strategies to enhance their performance. It seems that information technology (IT) and quality are inconsistent to enhance the performance of food retailers. Nadeau (2016) and Park, Lee and Kim (2016) resonated similarly and posit organization cannot only rely on quality and IT to enhance their performance. Contrary, organizations must develop strategies that engage all the members of the organization from the head of the company to the bottom line of the workforce (Koohang, Paliszkiewicz & Goluchowski 2017). In the same vain, Rajaguru & Matanda (2019) states that in order to function or perform effectively and efficiently organization needs the engagement of its workforce. As a result of such contradiction, this study focuses on exploring strategies or variables which will help to enhance organizational performance.

PROBLEM STATEMENT

The continuous growth, technological development and increasing complexity of the food retailing industry in South Africa, come various challenges which affect the bottom line or the performance of these industries. Challenges such as rate inflation, intense competition, poor technology system impact negatively on the performance of food retail organizations (Doll, Friebe, Ruckriegel & Shwarzmueller 2014). In addition, Rajaguru & Matanda (2019) identified inter-organizational conflict, lack of employee commitment, lack of trust between partners as major factors that has

led to poor performance. Moreover, most of the prior work, on factors and strategies which enhanced organizational performance are sampled from developed countries. Considering the wide differences between developed countries and developing countries, there is a need to study the enhancement factors of food retail industry performance in South Africa.

LITERATURE REVIEW

The literature outlines four major aspects of this paper namely, commitment, culture, citizenship and organizational performance.

Commitment

In the words of Marzullo (2019) commitment is a psychological state that binds an employee or individual to the goals and mission of an organization. It's a work attitude related to the employee's willingness to be involved in the organization activities and to subsequently remain in the organization (Mitonga-Monga, Flotman & Cilliers 2018). Commonly, three types of commitment are distinguished when it comes to an employee's relationship with an organization namely affective, normative and continuous commitment. According to, Wainwright (2018), affective commitment is the dimension of commitment that is consistently related to employee performance whereas, continuous and normative commitment have been negatively associated to employee performance. Bhat (2018), states that commitment stands first on the list of values and priorities of successful organizations. Accordingly, Lee and Cha (2015) posited that the success or the failure of an organization is closely related to the effort and motivation of its employees. The author further added that, generally when employees feel a strong connection with their organization goals and objectives, they add value to the organization. Effectively, committed employees are likely to expend their efforts, demonstrate loyalty to the organization, show high productivity and are more proactive in offering their support (Oyewobi, Oke, Adeneye & Jimoh 2019). In addition, committed employees give companies a crucial competitive advantage as they represent an opportunity for the organizations to improve their corporate image. With the above literature evidence, the present study proposed and tested the direct effect of commitment on organizational performance.

Culture

Culture can be defined as set of principles, ideologies, values and traditions shared throughout an organization (Wroblewski 2019). Patel (2019), states that even if culture is intangible and yet it's palpable as it can be observed through personality and character. The author goes deeper and adds that culture connect people together as a cohesive and united force. When perfectly define and clear, culture brings employees together (Duncan 2018). Effectively, culture within the organization will sets expectations of how employees must behave, work and functions as a team which reinforce the bond between them and increase the employee productivity and morale. In addition, culture can make a brand unique and position it above its competitors (Moseley 2019). The author goes further and adds that the culture will help an organization to display its soul to the world. The more customers and employee understand and identifies with the organization culture the more they become loyal to the organization (Al-Dhaafri *et al* 2016). Furthermore, as long as employees feel like they matter, they immediately become culture advocates (Craig 2019). In fact, employees will not only contribute to the organization culture, but also promote it and live it internally and externally which as result increase the popularity of the organization (Patel 2019). Moreover, a good culture can lead to more-efficient decision making as it increases the trust and the corporation between employees and therefore reduce disagreement (Limpanitgul, Boonchoo, Kulviseachana & Photiyarach 2017). With this theoretical background, the present study considered and tested culture as an antecedent of organizational performance.

Citizenship behavior

Citizenship behavior can be described as the actions and behaviours execute by employees who are not related to their job description (Pickford 2019). LePine, Newton and Kim (2016) state that when employees are citizen in their organization, they perceived their job as more than a paycheck and are ready and willing to make their work environment run smoothly. According to Wen, Li and Hou (2016), citizenship in an organization is not critical to the

development, but benefit organizations in many ways. The authors go deeper and posit that in addition of task performance, when employees engage in activities that support the organization, such as helping colleagues in their tasks and contributing to organization development process it creates a sense of camaraderie, solidarity among employees. As result employee's productivity increase and the goals and the objectives of the firms are quickly and perfectly achieved. Furthermore, Zayas-Ortiz, Rosario, Marquez, and Colón Gruñeiro (2015) suggest that citizenship contribute to the development of innovative behaviours which will help organizations cope with change and unpredictable circumstances. Moreover, citizens are more likely to market the organization as the best work place (Topçu, Seren, Kaya & Yıldırım 2016). This kind of promotion strengthens the reputation of the organization, encourages investors and customers to be associated with the organization (Shanker 2018). In addition, when workers engage in citizen behavior they allow the managerial team to focus their attention and time in more complex matters (Wen *et al* 2016). By examining this view, the study identified the citizenship behaviour as an antecedent of organizational performance.

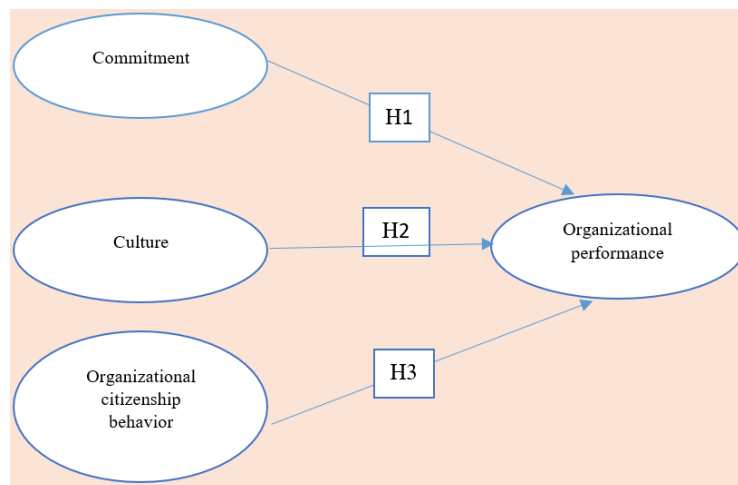
Organization performance

Organization performance can be regarded as how successfully an organization achieved their goals and objectives (Rojas & Laidlaw 2019). Unlike financial or the market performance, organizational performance considered the organization as one entity. According to Furst (2018), organizational performance is vital for an organization's progress. The author goes deeper and states organizational performance provides a measurement of success which enables organization to monitor their progress. Effectively, through various means and methods, organizational performance can observe the impact of strategies and plans in respect of the achievement of set objectives and goals in an organization (Stanleigh 2015). Through monitoring, the management team can control and identify which plans and strategies need attention, then, make a lead data- driven decision which will level up the performance of the business (Puckett 2019). In order words, organizational performance ensure that the decisions are made on the facts instead of assumptions and suppositions (Rajaguru & Matanda 2019). In addition, in order to empower and skilled the workforce, businesses need evaluate the performance of the entire business more than audit the employee achievement (Sethibe & Steyn 2016). Furthermore, through the indication of the organizational performance rate progress, employee can be more motivated to dedicate their time and efforts to help the organization to create more value than its competitors and reach its goals and objectives effectively and efficiently (Koohang *et al* 2017).

Conceptualized framework

In this framework, commitment, culture, citizenship behaviors are predictors and organizational performance is the outcome variable. The figure shows a framework of the constructs and hypothesized relationships investigated in the study.

Figure 1: Conceptual Framework and hypothesized relationships: Own Source



H1: There is a positive and significant relationship between commitment and organizational performance.

H2: There is a positive and significant relationship between culture and organizational performance.

H3: There is a positive and significant relationship between organizational citizenship behavior and organizational performance

RESEARCH DESIGN

This study adopted a cross-sectional survey design due to the fact that, cross-sectional survey is generally quick, easy, and cheap to perform. In this study, the target population consisted of food retailers located in the southern Gauteng. Convenience sampling was used in this study as a result of the ease of access, geographic closeness and the availability of the respondents the disposition and the knowledge of sample units to participate in the study (Crossman 2019).

Psychometric Properties of the Measurement Scale

Table 1 reports on the psychometric properties of the measurement scale. The table shows the research constructs, Cronbach alpha test, composite reliability (CR), average variance extracted (AVE) and item loadings.

Table 1: Accuracy assessment and descriptive statistics

Research constructs	Descriptive statistics*		Cronbach's alpha test		C.R.	AVE	Item loading
	Mean	SD	Item-total	α Value			
Commitment (CM)							
CM 1			0.855				0.933
CM 2			0.623				0.700
CM 3	2.00	1.008	0.709	0.708	0.708	0.655	0.756
CM 4			0.800				0.888
Culture (CL)							
CL 1			0.900				0.912
CL 2			0.654				0.699
CL 3	3.00	1.148	0.810	0.811	0.811	0.701	0.820
CL 4			0.883				0.917
Organizational citizenship behaviour (CB)							
CB 1			0.877				0.913
CB 2			0.866				0.875
CB 3	2.10	1.301	0.732	0.833	0.833	0.722	0.808
CB 4			0.945				0.976
Organizational Performance (OP)							
OP 1			0.601				0.721
OP 2			0.826				0.836
OP 3	2.55	1.897	0.785	0.781	0.781	0.606	0.898
OP 4			0.781				0.805
<i>CM=Commitment; CL= Culture; CB=Organizational Citizenship Behaviour; OP= Organizational Performance</i>							

The lowest figure item to total loading observed was OP 1 with 0.601 whilst the highest was CL 1 with 0.900. The lowest factor loading observed was CM 2 with 0.700 and the highest was CB 4 with 0.976. This shows that the measurement instruments are valid. On the other hand, the lowest Cronbach alpha was 0.708 and the highest was 0.833, which shows that the constructs were internally consistent or reliable and explained more than 70 percent of the variance. In addition, all composite reliability values were above the recommended minimum of 0.7, which further attests to the reliability of the measurement instrument used in the study.

Path Model Outcomes and Factor Loadings

Table 2 indicates the path-co-efficiency results and the T-Statistics for the research constructs.

Table 2: Results of structural equation model analysis

Path	Hypothesis	Path coefficients (β)	T- Statistics	Decision on hypotheses
Commitment (CM) → Organizational Performance (OP)	H1	0.491 ^a	7.111	Accept/ Significant
Culture (CL) → Organizational Performance (OP)	H2	0.555 ^a	7.676	Accept/ Significant
Organizational citizenship behaviour (CB) → Organizational Performance (OP)	H3	0.701 ^a	8.888	Accept/ Significant

^aSignificance level $p < .10$; ^bSignificance level $p < .05$; ^cSignificance level $p < .01$.

Table 2 shows the three hypothesised relationships, path coefficients, the t-statistics and the decision criteria. The value of the t-statistics indicates whether the relationship is significant or not. A substantial association is expected to have t-statistics above two. Drawing from the results provided in Table 2, three of the hypothesised relationships (H1, H2 and H3) were statistically noteworthy.

DISCUSSION OF THE RESULTS

The main objective of this paper was to examine the influence of commitment, culture and organizational citizenship behaviour on organizational performance in food retail industry in Gauteng province of South Africa. The initial hypothesis stated that commitment has a positive influence on organizational performance. In this study, this hypothesis was supported. It can be observed in Table 2 that commitment exerted a positive influence ($r = 0.491$) and was statistically significant ($t = 7.11$) in predicting organizational performance. In addition, the second hypothesis proposed that culture has a positive influence on organizational performance. This hypothesis was reinforced in this study. Culture exerted a positive influence ($r = 0.555$) on organizational performance and was statistically significant ($t = 7.676$). This result signifies that culture is related, positively and meaningfully, to organizational performance. The third hypothesis, which advanced that organizational citizenship behaviour exerts a positive influence on organizational performance was buttressed and acknowledged in this study. Organizational citizenship behaviour exerts a positive ($r = 0.701$) influence on organizational performance and that this impact is statistically significant ($t = 8.888$).

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The study has both theoretical and managerial implications. Theoretically, this study makes a noteworthy progression in organisational literature by methodically examining the interplay between commitment, culture and organizational citizenship behaviour on organizational performance. Furthermore, the study is an important contributor to the existing literature on this subject. On the practical managers in the food retail industry should aim to focus more on commitment, culture and organizational citizenship behaviour as this improves organizational performance.

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DIGITAL TRANSFORMATION STRATEGY IN A RETAIL COMPANY

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ABSTRACT

While the theoretical development of DTS is still in the early stages, SAP, a renowned technology company, has estimated that 84% of global companies regard digital transformations as a critical issue. This study considers that DTS merges with the firm's strategy in a long run and could be a leading aspect of the strategy as a practice. Therefore, it contributes with an in-depth description of a DTS formulation and implementation case. The study offers an example of a pre-digital business transformation that has been boosted by the COVID-19 pandemic filling a conceptual gap and approaching an emerging outcome from the context. The 20th-century classical strategic canon of design, planning, and the process is less effective to deal with a fuzzy innovation-driven reality.

Keywords: Digital Transformation, Strategy as Practice; Digital Strategy; Pre-digital Retail; Brazilian Retail Company.

INTRODUCTION

Hitherto, the strategy still evokes an orderly picture of rational decision-making and logical procedures based on systematic analysis and control or a masterpiece from skill and talent (Chanias et al, 2019; Mintzberg, 1987), even though all changes that already happened in the strategic field and in the production's heartwood. Production is expected to evolve to an automated, autonomous, and intelligent system (Kumar & Bhatia, 2021) affecting strategic and social relationships that are intertwined with it (Jarzabkowski, 2004). These changes can be studied through digital transformation strategies (DTS), a multidisciplinary and holistic concept that encompasses a new strategy and new ways to strategizing (Chanias et al, 2019).

Just like innovation (Fagerberg, 2004), digital technology use or adoption can change organizations, processes, products, services, business models, and the competitive environment (Correani et al, 2020; Chanias et al, 2019). However, digital technology alone is nothing more than another form of daily life production and reproduction available for social use. But it has assumed a pervasive character in all social spheres (Teubner & Stockhinger, 2020). Nowadays, it has a structural and structuring role in complex and interconnected social relationships (Giddens, 1983), and the broad concept of industry 4.0 is intertwined as well (Kumar & Bhatia, 2021).

While the theoretical development on DTS is still in the early stages (Schallmo & Williams, 2018), SAP, a renowned technology company, has estimated that 84% of global companies regard digital transformations as a critical issue (Chanias et al, 2019). This study considers that DTS merges with the firm's strategy in a long run and could be a leading aspect of the strategy as a practice (Chanias et al, 2019). Therefore, it contributes with an in-depth description of a DTS formulation and implementation case (Eisenhardt, 1989; Ghauri, 2004). The study offers an example of a pre-digital business transformation filling a conceptual gap (Chanias et al, 2019). In this sense, we start introducing the theoretical background that has driven the cases analysis explaining the strategy as practice standpoint and how it helps to understand DTS. Thence we detail the case and discuss it in order to find synthesis from theoretical and empirical evidence combination. As a result, we finally highlight new trends for theoretical development (Eisenhardt, 1989).

THEORETICAL REFERENCES

Digital Transformation and Strategic Management

Although technology and the transformations provided by it are ripe topics in social sciences (Jones & Karsten, 2008), digital transformation is a new trend with no consensus about what it is in business (Schallmo & Williams, 2018). Informational system literature is the closest background found (Chanas et al, 2019). It has evolved from a specific goal achievement as management planning and projects (the 70s and 80s decade), passing for a strategic design and competitive positioning standpoint (the 90s and 2000s decade) to be currently deal in an integrative perspective with strategy (Teubner & Stockhinger, 2020) acknowledged as digital transformation strategy (DTS) (Schallmo & Williams, 2018).

In the beginning, digital technologies were appealing because they enable cost reduction and create more ways to find, collect and analyze consumer data, increasing sales opportunities and brand awareness (Correani et al, 2020; Schallmo & Williams, 2018). The concept of digital transformation arises from the moment that technology became a strategic issue (Correani et al, 2020; Chanas et al, 2019), as the investment in digital structures and digital skills-building became not just a shortcut to get a competitive advantage but a process to achieve parity (Correani et al, 2020). The correct strategic practice is what sustain competitive advantage (Jarzabkowski, 2004; Whittington, 1996), thus strategy and DTS got along (Teubner & Stockhinger, 2020).

Chanas et al (2019) pose that digital strategy has spanned the boundaries between business strategy and information systems. The last has been approached like an operational issue or a strategic investment for a long time, but nowadays is too embedded in the structures-agency dialectics of society to be dealt with apart from the strategy. The digital in our lives shape the digital strategy as an indivisible social practice (Teubner& Stockhinger, 2020). Thus, the 20th-century classical strategic canon of design, planning, and the process is less effective to deal with a fuzzy innovation-driven reality. It is necessary to rely on theories that emphasize learning, change, and adaptation while coping with recursiveness (Jarzabkowski, 2004; Mintzberg et al, 2010) in order to link context, process, and outcomes filling a theoretical gap (Pettigrew, 2012).

Therefore, “*strategy is not as something a firm has, but something a firm does*” (Jarzabkowski, 2004, p. 529), it is what is going on running a business (Whittington, 1996). That is why it is so difficult to keep a holistic standpoint examining strategy. The Gordian knot is that we can get cross-section insights, but longitudinal data are needed to gouge the big picture. However, as the context changes strategies tend to adapt (Jarzabkowski, 2004). The business theory has not developed based on this premise, always seeking patterns, causalities, and results (Pettigrew, 2012) following the hard science examples (Miller, 1991). But sociology has trends to deal with it. Then we can use the sociological practice lens assuming that business is a truly social practice embedded in social structures and agency relationships (Jarzabkowski, 2004). Strategy as a practice is a way to find new synthesis and finally bring the academy closer to practitioners (Whittington, 1996; Chanas et al, 2019).

The practice is an outcome of agents’ relationships embedded in social structures. However, practice influences both the relationships between agents and structures due to their stability over time. It is perceived as the persistence of social order and tends to serve agency until a new power interferes in their balance (Jarzabkowski, 2004; Giddens, 1983). Usually, innovation does it (Fagerberg, 2004), mainly when innovation is already embedded in social agency and structures (Chanas et al, 2019; Teubner& Stockhinger, 2020). The strategic fit concept offers a simplification of the agency-structure dialectic. This fit is usually gauged through a rational analysis of the discrepancy between how something is done and how it should be done, establishing a parameter to what is good or bad in organizational terms (Venkatraman & Prescott, 1990).

Acknowledging the strategic types during an instance is another way to reach a tangible basis to gouge the agency-structure dialectic. One can identify the motivations that have induced the intended strategy to better describe it. Then follows the execution to find how much strategy was done as planned (i.e. deliberate strategy), what has emerged from the circumstances (i.e. emergent strategy), and the unrealized portion of strategy (Mintzberg & Waters, 1985). The capacity to assess the environment and find the best way to take advantage of resources, capabilities, and

circumstances is crucial to strategic success. But the capability to identify and carry through the changes needed during the execution is much more important (Pettigrew, 2012). It is a useful framework analysis that embraces change and allows follow-up progress by comparing what was intended and what was accomplished (Mintzberg & Waters, 1985).

Digital transformation is naturally intensive in technology and innovation, so raising it to the level of strategy (Chanias et al, 2019; Teubner& Stockhinger, 2020) is an important step towards ensuring flexibility, adaptability, and business survival (Leonard-Barton, 1992). The phases 3 to 6 are about strategic realization where it is possible to classify which are deliberate, emergent, or unrealized strategies (Mintzberg & Waters, 1985). It is along with the strategic realization that the effect of practice really shows up (Jarzabkowski, 2004; Whittington, 1996). The narratives alleged during the strategic practice enlightens motivations, circumstances, and constraints. There are receptive and non-receptive contexts, and some elements increase the receptiveness such as environmental pressures, a supportive organizational culture, and simple and clear change goals within a coherent policy (Pettigrew, 2012).

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For Chanias et al (2019) DTS is a strategic practice because it is a moving target with no foreseeable end in line with the ‘becoming’ perspective because the agency and social structures are in dynamic movement balancing change and inertia. It is never done until it is overcome. It is the same in strategic practice. A strategy can be formal or informal but exists as long as the organization endures and changes with it. Furthermore, there is no real separation between what is happening in the context and strategic practice. There is a complex generative practice (Jarzabkowski, 2004). This complexity is what differs strategy as a practice from strategy as a process (Whittington, 1996; Pettigrew, 2012). Therefore, to assess DTS as a strategic practice allows studying industry isomorphism, innovation, and evolutions patterns. It also allows pointing out efficiency issues and their tools and techniques, understanding experience and learning curves, and seek best practices (Chanias et al, 2019).

The centrality of DTS (Chanias et al, 2019) was highlighted by the pandemic of COVID-19, mainly in the retail sector: *“Many of the perceived Covid winners such as e-commerce, videogame and streaming media companies have simply been pulled a few years forward into a future that was inevitable. Their destiny did not change.”* (Baker, 2021, p.2). The retail sector is central in all economies, and it occupies a privileged position near to customers. The trade occurs when a business sells a product or service to an individual consumer for his or her use. Therefore, it is pretty able to catch in firsthand changes in consumer preferences. It is the heart of a complex value chain that includes storage, logistic, legal transactions, advertising, and so on. The retail sector is also very diversified, with many business models, but lately, the central discussion point has been the pros and counts of physical and virtual business channels (Reinartz et al 2019).

Although e-commerce has been a phenomenon that promotes major changes in consumption patterns, that have created real economic giants like Amazon, its strategic prevalence has changed (Baker, 2021). The omnichannel strategy combines shopping experience in brick-and-mortar stores with a variety of digital channels to increase retailer’s differentiation and leverage competitive edge (Sopadjieva, Dholakia & Benjamin, 2017). It hinges on the premise that *“Consumers are more likely to trust a brand they have seen in the real world”* (Baker, 2021, p. 3). At the same time that digital businesses have started to create physical stores, the COVID-19 pandemic has intensified the digitization of traditional businesses. Thus, the e-commerce giant Amazon continues to grow but lost market shares in 2020 (Baker, 2021). Therefore, it is a phenomenon worthy of further investigation.

METHODOLOGY

This case study deepens the understanding of a complex phenomenon in its context. The methodology is appropriate whenever a topic needs a new perspective of analysis because of its flexibility and broad capacity to find and combine theoretical and empirical evidence providing synthesis. It is a way to pave trends for theoretical development

(Eisenhardt, 1989). In order to merge different perspectives and to mitigate the methodology common weaknesses expanding the validity of the results (Ghauri, 2004), secondary data from reports, news, and online data are triangulated with interviews carried out in a semi-structured (3) and in-depth (2) manner (Patton, 2002). The in-depth interviews were already conducted with the former CEO and with the Director of human resources (DRHO). They were in charge of the company in 2018, when the DTS had started. Three semi-structured interviews were done with the current CEO, the Chief Digital officer (CDO) and the Head of Omnichannel. All interviewees were directly involved with de DTS. Data analysis was performed by Pattern-matching, identifying patterns in a recurring and systematic way in the data and the supporting literature to achieve theoretical saturation. This procedure corroborates the selection of the single case to deal in an integrated manner with the quantity and complexity of the information analyzed (Ghauri, 2004).

PRE-DIGITAL BUSINESS TRANSFORMATION

The Uni.Co is the evolution of the Brazilian family-owned decoration and gift company Imaginarium, founded in 1991. The group emerged after its sale to an investment fund in 2012, and the investment thesis was based on strong-brand acquisitions and building impeccable and profitable franchises management with a competitive supply chain. In 2018 Uni.Co was composed by the brands Imaginarium, MinD, and Pucket. It has 412 stores in all Brazilian states. It already has more than 2,4 mil online consumers. Although it had strong experience in innovation and a creative team, Uni.Co had no experience with digital innovation and all its business was entirely focused on physical stores and franchises. The former e-commerce recorded less than 1% of net revenue and had a low conversion rate.

After 10 years of growth in the number of franchises and observing the movements of the retail market, the investors chose to activate e-commerce and generate growth in sales volume from it. However, there was a fear and a strong belief that e-commerce would cannibalize physical sales and undermine the relationship with franchisees (Reinartz et al, 2019). This study describes the DTS in progress since 2018 that currently represents 12% of sales. In 2020 the group's revenue was from 380 million reais.

The strategy of the Uni.Co group since the acquisition of Imaginarium in 2012 was clearly to increase the value of the business over time. In the first years, the number of franchisees growth associated with an efficient operation proved a successful business model and management. The company was growing in value. Investors, however, yearned for more. And they bet on digital sales as a way to increase growth, despite the lack of know-how. The company was not a digital native, nor were its investors, and it would have to break on the path-dependence of the physical store model, where all its knowledge resided (Leonard-Barton, 1992).

The case of the pre-digital company described by Chanas et al (2019) highlighted a process that emphasized top-down strategy and then had to adapt to what emerged in the bottom-up direction that assumed greater importance throughout the digital transformation process. The Uni.CO case was project-oriented using the Agile approach and focused on the operation bottom. It happened because of a mature platform business model which aim is to serve clients: the franchisees and the customers.

Initially, the website promoting the brand and virtual sales was incipient. While trying to deal with franchisees' resistance, after visits to business fairs, case studies, and benchmarking, the company chose the omnichannel to integrate physical and digital sales. It solves the problem with franchisees and logistical issues of deliveries far from the company's distribution center. Digital sales should create a positive experience with customers and also increase the direct earnings of the company and franchisees (Sopadjieva et al, 2017; Baker, 2021). Therefore, the company has decided for two purchase models: 1) pick up on the store, where the customer would buy online but pick up it in the store and 2) ship from store, where physical stores would be transformed into a distribution point, using their stock to fulfill online orders, reducing logistical costs. The DTS started with the first one, then developed the second. Therefore, DTS was inspired by the social context in retail practice (Teubner& Stockhinger, 2020). Figure 1 outlines the practice embedded in structures and agency relationships. he Imaginarium' CEO and Director of Uni.Co commented that:

“So, there was an executive from a large company who called me and said: I have already spent 3 million reais on systems, and I cannot evolve, I am far behind you. I said: The problem is not the technology. (...) Before choosing the technology, you need to understand the dynamics of your franchisee.”

Figure 1: DTS as a practice

Structure	Agency	Recursive tendencies	Adaptive tendencies
<ul style="list-style-type: none"> - 25-year experience as a franchisor - Strong and recognized brands - Brand loyalty / Love from customers - Presence in all states of Brazil - Global Supply Chain 	<ul style="list-style-type: none"> - Investors - Franchisees - Management Team - Corporate Employees - Store team - Retail industry - Customers 	<ul style="list-style-type: none"> - e-commerce - Integration between physical and digital sales - Governance of the company's digital transformation strategy 	<ul style="list-style-type: none"> - Stores as a distribution center - Store salespeople as social salespeople

Source: Adapted from Jarzabkowski (2004)

The structure encompasses organizational strong and weak points that can favor or constrain the change. The main stakeholders in line with the change were the investors, who asked for DTS and the management team. Corporate employees were suspicious about the change because of fear to harm the firm's reputation and lack of understanding about the DTS process and outcomes. The main detractor was the franchisees who also compose a core agent in the business model. Some part of DTS was recursive from the start because it took advantage of the digital structure that already existed (Jarzabkowski, 2004). The omnichannel was a natural improvement to integrated business agents and to exploit strong points while dealing with weakness (Mintzberg, 1987).

The main need for adaptation came from cultural change and training. Therefore, top-business stakeholders were receptive to DTS, while the franchisees and staff were non-receptive. The overall retail industry pressure favors a receptiveness improvement. Several rivals were struggling to go more digital. However, organizational culture and clear change goals within a coherent policy were challenges (Pettigrew, 2012).

To carry out the DTS process, the company formed a dedicated team composed of 2 analysts reporting to the CRHO. The company understood the strong cultural issue to be addressed (Pettigrew, 2012). The goal was to show the organization that the process was possible and to convince franchisees and employees to join it through the results. Initially, they tried to find a supplier to assist them in the strategy development, as well as a startup that could do it, but nothing worked, so they decided to do it internally. The two analysts were beginners, and the CRHO also had no experience in the subject. To streamline the process and reduce costs, they decided to use the existing Imaginarium website and make changes during the night, when the customer access was low. They understood that this was part of the Agile methodology. The first sale made, in fact, was a mistake: a week before the launch of the first pilot, at the end of a night's work, the programmer forgot to put the new system down and a customer made a purchase by pick up model. The team had to run to guide the store in the delivery procedures and decided to make all communication via WhatsApp.

Everything went well, and they decided to turn on the system for interested franchisees. At that time, they did not have a defined business model, and they wanted the franchisee to perceive value in going digital because by taking the customer to the store, they could generate new sales. So, they analyzed the minimum viable product (MVP) realizing the need for more investment. Thus, they chose to charge the franchisee only 5% for the digital sale, which was much less than the cost they had with maintaining the site and investing in advertising on social media.

In January 2019 they disclosed the modality to franchisees. In March, there were 12 stores connected to the pick-up model. Soon the first internal problems showed up. The customer service team (SAC) did not agree with the salesperson's communication with customers via WhatsApp. The issues ranged from aesthetics to the legality of the process. The new way was completely informal. There were still flaws involving salespeople and storage workers. An exchange policy for online purchases was missing. The learning by doing DTS practice made the cultural changes needed to create adaptation while coping with recursiveness (Jarzabkowski, 2004; Mintzberg et al, 2010). In June

2019, there were already 85 stores connected to the pick-up model. The digital transformation team had a premise: delight the customer to increase digital sales.

“We solve everything, at any time. (...) But we said, from the beginning: the only thing we are going to be hyper-strict with is “it cannot affect the end customer”. While we are resolving here among us ... Among us, we were franchisee, the guy from the CD, the guy from e-commerce, the director, the investors.” CHRO

The DTS was prepared for the second modality: the ship from the store model. It would bring logistical gains considering that the company has franchises throughout Brazil, but a single distribution center, in the southern region. This model would reduce delivery to any city with a branded store to just 1 day. A huge gain in a country with continental dimensions. This modality's challenge was the required new skills from the franchisees and their teams who must do, in addition to selling, the operation of a distribution center, hiring and managing delivery services. From June to October, 19 stores joined the ship from the store model.

With these 19 stores and already with 100 stores in the pick-up model, DTS has reached its maximum scale. The lack of structured processes and the overburdened staff prevented the DTS expansion. The problems that started to emerge at that time were more technical and required specific and solid knowledge of digital marketing, sales, and omnichannel. So, in the second half of 2019, the company decided to create the position of CDO and hire a professional specialized in DTS. The sales of the digital store, the integration of digital channels, the growth of franchises linked to the omnichannel system, and the responsibility for creating and conducting the digital transformation process in a structured and standardized manner throughout the company were under her management.

It is possible to observe that the company has developed its strategy along the execution (Mintzberg & Waters, 1985). Results from implementation shapes the next step in a learning-by doing process (Jarzabkowski, 2004; Mintzberg et al, 2010). In the first quarter of 2020, the strategy was defined and implemented, the franchises continued to adhere to the omnichannel system, until the pandemic arrived and the process was accelerated. With the health restriction measures imposed by the state governments, franchisees saw the integration between physical and digital stores as the only way to continue selling and thus be able to cover the fixed costs of their stores, thus preventing the closing of the business. In fact, some franchises that had joined the omnichannel before the pandemic and were already familiar with the system, saw their sales triple at the beginning of the pandemic, because in certain locations they concentrated all the delivery of digital sales.

“And then the pandemic came, we just accelerated everything. So the franchisee who had not entered until that time, entered, you know, overnight. In two weeks we put everything else in store. And there it was effectively ... They saw a forced change, right? Then it was a change of chapter for the entire market, right?” CDO

To leverage digital sales, Uni.Co became part of the marketplace platforms in Brazil, such as Mercado Livre, B2W, Magazine Luiza and Rappi. This strategy allowed an increase of 88% in digital sales in the first quarter of 2020, compared to the same period of the previous year. As consequence of the learning generated on these platforms, in July 2020 it launched its own marketplace - Nossos Crushes, which in addition to selling all the group's brands, includes partner brands, selected by an internal curator. As a result, in September 2020, the group recorded R\$ 25 million in net revenue through digital channels, an increase of 219% in relation to the same period of the previous year, in addition to being prepared to support the company during the pandemic. The acceleration could be felt in these number and in the company's operational processes:

“Where we are today, in March 2021, in terms of adherence to digital penetration, both in sales volume and in numbers of stores integrated into the omnichannel, it was supposed to be December of this year (...) 100% of the stores use omnichannel, with pick-up, with ship from the store. I have anticipated my digital evolution roadmap here in practically 14 to 18 months.” CEO's Imaginarium and Director of the Uni.Co

Consequence of the successful implementation of digital solutions to increase the group's sales, a digital transformation movement began to break out across the company. The different areas started to demand the use of technology to improve the processes and routines, as well as to support the operation and the decision-making process, such as purchases, price planning, product mix composition, distribution to stores. To organize this process and

prioritize demands, the governance of the digital transformation process was established, which involves identifying the problem by the business area, design a project, apply a methodology to calculate the gain of that project for the business and submit to management team that meets weekly to that end. If approved, the project enters a roadmap of initiatives and will compose what they call the “priority tower”, where the deadline for its implementation by the technology team will be defined.

The DTS became an essential part of the business reaching some degree of stability. The recursiveness supports the adaptation needs that are still addressed by project management approach. The UniCO DTS is recent and is still ongoing, therefore it is not possible to assess the efficiency level, nor the specialization level achieved (Jarzabkowski, 2004). The strategy as practice seems to embrace innovations in a flexible way while building competences (Fagerberg, 2004; Leonard-Barton, 1992). The Figure 2 synthesizes the UniCO DTS process through the phases found by Chanias et al (2019).

Relying on the strategic types described by Mintzberg & Waters (1985), the deliberated strategy was using franchised stores as a distribution point, addressing the logistics issue and meeting the customer's needs by a convenient and fast delivery. Billing the sale to the franchisee allowed him to enter in the digital sales process, capturing. The changes in the external scenario because of COVID-19 pandemic brought benefits to the integration strategy between physical and virtual stores, accelerating the entry of the most resistant franchisees (Pettigrew, 2012; Baker, 2021).

The first emergent strategy happened in the beginning when the Omnichannel was chosen to integrate physical and digital sales, without the business cannibalization of franchises. There was also a turning point into specialization after the CDO was hired and started an integration process of top-down and bottom-up demands into a unified strategy (Chanias et al, 2019). This huge adjustment required to scale up and achieve efficiency can figure as an emergent strategy as well (Mintzberg & Waters, 1985).

The omnichannel implementation brought the possibility of selling products that franchisees have always wanted but couldn't because of size constraints for display and stock. The group decided to implement a strategy called ‘infinite shelf’, where the customer could see the products through a digital catalog inside the store or on the website and make the purchase. However, the pandemic has reduced the physical presence of customers and imposed some stores to close for a while. Thus, the company postponed the ‘infinite shelf’ implementation.

Figure 2: DTS phases

Phases	DTS Description	Case's Phases Description
(0) Recognizing the need for digital transformation	Strategic directions based on digital reality assessment understanding what is already available at the organization and the issues that need attention	Tension between the former business model and the DTS needs.
(1) Setting the stage	Top-down and bottom-up strategic practice	Balancing the need for digital growth (i.e. top-up) with franchisees' resistance (i.e. bottom-up) coming up with an omnichannel solution.
(2) DTS formulation	Setting up, then assessing deliberate strategy	Homemade solution to inspire engagement with trial-and-error loops in an Agile approach.
(3) DTS organization	Dealing with change and assessing emergent and unrealized strategy	Learning by doing strategy: flawlessly to the customers and internally a working in progress.
(4) DTS implementation	Building and assessing the digital transformation	In June 2019, there were already 85 stores connected to the system pick-up on the store. Preparation for the second modality: the ship from the store, from June to October, 19 stores have joined.
(5) Finding a working model	Building and assessing recursiveness	Changing to scale up. DTS has required more professionalism.
(6) Enhancing DTS	Check what's working, eliminate faults and systematize the digital transformation	Ongoing phase

Source: Adapted from Chanias et al (2019)

CONCLUSION

This case study sheds light on the DTS process faced by pre-digital companies (Chanias et al, 2019) and points out a COVID-19 pandemic influence in the retail industry (Baker, 2021). It relies on strategy theory emphasizing change, adaptation, and learning while coping with recursiveness helping to fill a theoretical gap (Jarzabkowski, 2004; Mintzberg et al, 2010; Pettigrew, 2012). In this sense this study also provides an example of strategic fit (Venkatraman & Prescott, 1990) and of change receptive and non-receptive elements (Pettigrew, 2012). The pandemic and the retail industry moment (Baker, 2021) have increased the receptiveness even providing an environmental pressure but the organizational culture, and the lack of simple and clear change goals within a coherent policy represented non-receptive elements in the same context. These weaknesses were overcome by the UniCO's capability to identify and carry through the changes needed during the execution (Pettigrew, 2012).

There are several practical implications. The study confirms that the DTS process is business-centered and customer-oriented. Technology is a means to meet the strategy that bounds it, not an end (Teubner & Stockinger, 2020). In the case of retail, DTS is not only about looking for new customers but it is also meeting the former customer's needs. The customer started to value brands that demonstrated the ability to provide convenience since buying to the offer of various delivery options and the speed of meeting their demand. Therefore, the presence of e-commerce tends to not extinguish the physical stores. In addition to becoming a place of experience and engagement with the brand, physical stores have gained a new function as a distribution center, mainly in a country with continental dimensions such as Brazil. It enables short-term delivery, which consequently increases a positive brand perception (Sopadjeva et al, 2017; Baker, 2021).

The case confirms that DTS needs both top-down and bottom-up formulation processes. In the top-down sense, DTS has the power to create a new strategic vision for the company and address its vision of the future. In the bottom-up sense, DTS brings solution for organization's current problems and boosts productivity gains. The bottom-up strategizing increases the DTS execution speed and accuracy by looping in feed-back and adaptations. It helps to keep DTS on the right track (Jarzabkowski, 2004; Chanias et al, 2019).

It was also possible to identify the DTS phases which have emerged in Chanias et al, (2019) study, increasing the understanding about them by a new empirical example. The DTS was also described through types of strategies perspective (Mintzberg & Waters, 1985) and has fulfilled the elements of the strategy as a practice to comply with recursiveness and adaptation movements (Jarzabkowski, 2004). The strategy as practice seems to embrace innovations in a flexible way while building competences (Fagerberg, 2004; Leonard-Barton, 1992). However, the UniCO DTS is recent and is still ongoing, therefore it is not possible to assess the efficiency level, nor the specialization level achieved (Jarzabkowski, 2004).

Future studies can deepen the fusion-view of information systems literature and strategy and search for examples that highlight the differences between DTS and isolated digital development. Therefore, future research can replicate this study in order to validate its results by comparison (Ghauri, 2004). It is also worth pointing out that the results can not apply to non-pre-digital organizations (Chanias et al, 2019) and there is an opportunity for diversification and comparison.

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USING THE BUSINESS PLAN AS A START-UP EXPERIENTIAL TEACHING TOOL

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ABSTRACT

Debate around the usefulness of business planning is ongoing. Some authors view business planning as a waste of time, while others believe it is a necessary, worthwhile exercise. Though this article delves briefly into the debate, its main aim is to show how the business planning process is used as a tool in teaching fifth-year medical students to establish their practices upon graduation. This article explores how the business planning process is implemented using both classroom and field activities. Actual activities carried out are outlined to demonstrate how the module content is applied in the learning process. The study shows that business planning is a useful experiential teaching tool. The limitations of the study is that views of the programme's graduates on the usefulness of the business planning approach was not probed and this should be done in future studies.

Keywords: business planning; experiential learning; application; medical students.

INTRODUCTION

The debate on the benefit of business planning is ongoing. Those that do not recognize the importance of business planning suggest that the kinds of plans often recommended, "...lead to anything but blind alleys, unexpected outcomes, unrealised dreams and bureaucratic routines" (Honing 2008:2). Carl Schramm an economist, a university professor and former president of the Ewing Marion Kauffman Foundation actually suggest in his book that one should actually "burn" the business plan (Schramm 2018). It should be burnt because it does not serve any purpose. One key criticism of planning is that it produces rigidity, making it difficult for the business to react to a fast changing environment (Anderson 2004; Dibrell, Craig & Neubaum 2014).

On the other hand, Spinelli and Adams (2012) state that without a business plan it is exceedingly difficult to raise capital from informal or formal sources. Developing a business plan is one of the best ways to define the blue print, strategy and resources needed for a new venture (Mitchelmore & Rowley 2013). The primary argument presented by those in support of business plans is that, it is a road map that sells the company and its mission to stakeholders (Benjamin, Booker and Burkhalter 2006). Research also shows that business planning creates a clarity of direction, enables the accumulation of knowledge on the market place, and sought strong commitment from stakeholders (Conway 2008; Elbanna & Elsharnouby 2018). There are strong indications that planning does make a difference and can reduce the chances of failure (Hodges & Kent 2006/2007; Katz & Green 2014).

The author believes that a business plan is a tool for starting and managing a business and intends to demonstrate how it is used as a tool for teaching new venture creation (business start-up) at a public university in South Africa. The students are expected to establish a medical practice through the implementation of the plan they would have prepared in the module. The module will be referred to as "Business Practice" in this study. The business plan informs the syllabus. The students are expected to implement the plan after completion of their studies. The article aims to show how business planning is used to teach the business startup module Business Practice in an experiential pedagogy. It contributes to the experiential teaching of entrepreneurship by providing a real life case study of how this is done. The author advocates this approach as the best way to teach entrepreneurship.

The literature review is presented first, then the methodology. The application of the business planning is presented as part of the research results, before recommendations and concluding.

Literature Review

The importance of business planning is introduced first. This provides the background to the syllabus of the module which is then presented thereafter.

The importance of business planning

A business plan is a document designed to detail the major characteristics of a firm, such as its present and future functional operations (Katz & Green 2014; Spinalli & Adams 2012). It can also be described as the entrepreneur's written roadmap for a successful enterprise, and clearly describes the business' current status, expected needs and projected results (Kuratko & Hodgetts 2007). The plan represents decision phases that the entrepreneur takes to manage the venture's future. According to Conway (2008) entrepreneurs have a high level of ignorance of what most text books recommend should be applied in business planning; with over 90 per cent of them not having heard of a PESTL analysis and 80 per cent not having heard of a SWOT analysis. However, 82 per cent had applied a form of competitive analysis in their planning. Conway (2008:58) also point out that the level of sophistication of the plans was quite low. It is for this reason, that teaching these principles to a potential business owner becomes important.

Planning also requires certain levels of expertise and the absence of this may lead to none planning or poor plans. As pointed out by Honing (2008:2), "we live in an era where planning is both encouraged and expected and it is so well engrained in our contemporary consciousness that asking the question "why plan" is tantamount to asking, "Why learn?". As aptly concluded by Spinelli and Adams (2012), to embark on a perilous startup journey without some serious planning defies good sense. It pays to plan. Green and Hope (2018) found that the sweet spot for writing a plan was around the time when the entrepreneur was actually talking to customers, getting their product ready for market, and thinking through their promotional and marketing activities. Committing a plan to paper alongside these activities increases a start-up's chance of venture viability by 27%. The author is in agreement with Wickham (2006); Kuratko and Hodgetts (2007) who point out that the purpose of the business plan is to be a working tool for analysis and synthesis, communication and action. This article briefly demonstrates how business planning (the business plan) is a working tool.

Analysis and synthesis: The business process forces the entrepreneur to analyse all aspects of the venture and prepare an effective strategy of how to deal with the uncertainties that may arise. For example, the competitive and financial analyses that are part of the business plan require the entrepreneur to critically assess assumptions about the venture's success. The business plan quantifies objectives, providing measurable benchmarks for comparing forecasts and actual results (Kuratko & Hodgetts 2007). The different environments are analysed and deductions (syntheses) made as to how best the business can move forward. In this process, standards are established for which actual performance will be compared against. The plan becomes a measuring and corrective tool on an ongoing basis.

Communication: a business plan is a way of building external legitimacy, (Katz & Green 2014; Spinelli & Adam 2012). Stakeholders who include employees, bankers, shareholders, customers and suppliers and the community at large assess the entrepreneur's seriousness and professionalism through the plan. It can communicate to management and staff clear expectations regarding the company's performance and priorities. Longenecker, Petty, Palich, and Hoy (2017) point out that both investors and lenders use the business plan to better understand the new venture, the type of products and services it offers, the nature of the market and the qualifications of the entrepreneur and management team. No investor would consider investing in a new venture before reviewing a properly prepared business plan.

Action: The business plan provides direction, assists with rallying resources, around common goals and outlines activities for execution (action) which enables monitoring, and control. The time and effort, put into research forces the entrepreneur to review and understand the venture critically and objectively. In implementing the plan, the owner continuously scan the environment and try to match the business position, market demands and the macro environment (Kuratko & Hodgetts 2007). The plan therefore needs to be frequently revised (Hisrich & Kearney 2012). Those who advocate for the irrelevance of planning usually point out that, its importance is minimised by the dynamism of the environment. However, even in such circumstances, Phillips and Moutinho (2014), emphasises that it is in such cases (of dynamism) that a well thought out plan is needed most.

More than 30% of small businesses do not survive the first 3 years of operations if they do not have a business plan. And at the starting stage, businesses that use business plans have 7% higher likeliness of high growth as compared to those who do not develop a business plan at the starting stage (Greene & Hopp 2017). Business plans are a prevalent

feature of new venture management and are encouraged by government agencies, education institutions, and consultants. They are frequently a core requirement when seeking finance (Burke, Fraser, & Greene 2010).

It is for these stated reasons that the teaching of business planning is deemed critical. The chiropractic and homeopathy students in question are taught, how to establish their medical practices (new ventures) using the business plan. This article will follow a business plan format to show what is taught in the course and how it is taught.

Experiential Learning

The module uses an experiential teaching approach. According to Bains' (2013) experiential learning pedagogy, constructivism is realised by grounding learning activities in an authentic, real-world context. This is "learning by doing" or "place based learning" as espoused by Burns (2014). The teaching is based on the philosophy of; "learning from and learning by experience". This principle is anchored in the work by Kolb (1984), who espoused that knowledge is created through the transformation of experience and therefore holistic approaches are needed to provide bridges across life situations. This is in line with what Mints (2014) and a number of other scholars on teaching and learning who emphasise, that students learn best when they are engaged in hands on activities and are involved in a process of enquiry, discovery and interpretation. As pointed out by De Geus (1988), learning takes place in planning. In conclusion, Bellamy, Amoo, Mervyn and Hiddlestone- Mumford (2019) classify, the different plans, marketing, financial, operations, external and internal analysis, as important tools that assist in the establishment and management of a small business. This supports the anchoring of the module content on business planning.

The business plan components will be introduced and discussed in the following order; business background, marketing plan, operations plan and lastly the financial plan. Before this is done, the methodology used in this article is briefly introduced. No exam is written and students submit a comprehensive business plan for examination at the end of a six-month semester.

METHODOLOGY

This is a qualitative case study using action research. Its aim is to demonstrate how the business plan / planning is used to teach medical students how to set up a doctor's practice (a small business). The theory-practical application nexus is the focus in this case study.

Findings/Application

A brief overview of business planning components (syllabus) is presented and thereafter its application is discussed. Areas of emphasis (learning points) are also identified.

"Experiential learning is widespread and diverse and some of the learning tools include business plans, students start-ups, consultations with practising entrepreneurs, simulations, interviews with entrepreneurs, environmental scans, live cases, field trips and the use of video films" (Turko 2016:56). In the case under study, most of these cited tools are used as part of the business planning, namely consulting with practicing medical practitioners, field trips to establish strategic locations as well as environmental scans. The first area of planning is *business background*, which focuses on form of ownership and type of start-up. Students are to decide on the form of ownership and registration of their entities. The common form of ownership usually adopted are sole proprietorship and partnerships. Students are required to justify the choices made.

Location

Entrepreneurs choose strategic locations, which enable them to maximise the bottom-line. According to Longenecker *et al.*, (2017); Dorf and Byers (2008); Chase, Jacobs and Aquilano (2006) the key factors for determining a good business location are; premises (site availability and costs), proximity to customers, and business environmental conditions, (local government policies). Other location considerations includes population growth or decline, and income levels (Katz & Green 2014). Actual / potential sites are to be identified. In some cases, preliminary lease agreements are entered into. Zoning regulations are studied and applied, rentals and rates are also established and considered when assessing feasibility and viability of the businesses. Students carry out primary and secondary research. Questionnaires

are drawn to collect data from potential clients (patients) and industry evidence is gathered from established practitioners. Evidence for this has to be shown in the plan.

Marketing plan

The marketing decision provides a description of a business' products and services, market analysis, industry analysis as well as the strategies it will use to best compete in serving its customers. Though medical needs (services) are in short supply in most developing economies, such as South Africa, the course emphasizes that the "Doctors" are satisfying a need just like any other business. The aspect of products and services has much relevance to the students, since they provide what is normally referred to as "alternative medicine" as opposed to "conventional medicine". There is therefore competition between these two services / products.

The market research and analysis

Many small businesses make many assumptions without collecting the required information. Sources of information include Statistics Agencies, (for example on population statistics and consumption patterns for most geographical areas), local municipalities, government agencies, similar businesses (competitors) or industrial bodies such as the chambers of commerce in different localities. The plan should outline; who the customers are, where located, the quantities of goods / services they demand, buying patterns and preferences. The business / practice should use each of the Ps, place, price, promotion and product to come up with innovative strategies to best serve the customer relative to competitors (Kanagal 2015; Atalay, Anafarta, & Sarvan 2013). Kanagal (2015:10) defines product innovation for example, as improvement or renewal of "a combination of one or more ingredients, attributes, benefits advantages, features, functionality, performance, business model, usage experience, and consumption experience".

Industry and competitor analysis

The entrepreneur should have a good understanding of the industry the business will be operating in so that one can plan how best to compete and survive. It is important to know the industry structures, what drives it, trends as well as its economic characteristics. Studying competitors' past behaviour and preference provides a valuable industry insight and assist in anticipating the moves rivals are likely to make in the market place (Gamble & Thompson 2011). Porter's Five Forces Model provides a method to analyze the competitive environment to determine which barriers to entry may or may not exist for the proposed business. The five forces that need to be considered are the threat of new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products and services, and intensity of rivalry among existing competitors (Dess, McNamara, Eisner & Lee 2019). The models considered in the literature review (for example: SWOT, PEST, and Porter's 5 Forces Analysis) indicate the utilisation of a structured strategic analysis. In relation to this, a number of tools and techniques to assist analysis are proffered in leading texts (De Wit 2017).

The students are requested to use the set tools to establish the state of the industry as well as the potential competitiveness of the proposed practice. The student finds this section very relevant given the "competition" between conventional and alternative medicine. There is also competition within the alternative medical fields, which include, for example Chinese or African traditional medicine and faith healers among others. As emphasised by Wiltbank, Read and Sarasvathy (2006) formal business planning empowers businesses to carry out both internal and external analysis and be able to relate better to evolving developments within both environments. Primary research to establish and assess direct competition is imperative. Interaction with existing practitioners and other health institutions is encouraged. Field visits help to motivate students because they can see the tangible results of those (role models) who were once in a comparable position as business students (Colclasure 2020).

Demand estimation

One of the most important pieces of the marketing plan and of the business plan is knowing what the business sales will be (Katz & Green 2014). A sales forecast estimates how much (quantities) of a product or service can be sold within a given market in a defined time period (Moore *et al.*, 2010). Demand estimation is usually a difficult exercise for many businesses especially start-ups. For existing businesses, current and previous performance is used to forecast the future. This section of the business plan is usually used to assess if the students are able to synthesise (integrate different sections of the plan), the quantified market, industry analysis and business strategies in forecasting sales. The sales forecast is done separately without taking into account production capacity to emphasise a thorough demand estimation.

Operations Plan

As noted by Longenecker *et al.*, (2017) operations / production management refers to the planning and control of a conversion process that includes bringing together inputs, (raw materials, equipment and labour) and turning these into outputs (products and services). An operations process is required whether it produces a tangible product such as clothes or an intangible one such as operating a movie theatre. The production decisions which a business has to make, answer some of the following questions; what type of premises and equipment will be needed to produce the goods and services. How the goods are to be produced (the production processes) and the quantities that need to be produced is also taken into account. Students decide on the equipment needed, sources and costs as well as the premises. Owning premises is preferable, because premises represent an asset. Such an asset can be used as collateral security in case the entrepreneur wants to raise money at the bank. It can also be leased out to generate income for the entrepreneur (Dhliwayo 2013). Ownership also saves the business from paying rentals, and therefore improves cash flows (Katz & Green 2014).

Production / Operations process

The process starts with inputs into the process. According to Chase *et al.*, (2006) the purpose of studying production processes is to identify delays, transport distances, and processing time requirements in order to simplify the entire operation. The aim is to eliminate any step in the process that does not add value to the production of the product. In designing the process, the entrepreneur should bear in mind that the main aim of the process is to minimise wastage (Schrouder 2008). This section is used to teach the student how to calculate patient treatment turnaround times. It helps the student to estimate the time a patient will spent at the practice, and to enable the scheduling of appointments. It will also help the student to estimate production capacity (the number of patients to be treated per day for example). The students' draw from their experience at the university's clinic where they serve as interns to calculate these times.

Financial plan

The financial plan (decision) puts together all the plans, production / operations, administrative (human resources) and marketing into monetary terms. Financial statements are used to plan, measure, and control performance of the business. The common financial projections students are required to prepare are the income statement, the balance sheet and the cash flow statement. For most small businesses, accessing capital and liquidity are in the forefront of their operations (Hasan *et al.*, 2017; Bellamy *et al.*, 2019). Pro forma financial statements are prepared to help project the health of the business. They show whether the sales levels, profits and liquidity position will be favourable or not.

The main purpose of the balance sheet will be for the student to establish (1) the asset requirements of the practice (2) amounts required to acquire these assets (values) and (3) how these assets will be financed. The total project start-up cost is determined as well as the capital structure. In cases where collateral security is required to secure a loan the student becomes aware of this and prepares for this eventuality. Interest rates and repayment conditions are all investigated and built into the projections. An amortisation schedule is part of the projections. A projected income statement is also prepared to establish if the practice will be profitable or not. The cash flow statement is prepared to establish the practice's liquidity. The cash flow statement is a very effective business management tool and should be carefully understood. The cash balances inform the business as to when to make payment commitments. In conjunction with the financial statements, a ratio analysis has to be carried out to further understand the business position and performance. One key assessment is the break-even analysis, which will indicate to the student entrepreneur, the mandatory levels of units to be sold (minimum patients to be treated) and the income to be made before the first dollar of profit can be realised.

DISCUSSION

In a study by Turko, (2016:55) where he compared the business plan and the business model canvass, he notes, “ 62% found the business plan more difficult to prepare, though, 60.8% found it more useful and 77.2% more realistic in revealing the phases of the start-up phases and 74.7% found it superior in financial planning among a number of other tests. The key elements stated as superior are covered in the systematic approach used in the business-planning tool.

Teaching, especially entrepreneurship in an experiential way is highly desirable. It enables the student to participate and contribute in his / her own learning. This ensures a more effective learning process. In the case studied, experiential learning is critical in that the business plan which forms part of the course's outcome, enables the student to prepare the medical start-up. The student is subjected to entrepreneurship and business theory, through classroom contact sessions, medical training theory and attachment to a clinic which enables him / her to blend the practical professional

work experiences with theory and field research on how to operate and manage a practice upon graduation. It is recommended that all prospective entrepreneurship students be taught along this approach, hands on, in a real life environment.

Whether planning is an important and effective tool in teaching entrepreneurship or not, Elbanna and Elsharnouby (2018) and Wolf and Floyd (2017) consider business planning important in itself as it develops dynamic capabilities within the organisation. The teaching of entrepreneurship using the business plan as a tool can therefore also be seen as important from this standpoint. This experiential approach enhances the entrepreneurial and business acumen / capabilities of the students. Burke, Fraser, & Greene (2010) note that by articulating goals and identifying strategies for exploiting entrepreneurial opportunities, written business plans appear to enhance entrepreneurial decision making even in situations where improvisation is important. Incorporating business planning, and activities such as business plan competitions and building incubators on campus, enhance classroom learning (Colclasure 2020). The clinic, where the student start to building his / her own patient portfolio, can be considered such an incubator.

Entrepreneurship is “a contact sport” where action is required instead of mere theory in a classroom (Lange et. al., 2007, p. 254). Many business schools have incorporated more action oriented tasks and opportunities into their programs (Turner & Gianiodis, 2018). The active learning aspect forces students to practically apply what they have learned in the classroom, while also requiring them to critically evaluate business plans from multiple directions in a supportive environment (Russell, Archison, & Brooks, 2008). Learning to assemble and assess business plans can be a valuable teaching tool because it incorporates many different aspects of business into one document, while also instilling the importance of research outside of academics. Business plans include aspects of management, accounting, finance, human resources, marketing, and much more. Using business plans to teach one or many of these topics incorporates real world application and can help to keep students interested in topics that they may otherwise not have taken seriously (Colclasure 2020). Feedback from the students over the years has been that they find the module to be practical, experiential and pivotal in establishing their practices. They also indicate that the module improves their business acumen.

Business planning enables, opportunity identification from a needs analysis process. Decisions are taken through-out the business planning process, a result of both, systems and critical thinking, without which the quality of decision would be compromised. Analysis of different business facets is done and this is synthesized and integrated in the application / preparation of the business plan. Decision making depends on data collected from different sources, such as classroom, field visits, books, internet, the clinic or practicing doctors who act as role models. The student has to be able to pitch his / her business plan, initially for assessment and get feedback to improve its quality, but more importantly, it should be able to convince stakeholders that the practice has potential and will succeed in providing the services it plans to offer.

RECOMMENDATIONS

Entrepreneurship education should empower students to start and run businesses. The best way to do so, is through the experiential learning pedagogy. Business planning as a practical tool to facilitate the experiential learning of entrepreneurship should be adopted as it enables primary research and the application of data collected to make business decisions. Experiential learning builds business acumen, because it enables learning by doing. Entrepreneurship should be taught as a vocational course where practical skills as opposed to theory is emphasized (Dhliwayo 2008). The theory taught should be applied (learning by doing) in “as real and authentic an environment” as possible. In the case under study for example, real patients are treated at the clinic, the equipment used, processes and remedies used at the clinic (under supervision) are incorporated in the business planning. Prospective patients, in their locations are visited and data collected to inform business planning / start up. Experienced practicing doctors are visited / consulted to impart not only professional but business related knowledge as well. Entrepreneurship students should shadow learn from experts in related fields or from entrepreneurs in the same businesses and industries they intend to operate in. This is the best way for students to learn how to establish new ventures and for experts and practicing entrepreneurs to contribute to the development of new (novice) participants in their respective fields.

CONCLUSION

The article has shown how the business plan, forms the syllabus of the course / module, Management Practice. Students are taught how to make decisions on planning and setting up a medical practice. The output is that the student prepares a comprehensive business plan which is submitted for assessment. This is examined both internally and externally. The student subsequently implements the plan to start a medical practice, with a few adjustments to cater for the changes which would have taken place in the environment.

This case study is on a particular module at a South African University. Though the module is offered at another institution in South Africa, the application of business planning as a teaching tool will not necessarily be the same at the two institutions. Observations made should therefore not be generalized to other institutions, locally or abroad. As per recommendations, the learning points of experiential learning and the business planning could be considered applicable, but taking context into account. The study, specifically limited itself to the application of business planning as a teaching tool and how the module is taught, but did not look at the application of the business plans by the graduate students. Future studies could look at the extent business planning assisted students in establishing their practices. A comparative study of these views with other institutions where the same approach is adopted can be done to provide a wider understanding of the process.

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ESSAY ON ORGANIZATIONAL MARKETS AND THE INTERNATIONAL CONSUMER

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ABSTRACT

This article aims to contextualize an essay on organizational markets and the international consumer, studying the importance and the definition of clients that are considered as active part of the companies. References, theories and practices directly related to the consumer and with a broader focus, but not necessarily marketing, were used. The market was characterized as consumer, industrial (or producer), retailer, governmental, international and services. The company, to attend the market well, should have in-depth knowledge of the consumer. The market is organized in accordance to the organization – consumer, industrial, retailer, governmental and international behavior, which interprets how they consume goods and services. The study was based on the research classification criteria characterized, as descriptive, demonstrating the characteristics of the CHT Group in Brazil, which presents a loyalty to the national and international client. The investigation was also exploratory because, although the company is traditional in the market, we verified that there were no studies addressing the researched theme. As for the means, it was a bibliographical, documentary and case study research. The sample was chosen for accessibility, because far from any statistical procedure, it is important to select elements for the ease of access to them. The differential of the company is the focus on the client combined with the excellent quality of products and services. Thus, analyzing the company's trajectory we concluded that from this market understanding, an organization could modulate its strategies and actions, influencing the entire buying process, prioritizing the consumer/client, as well as helping the company to manage its customer portfolio.

Keywords: international markets - international consumer / suppliers / customers – Consumer Behavior Theory.

INTRODUCTION

We have been clients from the moment we were born. We have as suppliers of products and services: hospitals, medical services and appointments, laboratory tests, supermarkets, restaurants, schools, universities, consultancies, cinemas, and theaters ... in the end, customers have always existed and will always exist. Hence derives the importance of researching and studying the market, its customers, behaviors, habits and customs, because they are closely related to the existence of the companies. We will characterize as Production Units companies of any gender, size and sector, to contextualize the contents better. We will use references, theories and practices directly related to the consumer and with a broader focus, and not necessarily on marketing. We define as Consumer, all those able to consume a product and / or services. That Consumer may be a natural or legal person. A Consumer is everyone who has a business relationship with the company and non-client is the one who maintains a business relationship with other companies. This article will deal with the concept and importance of the client, what moves him to consumption and relationships, in an exploratory manner and based on the experience of an international company.

IMPORTANCE AND DEFINITION OF CUSTOMERS

Companies are fundamental for society to move and develop, by generating work, jobs, taxes and offering proposals for solutions to their customers. On the other hand, customers perform important functions, related to the consumption

of products and services and the ability to influence the quality of what companies offer to the market, through the free will of buying or not.

Giles Lipovetsky apud Lima (2012) states that "*The new era of capitalism is built structurally around two major actors: the shareholder on one side, the consumer on the other. The shareholder king and the client king.*" The client is not necessarily a king, but one realizes its importance within the economic, financial and social process of a business. Can you imagine a company without products and especially customers? How can it survive and support itself without the people who can buy and consume what it produces? A brief and initial definition of company can be how the balanced set of products and services targeted at a given market (consumers), inserted within a Product Life Cycle. Another good definition is the group of clients served and satisfied by the company, which maintains its longevity in business.

In this way, the client should be considered as one of the main assets of the company, which must identify what customers need to have to keep their business in development, what level of quality they want to offer, what intensity of relationships they want to maintain and what strategies will be used to keep them satisfied and active. Its influence and importance cannot be limited only as a responsibility of the Marketing area, but of the entire organization, since its presence influences all areas of the company. For example, the Marketing area should identify market needs and desires; the Production area, if it is feasible, to develop the product as it is designed; the Finance area if the product is viable, and if there are internal employees trained to meet the different demands (People Management). Therefore, customer is an asset to be respected by the whole company. To better understand and contextualize the contents, an analysis of behaviors of the different organizational markets follows.

ORGANIZATIONAL MARKETS FOCUSED ON THE INTERNATIONAL CONSUMER

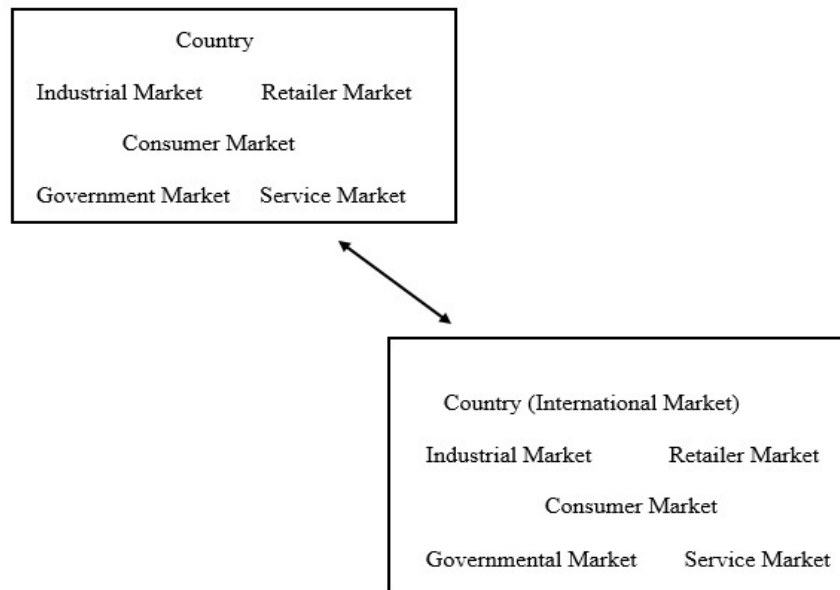
Organizational Markets are the categories of stakeholders who produce and market goods and services to specific groups of consumers. In accordance to the types of consumers, habits, buying behavior and characteristics, according to Kotler and Armstrong (2010), they can be categorized as Consumer Market, Industrial Market (or Producer), Reseller Market, Government Market and International Market. Following is the description of each market, where volumes and holdings are estimated from different secondary data sources.

- **Consumer Market:**

Composed of individuals and families who purchase goods and services for personal consumption, such as food, beverages and clothing. It is a market with a large number of consumers (individuals) and diversity of products and services. According to *WorldMeters* (2019) the world population is 7,712,956,711 people, and according to the Brazilian Institute of Geography and Statistics (IBGE) (2019a), the Brazilian population is 210,0877,7782 people, represented here as potential consumers of all kinds of products.

It is the focus of almost all bibliographic references and, mainly, the principal concern of companies, because competition is fierce, purchasing power sometimes limited, geographical dispersion, and the volatility of consumers. On the other hand, the BtoC (*Business to Consumer*) market suffers heavy influences by macro environmental variables, such as economic, demographic and technological, for example.

Figure 1: Representation of organizational markets



Source: Authors

- **Industrial Market (or Producer):**

Consisting of producing units that acquire raw materials, supplies, goods and services for transformation (production and processing), such as automakers or even a restaurant, for its ability to transform raw materials into meals, which represents a great heterogeneity of companies from different economic sectors. It is a comparatively smaller than the consumer market, at least in quantity of production units, but with greater acquisition capacity and turnover. According to the National Confederation of Industry (CNI) (2019), in 2018 the Brazilian industry participated of 22% of the Gross Domestic Product (GDP), which represented R\$6.8 trillion reais, according to the Brazilian Institute of Geography and Statistics (IBGE) (2019b). It works with derived demand, because it acquires raw material for transformation into other products. In summary, B-to-B (Business-to-Business) consumption depends and also derives from consumer consumption. The concept of derived demand is important in the sense of understanding how it works in a certain type of business, in a systemic way.

The automotive industry depends on the purchasing capacity of consumers; on the other hand, the sale of tires, steel, fuel and derivatives depends on the quantity of cars to be produced. In turn, the growth of purchasing power increases the purchase by automobiles, which moves other economic sectors (such as those already mentioned, for example), increasing the collection of taxes and jobs with better remuneration and so on.

- **Retailer Market:**

Consisting of companies that purchase goods for subsequent resale and profit. They play an important role for the consumer to have products available for purchase and consumption, because due to their specialization, they perform logistics and physical distribution. According to the Brazilian Society of Retail and Consumption (2018), retail represented 20.25% of Brazilian GDP in 2017.

Among the channel components, wholesalers, who purchase products in large volume for redistribution, stand out, as in the case of medicines and hardware materials. Retailers, which sell in smaller batches and are in closer contact with consumers, such as pharmacies and hardware houses. In this way, distribution channels play an important role in society. In addition to the better availability of products and services to the consumer, they provide services as

a natural extension of the production unit, reducing and optimizing costs and expenses, since it does not hold the company responsible for making the sale to the final consumer.

- **Government Market:**

Composed of governments and public entities that acquire goods and services to meet the social needs of the community, such as municipal, state and federal agencies. In general, the government market consists of several needs, which involve products and services for prisons, hospitals, schools, museums, associations, day care centers, nursing homes, parks, restaurants, etc. which makes it one of the objects of desire of companies, which must adapt to the purchase process – public bidding. It is not possible to measure the entire market – municipal, state, federal, and respective applications, by the diversity of entities and consumption. However, to get an idea, according to the National Agency (2018) a budget was approved, only for the Union, in the amount of R\$3.38 trillion reais for 2019.

- **International Market:**

This is the largest business market, as it encompasses the other markets already mentioned – consumers, companies, sellers and government – where the company must analyze and adapt its offer according to the particular characteristics of each region and/or country. For comparison, according to *Época Negócios* (2018), the World Bank estimated that the world's partial production (from about 195 countries) totaled US\$80 trillion in 2017. Of this amount, the United States of America (USA) participated with US\$19.4 trillion and China with US\$12.2 trillion dollars.

To operate internationally, companies such as a commercial importer and exporter and trading company carry out foreign trade operations (export and import) to meet international demands. Alternatively, companies should adapt their internal structure and carry out under their own responsibility the operations of buying and selling their products and services.

In summary, the following table shows the overview of the main characteristics of each market. It was developed from the authors' experiences and ratified from the focus group and in-depth interviews.

Table 1: Summary of Organizational Markets

Features / Markets	Consumer	Producer	Seller	Governmental	International
Number of customers	Larger amount	Smaller quantity	Smaller quantity	Smaller quantity	Largest market (quantity)
Geographical distribution of customers	Dispersed	Focused	Focused	Focused	Dispersed
Company size	Several	Several	Several	Large	Several
Source of demand	Of the consumer himself	Derived demand	Consumer's	Society	Several
Nature of the purchasing unit	Needs and desires	More professional effort.	Expectations and desires	Necessary	Several

Way of buying	Direct	Direct	Direct	Public bidding	Direct
Decision-making process	Simpler	More professional	Commercial	Social consensus	More professional - group consensus
Relationships		Longer lasting			
Price strategy	Accessible	Lower with quality	Minor	Lower with superior quality	Accessible
Volume of purchases	Small.	Big	Multivariate	Generally large	Diverse
Acquisition objectives.	Meet needs and desires	Be part of the product.	Make the product available	Meet social needs	Diverse

Source: Authors

• **Service Market (or service economy):**

Previous organizational markets have specific and sometimes similar characteristics. In a more contemporary way, we have the service market (or the economy of services, as some authors call the activities of this market and not necessarily as a type of organizational market), which has a vast amount of options and characteristics and therefore is difficult to measure and analyze, according to the following considerations.

According to Schonberger and Konod (1997, p. 4): "A service consists of input resources transformed into service production." This transformation usually occurs in the presence of the final consumer, such as the services provided by restaurants and hospitals. They need support services, such as laboratory tests, accounting and finance for hospitals and shopping, storage and controls in the case of a restaurant. In this case, we have support services that complement the main services.

On the other hand, products (physical goods) also require complementary services or that are incorporated into the process of production services. A car dealer, when selling a car (physical asset) can offer its customer financing, insurance, technical assistance and facilities in the transfer, which can constitute competitive differentials. On the other hand, the production of the automobile requires a set of support services, such as planning, assembly and painting. Hence, some of the main reasons for categorizing it as an organizational market. Lovelock, Wirtz and Hemzo (2014, p. 20) confirm that "services cover a wide range of different and often quite complex activities that make them difficult to define." However, the same authors (2014, p21) present a definition such as:

"Services are economic activities that one party offers the other. Generally time-based, their performance brings to their recipients the desired results, objects, or other assets for which buyers have responsibilities. In exchange for money, time and effort, service consumers expect to receive the value of access to goods, labor, professional skills, facilities, networks and systems, but they do not usually own any of the physical elements involved."

To understand the magnitude, according to the Brazilian Institute of Geography and Statistics (IBGE) (2019), the services sector represented 75.8% of GDP in 2018. It also involves the services related to information and communication, real estate activities, defense, health and public education. Although they are intangible, services must be "produced" and with the incorporation of processes (steps) for their development, as well as a business structure.

In conclusion, each organizational market has different behaviors, which must be identified and managed, in order to obtain the quality and best results in the company's negotiation with the consumer. Each market needs to be met the stages of the buying and selling processes and in this case, the focus will be on the consumer market.

DATA AND INFORMATION AS ONE OF THE MAIN POINTS TO UNDERSTAND THE INTERNATIONAL CONSUMER

For products and/or services that require more complex sales, consumers tend to seek more information to consolidate the decision-making process. In general, these sources can be categorized into Marketing, Group, Public, Experimental, and Internal sources.

Figure 2: Sources of Information



Source: Ziethaml, 1988

- **Marketing:** Marketing tools are categorized as long-term (advertising, advertising and public relations) and short-term (sales promotion and personal sales) stimuli that influence the consumer's purchasing decision. Advertisements of clothing, footwear and the like, as well as information on the availability of products and offers stimulate the willingness to buy from the market. And more specific actions such as tasting/experimentation of products, price discounts, bonuses and premiums, as well as point-of-sale (POS) material help materialize the sale.
- **Public:** An alternative is consultation with public sources, such as Consumer Protection (*Procon*), Brazilian Consumer Protection Institute (IDEC), Make a Complaint (*Reclame Já*), website of the Central Bank of Brazil (BCB) and other sources that can guarantee the suitability of companies and quality of products and services. Depending on the type of purchase, consumers tend to search in public sources, as well as being influenced by the positive and negative disclosure of these entities and other media.
- **Groups:** Consumers and/or other types of people that make up groups, such as friends, colleagues, neighbors and family that influence a purchase decision. Many young people have doubts as to which undergraduate course to attend, and family and friends are fundamental in choosing which entrance exam they will choose, the same occurring at the time of the purchase of the first car. These groups exert great influence, being the object of specific strategies and actions of Public Relations.
- **Internal:** They can be from the environment where the person works, where co-workers can advise them. Another possibility is that supplier companies can have agreements and disclosure, within the company, as well as "packages" that can be purchased in groups or even with discounts.
- **Experimental:** Refers to the experimentation of products and services, such as tasting in supermarkets, test drive and experimental classes. Consumers can have a first contact and test functionality and attributes. After recognizing the needs and seeking information on how to meet the desire, consumers go to the alternatives of companies, products, services and brands.

In summary, the following table identifies the influence of data and information from the sources of research by the international consumer.

Table 2: Consumer and sources.

Categories	Sources	Observations
Marketing	It depends on the ability of the selling company to develop forms of communication and relationships, as well as the needs of its buyers, which take into account different aspects such as quality, price and relationships. Essential offline and online communication.	Marketing works together with final consumers, as well as derived demand, i.e.: the importance of raw materials as a factor to sustain the value proposition that the company offers to the market.
Public	The participation and performance of the Ministry of Economy (which absorbed the Ministry of Development, Industry and Trade), in addition to the Ministry of Foreign Affairs are fundamental to the market, diplomatic and commercial exposure of the country's companies.	Public participation is fundamental, in order to positively influence the positioning and institutional image of the company and in front of the consumer.
Groups	They can be considered as class entities, trade unions, associations, competitors and even customers who influence the marketing process.	It mainly involves Public Relations tools, as well as other tools that influence the decisions of purchasing companies.
Internal	In this case, the optics should be from the point of view of buyers, where there are professionals who influence purchasing decisions.	Public Relations tools, especially those that establish strategic relationships.
Experimental	In this case, there is the possibility of events and similar events that enable experimentation and experience by the consumer.	

Source: Authors.

THE VALUE FOR THE CUSTOMER

Products and services meet the unmet needs and desires of consumers. However, this alone is not enough to ensure that the company achieves the desired success. In order for the company to be able to convince its consumers and maintain the desired level of loyalty, it has to make sure that the customer perceives the value. The Value Proposal to be offered to the Market should be clear. On the other hand, Zeithaml (1988), highlights that the quality of an offer made by the company be related to the attributes valorized by the consumers, being quality, value and price the most outstanding. This positive perception should initially be related to the level of satisfaction of their desire. The higher the satisfaction, the higher the perceived quality will also be. One of the great difficulties is to understand what quality and value means for the final consumer.

According to Claus Moller (1993), quality is when customers return, and the products do not. This statement can be related to the loyalty of the customer portfolio and the respective level of satisfaction. Osterwalder (2011), through the Canvas methodology, proposes to identify from the target segment that the company intends to achieve, which value proposition should be offered to the consumer. From this identification, the company must structure all its processes and manage its resources and input in order to continuously seek consumer satisfaction. On the other hand, this Value, attributed to the Consumer, should originate from extensive research, especially in depth qualitative

research, in order to identify what the consumer wants and what attributes he values in relation to the portfolio of products and services.

Barnes (2002) states that:

"Creating value for the customer, then, is not just about adding features and benefits to a product or reducing prices. While it is important to add benefits and offer competitive prices, the customer generally expects this. Genuine and meaningful value creation only occurs if customers notice an improvement in value and, consequently, feel satisfied. " (p. 97)

According to Giglio (2010, p. 143 and 144), "Buying is the moment of value exchange, when two parties negotiate the satisfaction of their expectations. This point implies that the present satisfaction of the two parties is the factor that determines the mode of purchase." For this reason, this moment is a mark in the negotiations between the sides, where fidelity and quality are evaluated and the physical and tactical contract are finalized. We cite as a ritual this moment, not only by the symbolic representation of the act, but as an agreement between the parties. This is usually agreed by means of a physical or even tacit contract (and, in this case, with the strongest need for the conditions of purchase and sales to be very clear and explicit), with a counterpart of financial payment.

In addition, according to Giglio (2010, p. 144), "The purchasing moment is, therefore, the most important moment in the relationship between seller and buyer and, for this reason, the companies are investing in their technicians so that they also become relationship professionals." At this point, we are not considering the immediate purchase by simple impulse, theorized by Engel (2000). Therefore, this moment is the negotiation mark between both sides, where fidelity and quality are evaluated and physical and tactile contracts are finalized.

METHODOLOGY

The study was based on research classification criteria proposed by Vergara (2019, pg.45), that characterizes, primarily, as descriptive, showing the characteristics of the CHT Group. Denzin and Lincoln, (2006), affirm that there are "methods and approaches classified as qualitative research, such as case study, the politics and the ethics, participative investigation, interviews, participating observations, visual methods and interpretive analysis." The investigation was, also, exploratory because, even though, CHT figures as traditional on the market, we verified that there are no existing studies covering the theme we have researched. As for the means, we were took care to present a biographical research, documental and a case study. The sample was chosen for its accessibility, because "far from any statistical procedures, choose elements for ease of access to them." VERGARA, 2019, pg.47).

CHT GROUP

In October of 1975, the headquarters for the SMART CHEMISTRY AND CHARACTER CHT GROUP in Germany put an announcement the "*O Estado de São Paulo*" newspaper, where they solicited a professional on auxiliary textile products to develop and implant a subsidiary in Brazil. The professional who was contracted was Mr. Willi Wege. From then on CHT Tubingen Produtos Químicos Ltda. as formed. However, within a few months, the company name was changed to CHT Brasil Química Ltda. , even though the activities had begun in the year 1976 in the city of São Paulo, in a cellar given them by the Eletroquímica company.

In search of growth, in 1977, the company moved to the city of Campinas, in the state of São Paulo, into a shed like building of 10002m and 6002m of constructed area. From then on, the expansion of the company grew and, in 1982, it was transferred to Jordanésia/Cajamar, in the state of São Paulo.

There were subsidiaries opened in Santa Catarina and Rio de Janeiro, concentrating their products on detergents, complexants, organic stabilizers, moisturizers, whiteners, optic bleaches, colloids, dispersants, equalizers, fixatives, softeners, micro emulsions, antifoams, lubricants, solvents, topping oils for textile fibers, products for printing fabrics and special finishing products.

Since 1976, CHT BRASIL has carried out an important role as one of the leading components of the Brazilian market of textile chemicals. It is certified by the ISO 9001 and 14001. The offer a variety of innovative auxiliaries for Textiles, Textile Care, Construction and Industry in general.



The values contain a concern with the international market: “CHT Group, the preferred partner and reference leader for sustainable chemical solutions in our markets, worldwide!” ([https://www.cht.com/cht/medien.nsf/gfx/med_MJOS-AWECGG_30F0F0/\\$file/CHT-Visao-Missao-Valores-Pocketguide-PT.pdf](https://www.cht.com/cht/medien.nsf/gfx/med_MJOS-AWECGG_30F0F0/$file/CHT-Visao-Missao-Valores-Pocketguide-PT.pdf)). The mission corroborates this principal, searching to offer trustworthy work places around the world. Founded on roots and solid values, it is a large investment in the talents of the collaborators. One international team within a consolidated organization expands our business potentials. The expansion of the company is characterized with the prospection of the market and the international consumer, where the treatment and satisfaction of the client are considered.

A company, to serve the market well, should deeply know their consumer. A market is characterized in accordance with the behavior of an organizational – consumer, industrial, seller, governmental and international – that render how they consume goods and services.

One of the largest markets and preoccupations of the companies is to serve the consumer market that is basically made up of natural persons who acquire products and services for their own use and that of others. For business success, a company should understand how the behavior of a consumer proceeds, needs, desires, shortage, as

well as the roles each one carries out in the buying process. All this understanding should be derived from continuous research and knowledge of the Market, as well as, the Value Proposal that the company intends to deliver.

The Theory of Consumer Behavior makes it possible for the company to have a systematic view of the stages and processes that lead to recognition of needs and desires, the search for data and information, an evaluation of alternatives, the decision to buy and, finally the post buying evaluation.

The case study showed the success of the international company, found in various countries, whose preoccupation is always client consumer satisfaction. In addition to that, the company should identify the roles consumers carry out in the buying process – initiator, influencer, decider, buyer and user, in the sense of acting in a more direct manner, positively influencing the consumer.

In this way, analyzing the trajectory of the company, one concludes that stemming from this knowledge of the market, the organization can model their strategies and actions, in such a way as to influence all the buying process, taking into consideration the consumer need as value when acquiring a product and/or service. The differential of the company is the focus on the client combined with the quality of what is offered to the market, in view of the attributes valorized by their clients. In addition, the success does not depend only on the good will of the managers of the company, but also on the financial independence for the realization of the strategies and actions that guarantee the competencies in an effective manner. In this way, this orientation and concern will help the company to manage their client files and indicate what contents and objectives are necessary to reach sales goals and results.

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IMPACT OF CYBERCRIME ON SOUTH AFRICA'S TOURISM INDUSTRY

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ABSTRACT

Crime in South Africa have become organized and sophisticated. The emergence of the internet has allowed for criminal syndicates to use Information and Communication Technology to conduct criminal acts, known as cybercrime. Cybercrime has been fueled by computers and the internet to promote crimes activities such as theft, fraud and piracy in the 21st century. The tourism industry is the world's largest industry and has been impacted positively by technology which has allowed for the proliferation of online payments, the widespread use of credit cards and the emergence of virtual tourism companies such as online travel agencies. The fact that tourism transactions can occur between tourists and host companies located far from source markets, has been a factor in the cyber crime being rampant in the tourism industry. Technology has proliferated the growth of the tourism industry. and this has meant that cybercrime incidents are disproportionately higher in tourism when compared to other industries. The study analyses the implications of cybercrime, which has turn into a national and international problem, with specific reference to the tourism industry. It further discussed the weaknesses and challenges of existing laws and regulations pertaining tourism in South Africa. The study establishes the implications of cybercrime in tourism. The South Africa government should put laws in to practice as measure to curb cybercrime and crime in general as these two factors decreases the tourism visits to South Africa.

Keywords: Tourism, cybercrime, ICT, South Africa, sharing economy.

INTRODUCTION

“Cybercrime is a growing concern for governments, with the push for universal access to the Internet, the increasing ubiquity of social network and the growing reliance on digital government services and given a growing range of threats from foreign powers, terrorists and criminals. These complex issues span all government ministries, their agencies and contractors, plus provincial and municipal government, and require the state to create legal framework and agencies to protect data and offer advice to businesses and citizens” Sutherland (2017: 83). Cybercrime is the negative consequence of Internet age and many organisations and nations are at a loss of how to effectively respond such crimes.” Cybercrime is a product of development of Internet. Cybercrime normally depends on computer networks and modern computer, as it was discovered after the development of modern computer and Arpanet. Today every one depend on computer or mobile phone to communicate and to manage the finances of private or public entities” Ba (2017:13). “In today’s world, an organizations dependency on cyberspace is becoming an increasingly aspect of organizational security. The infrastructure of different organizations are interconnected in cyberspace, therefore the level of risk to security has increased dramatically” Alphna & Malhotra (2016:145). Companies have also adapted to the fact that the majority of the world’s population are becoming digital natives. Cybercrime has proliferated in the age of social media, where the protection of personal data is possibly at its lowest, as the world’s population are increasingly sharing personal and private information using the social media accounts. Organisations would have to adapt to the threats posed by cybercrime, as part of organisational agility. “Cybercrime is a global phenomenon, with certain reports contending that it now surpasses drug trafficking as a criminal revenue source. Its impact is particularly pervasive in Africa given the lack of cohesive cybersecurity policies and inadequate IT infrastructure” Shaw (2018:4). Wolf Pack (2013) which produced *The South African Threat Barometer* identified the two main drivers of cybercrime, as the following:

- The potential gains from cyberattacks are increasing with the increase use of the internet for financial, social, political and business transactions, and

- Cyber criminals expected consequences (e.g. penalties and the likelihood of being apprehended and prosecuted) are frequently lower compared with traditional crimes.

INFORMATION & COMMUNICATION TECHNOLOGY IN TOURISM

“The impact of technology on people’s lives has increased dramatically during the last decades. Nowhere has this been more evident in recent years than in the tourism industry. Technology has especially affected the way people travel and purchase tourism offerings, and the way organisations communicate with consumers” George (2014: 69). “The growing popularity of business applications of the Internet has increased the number of people who use the technology to search for information and make purchases online” Law et al. (2015:432). Warden & Tunzelana (2004) noted that the travel industry is a prime example of a sector that has been profoundly impacted by informational technology:

- Firstly, through more traditional application such as computer reservation systems (CRS), destination information services (DIS) and global distribution systems (GDS), and
- Secondly, through Web-based applications that allow consumers and corporations to obtain travel information and advice, compare prices, and reserve their own transportation, lodging and phenomenon of disintermediation. This eliminates the need for traditional intermediaries such as travel agencies, and eventually one of reintermediation, where those once disintermediated organisation are able to fight back by adopting electronic commerce technologies to find new and innovative ways to maintaining and enlarging their customer base.

The initial impact of technology on tourism was felt in tourism distribution, as disintermediation occurred primarily for the travel agents. Tickets were sold directly between tourism consumer and the airlines, and the buying of airline tickets has dominated online sales ever since. Personalisation and customisation of the tourism product to meet the needs of the customer, was made much easier. Technology created another communication avenue between companies and the customer, in addition to the internet websites acting as an additional sales site for tourism inventory. “One of the habits what is steadily growing in our society, which was essentially unthinkable years ago, is purchasing power the Internet and interestingly, services related to tourism and leisure are those are the most demanded” Van Der Bank & Van Der Bank (2015:4). Cooper et al. (2005) noted that on the tourism supply side, the impact of ICTs were evident in the production, marketing, operational and distribution functions of both the private and public sectors. Technology increased the speed, efficiency and competitiveness of the tourism trade. As tourists were jumping on the tourism technology bandwagon, they were joined by the tourism trade which used technology to reduce the cost of doing business.

“Adoption of the Internet for travel planning has now reached a level of saturation indicating that the Internet continues to be the number one source for information in trip planning: this finding suggests that many travelers are intensely technology dependent in seeking and preparing for their upcoming travel experiences. Traditional travel products such as air tickets, lodging and rental car continue to dominate the online travel planning and product purchased online” Xiang & Fesenmaier (2014: 246). The first era of technology on the tourism industry was characterized by the lowering of the barriers of entry and increased competition. Technology created the platform, for the launch of low-cost carriers (LCCs) that used technology to reduce their cost of doing business, which caused disruption for legacy operators. “This is evident in the aviation industry due to effective ways of trying to achieve cost savings by reducing human resource dependency which led to the emergence of the no-frill low cost carrier airline model” Sifolo & Henama (2013: 1). The second era of technology was seen by the emergence of social media and deep mobile phone penetration, which revolutionarised tourism trade. Mobile phones had replaced as the new frontier of tourism. “With 83% of passengers traveling with them, mobile devices are an essential part of the travel journey today. Mobile is well integrated into the modern Travel & Tourism experience: with travelers using apps to arrange a ride to the airport, getting an electronic boarding pass, accessing in-flight entertainment on a mobile device, unlocking their hotel room with a mobile key, looking for what to do and where to eat and sharing their travel experiences on social platforms” World Travel and Tourism Council (2019:1). Security has emerged as a major challenge for tourism transactions that are increasingly online. Cybercrime has emerged as a major threat for tourism transactions. As technology improves, there would be an improvement in security for online payments. Destination countries must

ensure that the tourism value chain is adaptive and agile to respond to changes in payment systems especially for SMMEs and establishment in the rural hinterlands.

CYBERCRIME

According to Davids (2017:1) "South Africa had been mostly attacked by cyber intruders while private and public sector do not take the threat "seriously enough". During 2014, South Africa had the most cyber-attacks that reflect the losses estimated at about R50 billion. Therefore, one of the major reason were "shortcomings in the justice system" pertaining the cybercrime and police. Eventually, the lack resources and specialist skills to take on the complex, multijurisdictional investigations" is a major crises in South Africa". South Africa have been identified as the third highest cybercrime victims worldwide which, result in a loss of about R2.2 billion each year to cyber-attacks (Ritchie 2018 & South African Banking Risk Information Centre) (SABRIC). Ritchie (2018) explained that every time a user log onto his/ her smartphone, computer or open an email, you are at risk of being exposed to cybercrime. Big businesses and individuals are regularly targeted and vulnerable to the growing incidence of cyber-attacks. However, the most common crimes in SA are generally low-tech, such as attempts to trick individual's user to reveals his/her personal information through bogus emails. Fichardt (2015) noted that South Africa has suffered the most from cyberattacks in Africa. This can be attributed to the fact that South Africa has the most industrialised economy of South Africa, and the country is seen as a gateway into the African continent, using the well-developed banking system in South Africa for African expansion. Cybercrime predominated in the tourism industry, because of the sheer number of online tourism sales dominating e-commerce. "The roll of ICT has exposed the users of huge data bank of information regarding the bank account number, credit/debit card number, contact number or any type of personal information, etc, and all these information are very much vulnerable if we talk about the use of computers and internet in the field of tourism, and hence the probability of cyberattacks cannot be denied" Vyas (2013: 13). Staff within the tourism and hospitality industry have assisted the proliferation of unauthorised transactions and now cybercrime. Goredema (2012) noted that relatively lowly paid casual workers, mostly serving as waiters or waitresses, recruited by knowledgeable runners who instruct them to collect data from debit and credit cards using portable scanners, which is transferred into cloned cards for use in commercial transactions or the withdrawal of funds. In the last quarter of the 2015/16 financial year, 18.7% indicate that international tourists had arrived in South Africa. Unfortunately, the increase in tourism has also met with led to a substantial rise fraudulent or fraud in this tourism sector as noted by Snyman (2016). Cybercrime has increased sharply for agents and individual tourists alike. Recently a travel agent fell victim to a syndicate while booking accommodation for a group of tourists to the DRC. On other hand, actual hotel would not let the group tourists leave the hotel until they had paid for the accommodation utilized. Travel agents at the booking section risk the potential to be held liable for the amount that has been defrauded, as well damages suffered by clients according to Snyman (2016). Vacation scams are popular cybercrime within the tourism industry. "Typical vacation scams would sell you a holiday at a lower rate than the expected rate or a timeshare. They take the form of the 419 scams; they want you to pay a certain amount as deposit" Kahla (2018: 3). Tourism is an easy target for cyber criminals because tourism consumption occurs away from normal environments, in terms of international tourism, it is consumed in foreign lands. "There's no softer target than a bewildered tourist in a foreign country" Traveller24 (2015:1). Traveller24 (2014) noted that the Govender family had lost R37 000 in a cyber-crime incident as they rocked up at an Umhlanga Rocks home after paying at deposit of R37 000, to find the supposed holiday home, occupied by the unaware home owner. The unsuspecting owner had noted that his house had been uploaded online as a holiday home.

CYBERCRIME PREVENTION AND MITIGATION

Prevention is more important than cure, and therefore cybercrime prevention must be a proactive strategy to avert losses and corporate espionage associated with cybercrime. Wolf Pack (2013) noted that the most common top cyber vulnerabilities are as follows:

- Inadequate maintenance, monitoring & analysis of security audit logs.
- Weak application software security.
- Poor control of admin privileges.
- Inadequate account monitoring & control.
- Inadequate hardware/software configurations.

Ameer-Mia & Shacksnovis (2019:2) “businesses should consider formulate a cyber incident response plan which includes establishing notification and escalation procedures when a cyber incident occurs, formulating a public relations strategy in the event of an incident, establishing evidence gathering guidelines, and a stakeholder notification procedure (including any regulatory authority)”. The perennial nature of cybercrimes has meant that companies must protect themselves about the near eventual nature of cybercrime. The training on cybercrime should be extended to the public service including the police, and the security cluster which includes the army, national intelligence and home affairs. The training on cybercrime should be extended to the public service including the police, and the security cluster which includes the army, national intelligence and home affairs. The use of biometric data would gradually rise to mitigate the impact of cybercrime. Artificial Intelligence can be used to mitigate the risks associated with cybercrime.

CONCLUSIONS AND RECOMMENDATIONS

The South Africa government, should put up action and campaign to help its nation (people) to be vigilant to cybercrime. This will people will to be more carefully when they using the Internet and therefore decrease the chance of being attacked. For the people who are working at particular companies should offer their employees information security lessons. The increase of corruption in the country (South Africa) help fuel these security hacks. The internet also help increase crimes by means of fraudulent bank transactions and money transfer etc. Thus, the more encryption technology is the more these criminal activities are escalated (Saini et al 2012:106-107). Even though numerous resource has been spent on cyber security, the outcome is dubious. Following conclusions draw:

- The problem with today cyber security for South Africa is so passive. However, countless money has been spent and efforts, but then It seems that the government cannot win this war only by defending.
- Despite the fact that current cyber security measures in place cannot withstand most of cyber-crimes, since human negligence invite most of cyber-attacks. That is the reason that reported cybercrime cases are still not resolved.
- As we can see from above, to fight against cybercrimes, we need many people from different fields and different countries to work together. We need to be more active in fighting cybercrimes. Countries need to put aside their differences and reach for same goal.

Generally, fighting crime should be a common goal for all countries around the world. It should not be used as a bargaining chip for international relationship. Countries should cooperate with each other in fighting crime on the base of understanding and respecting other countries` law and culture. In this way, we can achieve true cooperation rather than a formality. Du Toit (2015) identified Cyber Liability Insurance as a form of insurance that tour operators must have to cover privacy infringements. Fighting cybercrime is therefore a national security imperative to protect businesses which are the lifeblood of the economy.

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RENEWABLE ENERGY AS A DRIVER OF SUSTAINABILITY OF SOUTH AFRICAN ELECTRICITY SUPPLY CHAIN

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ABSTRACT

The South Africa's heavy carbon economy has made the country one of the top 20 nations with the worst emissions in the world. This study explored the increased production of renewable energy in South Africa in recent years, in a bid to lower carbon emissions and driving sustainability of electricity supply chain by making it more endurable. An exploration was conducted on coal-fired power stations and the independent power producers (IPPs) that generate renewable energy who contributed the participants to the study. A qualitative research methodology was applied and non-probability sampling used. The outcome indicated that renewable energy was cleaner and increased capacity that improved sustainability of electricity supply.

Keywords: Carbon-emissions, coal, electricity-supply-chain, renewable-energy, sustainability.

INTRODUCTION

Energy is one of the leading pillars for economic development globally (World Economic Forum, 2012). The use of fossil fuels played a prominent role in energy provisions with coal contributing 41% of the total global electricity production (World Bank Report, 2019). The use of coal range from heavy industries as a heat generating catalyst, to home for space heating and cooking. Coal is the primary source of energy in South Africa, contributing 88% of the country's electricity generation and coal together with gas produce over 40% of the national liquid-fuels. South Africa has an estimated 53 billion tons of coal reserves which is estimated to last over 200 years at the current rate of exploitation (Eskom, 2020). The country has some of the largest coal mines and has the largest coal terminal in the world, Richards Bay Coal Terminal (RBCT). The South African coal is used 75% for domestic market and 25% for export market (Mineral Council of South Africa, 2018).

The South Africa's energy supply chain is destined for significant transformation as stipulated in various legislations and regulations aimed to reduce carbon emissions and step up distribution to the population. They include National Development Plan (NDP) 2011-2030 and the revised electricity Integrated Resource Plan (IRP) propose significant transformation by fast tracking development of renewable sources of energy by the independent power producers (IPPs) (NDP, 2011). A fleet of 10 aged coal-fired power stations will be decommissioned by 2030 paving way for multiple sources of energy that has less carbon emissions. Other transformation strategy include the government's initiative for renewable energy independent power producers' procurement program (REIPPPP), introduction of battery energy storage system (BESS) for renewable energy and microgrid system. Microgrid is a small network of electricity users for local consumption and also connected to the central network (Ali, Li, Hussain, He, Williams & Memon, 2017).

THEORETICAL FRAMEWORK

The study was grounded in theory of sustainable development as stipulated in the 1987 Brundtland Report on 'Sustainable Development' delivered at the United Nations World Commission on Environment and Development (UNWCED). The report defined sustainable development as "development that meets the needs of the present without compromising the ability of the future generations to meet their own needs" (Brundtland, 1987). In energy perspective,

the theory expressed dilemma created by dependence on fossil fuel-based energy sources as it culminated into the prevailing phenomenon of climate change or global warming. Sustainable development preferred the choice of “energy with long-term availability in increasing quantities from sources that are dependable, safe and environmentally friendly”. Sustainable development compared with the scientific model of sustainability that has linkages or dependencies that provide feedback from environment, society and economy, also called triple-bottom line (TBL) (Jackson, Boswell & Davis, 2011: 55-59). This complies with the South African government initiatives to reduce carbon emissions by fast-tracking generation of renewable energy.

LITERATURE REVIEW

The literature covered electricity supply chain in South Africa focusing on coal mining, coal-based generation, renewable sources of energy, clean coal technologies, sustainability and carbon emissions.

Coal Mining and Consumption

The South African coal is produced by five leading multinationals (Anglo Coal, Sasol, BHP Billiton, Glencore, and Exxaro), which together produce 84% and junior minors produce 16% (Oberholzer, 2014). The distribution of coal produced is 75% for local consumption for electricity generation and liquid fuels production, while 25% is for export (Energy Research Centre, 2018). The local consumption distribution is 70% for electricity generation by South African Electricity Company (Eskom), 20% for liquid-fuels production by South African synthetic oil company (Sasol), 5% general industries, 3% merchants and 2% for home use. Sasol uses Fischer Tropisch technology to transform coal and gas into liquid fuels, a process which is heavy in emissions and its plant in Secunda is the leading single emitter in Southern Hemisphere (Sasol, 2015).

Electricity generation by Eskom

The state utility company Eskom owns all the coal-fired power stations that generate 88% of the total electricity and most of them are situated in Mpumalanga region. Most of the coal-fired power stations operate under ‘tied-colliery’ contracts, through which a coal mine supplies a designate power station through conveyor belts for the ease of transportation costs (Eskom, 2019). Presently, most these power stations are approaching end of life and ten of them are designated for decommissioning by 2030. Since around 2005, these power stations had to receive top-up coal supply, as the designated mines could not meet the required capacity due to depletion of coal reserves in the area. The use of road transportation has turned to be environmental disaster in the area through air and noise pollution, road degradation and road accidents among others. The total generation capacity from coal in 2019 was 37 745 MW (Eskom, 2020).

Clean Coal Technology (Medupi and Kusile Power Stations)

The two giant coal-fired power stations - Medupi and Kusile utilize new coal technologies of super-critical and ultra-super-critical respectively, that reduce carbon emissions by 50% of a similar conventional model. Both power stations have generation capacity of about 9 600 MW (Eskom, 2018). Most of the existing coal-fired power stations are retrofitted with bag filters to control particulate and carbon emissions. By 2030, ten out of fifteen coal-fired power stations will be decommissioned, paving way for a new fleet power stations under clean coal technologies and a range of renewable sources of energy (DOE, 2017). Electricity generation from coal produce waste in form of ash, gaseous and particulate emissions. The utility aims to align with the Paris Agreement on climate change by using cleaner energy sources and reducing its carbon footprint (Eskom, 2019).

Renewable Sources of Energy

Renewable energy is “energy derived from sources that are naturally replenishing, virtually inexhaustible in duration, but limited in the amount of energy that is available per unit of time” (U.S. EIA, 2020). The major types of renewable sources are biomass, hydropower, geothermal, wind and solar and South Africa mainly use wind, solar and hydro power. The South African Electricity Act of 2006 designated Eskom to produce 70% of the national electricity requirements and the independent power producers (IPPs) to produce 30% from renewable sources (DoE, 2006). The National Development

Plan (NDP 2011-20130) and the Integrated Resource Planning (IRP) emphasized on the development of renewable sources to lower the carbon emissions emanating from coal-based electricity supply chain (NDP, 2011). However, the overarching legislation Mineral Resources and Petroleum Development Act (MPRDA) of 2002 remain cumbersome (DMR, 2002). The government initiative in support of IPPs through renewable energy independent power producer procurement program (REIPPPP), is accelerating the development of renewable sources mainly solar, wind, and biomass energy projects (Eberhard & Kolker, 2014).

Carbon Emissions

The South African government has emission standards set for companies which has heavy carbon emissions such as coal-fired plants, petrochemicals, cement, smelters and others. The country is ranked 14th among the global top 20 leading carbon emitting countries (Union of Concerned Scientists, 2015), with Eskom as the leading emitter in the country followed by Sasol. Sasol's Secunda plant at Sasolburg is the leading single carbon emitter in the Southern Hemisphere (Sasol, 2019). South Africa subscribes to the United Nations Framework Convention on Climate Change (UNFCCC) that leads the global campaign against the phenomenon of climate change or global warming (UNFCCC, 2010). The country is also a signatory of the Paris Agreement of 2015, where "all parties will reduce carbon footprint by more than 50% by 2030 and eliminate by 2050" (COP21, 2015). The United Nation's projection is a 6% yearly drop of fossil fuels consumption until 2030 in order to stabilize global warming at 1.5 degree Celsius. Under this backdrop, South Africa has an ambitious target of decarbonization of between 3.3% to 5% per annum that translates to 398 MtCO₂e (Million tons of carbon-dioxide equivalent) (BP Energy Stats Review, 2015).

Sustainability

Sustainability is the ability to endure. The sustainability theory in business cautions on "organizations' non-compliance with social norms and environmental requirements as it can be detrimental to their legitimacy and financial sustainability. Thus, organizations use environmental disclosure to certify society's demands" (Wei & Wang, 2016). Thus, "the goal of a firm's value creation can be achieved when management considers the interest of stakeholders and integrates all the five dimensions of sustainability: economic, governance, social, ethical and environmental (EGSEE). The underpinning theory of the study stipulated the theory of sustainable development "as development that meets the needs of the present without compromising the ability of the future generations to meet their own needs". Under this backdrop, renewable energy creates a sustainable business case, that drives the endurance of the South African electricity supply chain.

PROBLEM STATEMENT

South Africa as a heavy carbon economy has urgent need to comply with reduction of carbon emissions. The country's 14th ranking among the worst polluters globally, underpinned the need for transformation into a more sustainable energy supply chain.

PRIMARY OBJECTIVE

The primary objective of the study was to explore renewable energy as a driver of sustainability of South African electricity supply chain.

EMPIRICAL OBJECTIVE

Three empirical objectives were pursued as follows:

- Establishing that multiple sources of energy are more endurable.
- Establishing that clean coal technologies reduced emissions to the environment.
- Establishing that renewable energy reduced carbon missions.

METHODOLOGY AND DESIGN

This study pursued a qualitative research methodology and constructivism research paradigm in exploring the renewable energy as a driver of sustainability of South African electricity supply chain. Both qualitative and constructivism use data collected from interviews with the participants in the study (Lee & Lings 2008: 226). Research design in a qualitative research entailed primary data collection from participant that provide empirical evidence of the study is the framework of the study (Saunders, Lewis & Thornhill, 2016:291). The theory of sustainable development provided the theoretical framework of the study. The exploration looked at the South African aged coal-fired power stations and the inclusion of renewable sources of energy to reduce carbon emissions, increase capacity to increase sustainability to the electricity supply chain.

There were 15 senior managers drawn from the state utility company Eskom and the IPPs as participants in the study and they were interviewed telephonically for 10-15 minutes, as it was during the Coronavirus pandemic lockdown period. The participants were assured of confidentiality and non-disclosure. The interview was recorded with a digital voice recorder and afterwards transcribed, interpreted, coded and analyzed via content analysis. for the ease of analyzing the data afterwards (Saunders *et al.* 2016:220). The major themes and sub-themes that emerged the basis that established the outcome of the study.

RESULTS AND DISCUSSION

The outcome of the study was established by the themes that emerged from the data analysis. The major themes comprised coal heavy in carbon emissions, intermittent nature of renewable energy, energy mix, transforming energy supply chain, power outages, emergence of IPPs, regulations and policy. The themes represented the views of the participants in the interview, and provided answers to the empirical objective of the study as expressed below:

Empirical Objective 1: Establishing That Multiple Sources of Energy Are More Endurable” (Achieved)

The over-reliance on coal for the production of energy in South Africa was the leading concern by all the participants. They applauded the government REIPPPP initiative for enhancing development of renewable sources of energy by IPPs. The initiative supported multiple sources of energy to lower carbon emissions, limit the power outages as multiple sources wouldn't fail at the same time and to break the monopoly in the energy supply chain. Seven of the participants preferred municipalities and major electricity consumers such as mines be permitted to use the 'minigrid' to minimize pressure on the national grid. The participants were unanimous in the planned introduction of battery energy supply systems (BESS) for the renewable energy. Most importantly, the participants stated that multiple sources of energy make the electricity more endurable as they minimize interruption such as power outages. The remarks from participant 11 summarized their views as:

“the wind farms and solar concentrates has created lots of interests to both local and international investors and we appreciate the government initiative in support of development of renewable energy to lower emissions. We are excited with battery energy storage systems and the minigrid to save our generation from wind and solar, and ability to allocated a specific market to supply. This proposal coming from the government is very encouraging”.

Empirical Objective 2: “Establishing that Clean Coal Technologies Reduced Emissions to the Environment” (Achieved)

All the participants expressed serious concerns over pollution from intensive use of fossil fuel (coal, gas and oil) and cited pollution the coalfields in Mpumalanga region, where most of the coal-fired power stations are located. They felt the positioning of South Africa among the worst carbon emitters globally could change by reducing emissions by using clean coal technologies and emissions and use of retrofit process to reduce emissions from old power stations. They supported the use of clean coal technologies in the new build such as Medupi and Kusile power stations, which are under super-critical and ultra-super-critical clean coal technologies. The participant 5 expressed the global climate as a reality, and was puzzled by the extent of environmental degradation from carbon emissions by the two leading emitters in the country, as the facts were articulated:

“The two leading energy producers in the country Eskom and Sasol contributed over 70% of the total carbon emissions. That explains the extent of damage inflicted on the environment by two institutions that rely on fossil fuel. Intensifying development of renewable energy from multiple sources (wind, solar, hydro), with minimal carbon emissions will involve several companies, benefit more areas and spare degradation of the environment. Reducing reliance on coal use and use of clean coal technologies meant reduction in carbon emissions and lower carbon footprint for products emanating from South Africa”.

Empirical Objective 3: “Establishing that Renewable Energy Reduced Carbon Emissions”

Renewable energy is “energy from sources that are naturally, but flow-limited such as wind, solar, hydropower, geothermal and biomass” (U.S. EIA, 2020). Most of these sources are available in South Africa, with IPPs presently focusing on wind, solar and hydro power and the development is supported by legislations aimed at lowering carbon emissions. The government initiative of REIPPPP has attracted a lot of investors in IPPs that will contribute over 20 000 MW of renewable energy by 2030. At the same time coal-fired power stations producing 11 000 MW will be decommissioned (NDP, 2011). Participant 3 summarized by stating that:

“the legislations has allowed the development of renewable energy as provided in the NDP 2011-2030, IRP 2018 and the recent statement by Eskom to abide by the Paris Agreement. The Eskom’s two new coal-fired power stations Medupi and Kusile utilize clean coal technologies that drastically reduce carbon emissions. These are endorsements for increasing the energy mix with renewable energy sources and use of clean coal technologies to reduce carbon emissions”.

LIMITATION TO THE STUDY

The South African energy sector has been sensitive due to the main legislation MPRDA Act of 2002 which was perceived by investors as cumbersome and hadn’t been appropriately revised. However, the need by the government to lower carbon emissions by working closely with IPPs is hoped to resolve the stalemate that has existed with investors in the last two decades. That was the only obstacle on the government side, as the other role players in the industry were approachable.

CONCLUSION AND RECOMMENDATIONS

An exploration of the fossil-based energy industry was conducted covering the provision of electricity and liquid fuels for South Africa. The heavy pollution from burning coal at power stations, the power outages emanating from the aged power stations and the present drive towards increasing energy mix with renewable sources were reviewed. The legislations supporting increased development of the renewable sources of energy, the use of clean coal technologies and the government’s REIPPPP initiative were covered. The theory of sustainable development that underpinned the study was articulated and the problem statement, primary and empirical objectives and the qualitative research methodology were expressed. The interviews with Eskom and IPPs were conducted telephonically due to social distancing protocols required due to Coronavirus pandemic. After the data analysis, three empirical objectives set for the study were achieved as they featured prominently from the themes that emanated from the data as articulated in the discussion section.

The recommendation is for the MPRDA Act of 2002 which regulates the energy industry to be reviewed after exhaustive consultation with the role players in the industry. The Act’s acceptance by the industry would further enhance the crucial role of speeding up development of renewable sources of energy, to reduce carbon emissions, and lower the South Africa’s carbon footprint.

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THE LINK BETWEEN EDUCATION LEVELS AND VARIOUS ASPECTS OF THE ORGANISATIONAL GROWTH

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ABSTRACT

The performance of every organisation determines either the success or failure of the organisation. This refers to how well the organisation is doing in terms of production. However, several factors contribute to the growth of small businesses. As a result, the study intends to determine whether the identified different education levels, notably; below matric, matric and diploma/degree, impacts the identified different organisational growth aspects; financial, strategic, structural, and organisational growth which make up overall business growth. Therefore, the researcher considered using a research method which allows for detail-oriented data to be collected and incorporates human-experience and always open-ended. As a result, the study adopted a quantitative method in which questionnaires were distributed amongst a sample of 167 respondents of entrepreneurs trained at a Centre for Entrepreneurship of a South African University. The results of the study indicate that the levels of education have an insufficient correlation with the different organisational growth aspects under this study. The study recommended that small business owners should familiarize themselves with different factors which have influence on different growth dimensions and the overall business growth due to the results indicating educational levels' none influence, posing a great argument against large parts of the literature addressed in the study. This will enable business owners to know what is important for business and what is not. Given the key limitation of the study being the context under which it is conducted, SMEs, further studies can be conducted within a broader context and include large enterprises. Most importantly, the research question was effectively addressed which concludes that the study will positively contribute towards the rightful body of knowledge of this study.

Keywords: Education, small business, business growth

INTRODUCTION

The effectiveness of any organisation inevitably relies on the efficient utilisation of human resources available in the organisation. Therefore, the growth of small businesses depends on the value of their human resource. Vijayabanu and Amudha (2012) describe human resources as workers or employees assigned to complete certain organisational activities for accomplishing organisational goals and objectives. Human resource is commonly known as human assets, staff, human resources, or personnel. As a result, it remains imperative for small businesses to ensure that they hire people who will help the organisation with development. Hence, it is important to conduct this study aimed at determining the correlation between the impact of business owners' education levels on business growth aspects. Moreover, this study will greatly be of greater prominence for small businesses in the process of development and growth.

Business growth and performance can be influenced by several internal and external factors (Adekunle, 2020). For this study, the focus is on the crucial role that the education levels of business owners play in the growth of small businesses. In simple terms, the education levels of business owners refer to the highest level of education or qualification small business owners possess. Education is a coordinated manner in which companies grow new and current workers and increase their quality (Nda and Fard, 2013). It is further defined as the mechanism of continuous

propagation of socially relevant experience across centuries. It is recommended that the key approach to obtaining education is by pursuing a course of preparation in the framework of educational institutions (Naziev, 2017). Moreover, for a specific customised type of education required by the organisation, it is the responsibility of the organisation to take the initiative to provide training for employees to ensure that they are educated per their requirement. Most organisations' effective performance heavily depends on the performance of not only owners but also employees determined by their level of education. Therefore, owners' and employees' education levels are unavoidable and should not be overlooked or undermined (Samwel, 2018). The process of acquiring education and the specific type of training provided by the organisation is necessary to be continuous because certain skills erode and become obsolete over some time (Nda and Fard, 2013; Nishtha and Amit, 2010).

In an attempt to determine the influence of education levels of business owners on different growth aspects, scholars such as Nda and Fard (2013); Renaud and Morin (2019) posit that several organisations invest in education with the anticipation that it will result in both enhanced personal performance and organisational growth. Organisations investing in education and development for human resources tend to achieve both short- and long-term organisational performance benefit, notably, growth. (Nda and Fard (2013). Growth in an organisation refers to an organisation's increase in output relative to its goals and objectives, moreover, Tomal and Jones (2015) describe organisational growth as an organisation's actual outcomes or production as calculated against the expected outputs. In simple terms, business growth is perceived as a good goal for businesses because it is an important measure of business success and the key driver to the creation of wealth, employment, and economic development and a great measure of business success (Neneh and Vanzyl, 2014). As previously elucidated, with several factors available to influence organisational growth, education remains the focus of this study. Hence, this study intends to answer the following question: can business owners' education levels impact the identified business growth aspects? This study addresses this question.

LITERATURE REVIEW

This section of the study will address the following key aspects of this study; (1) Education, (2) the importance of education on business growth, (3) business growth aspects, (4) financial growth, (5) Strategic growth, (6) Structural growth and (7) Organisational growth.

Education

There is a great variety in terms of conceptions put forward regarding education. Naziev (2017). define education as a process of all-rounded personality development while Naroş and Simionescu (2019) contend that it is the responsibility of small businesses to ensure a proper level of education for employees and a proper level of preparedness for management. It was further elucidated those small businesses have invested in formal education at all stages of operating a business through the promotion of a successful curriculum, appropriate education equipment and materials, technical advancement, provision of bourses and involvement in joint research ventures and events (Naroş and Simionescu, 2019). This is done to ensure the development and growth of small businesses.

Moreover, it is of paramount importance to note that education level is not only important for business advancement and growth but also for social purposes, to ensure community togetherness and accelerate social development. Furthermore, the study by Naroş and Simionescu (2019) denotes that there are high expectations for more highly educated managers and owners than less educated managers and owners to successfully run businesses. Therefore, for the success of a business, business owners and managers would be expected to put their priority on acquiring education. The implications revealed by Naroş and Simionescu (2019) in their research, are backed by the findings of a study by Panagiotakopoulos (2020), indicating that well-educated owners and management usually achieve increased profitability, strengthen labour force productivity, enhanced staff retention and motivation among employees. Nda and Fard (2013) augment the above findings by highlighting that education was invaluable to improve companies' productivity and growth, which leads to greater success.

Importance of education on business growth

According to Kotur and Anbazhagan (2014), believe that there is a common perception that educated people can accomplish some organisational tasks easily and efficiently compared to uneducated or less educated people. It is following the saying “Knowledge is power”, implying that a person with greater knowledge can execute organisational tasks and activities better than someone who still requires knowledge (Kotur and Anbazhagan, 2014).

In addition, Kotur and Anbazhagan (2014) indicated that having a sufficient number of highly educated people in the organisation, plays an important role towards the growth of the organisation, thus having enough educated people is one of the most important factors towards the success of the business. In contrast to other forms of capital (physical and structural), human capital is claimed to be more effective than the other forms of capital. Businesses with higher human capital productivity tend to perform well financially, thus contributing to market success.

Furthermore, Riyanto, Yanti and Ali (2017); Hasibuan (2007), supported by Indarti (2020) indicated that education influences organisational growth and performance based on the following aspects. The different aspects indicated below indicate the importance of education on business growth:

- **Labour productivity:** because of a higher level of education, the productivity of employees is likely to increase the rate of development, quality, and quantity of production, because of the better technical skills, human skills, and managerial skills of employees.
- **Efficiency:** Having a high number of educated people intends to help with the improvement of the efficiency of energy, time, raw materials, and minimise the wear machines and result in reduced production costs helping the business remain competitive.
- **Damage:** Highly educated employees can help reduce the damage to the goods, production, and machinery for the more expert and skilled employees to do the job.
- **Accidents:** Educated employees are likely to reduce the accident rate, so the number of medical expenses incurred by the company will be reduced.
- **Services:** Highly educated employees will improve the services from employees to customers of the company, for the provision of good service is a critical appeal to associate companies concerned.
- **Moral:** Highly educated employees are likely to have high morale because of the expertise and skills following the work that they are keen to finish the job properly.
- **Career:** Highly educated employees have an opportunity to improve their careers because of their expertise, skills, and better job performance.
- **Conceptually:** High education levels make the manager more proficient and faster in making better decisions, because of technical skill, human skill, and managerial skills better.
- **Remuneration:** High education levels will increase the remuneration (salary, incentive pay, and benefits) of employees because their job performance increases.

Business growth aspects

The word 'growth' is used with two separate connotations in ordinary discourse. Sometimes it merely implies an improvement in quantity; instance, “a 10% increase in production”. At other times, however, it is used in its primary meaning suggesting a rise in size or shift in productivity because of a time of development or experimentation (Achtenhagen, Naldi and Melin, 2010). At times, the term simply means a boost in quantity; for instance, “there has been a 10% increase in production”. On other occasions, however, the expression is used with its primary significance suggesting a rise in size or shift in productivity because of a cycle of development or experimentation. Within which a series of internal shifts influence the pace at which an increasing entity develops, accompanied by improvements in the characteristics of the growing object (Achtenhagen, Naldi and Melin, 2010). Commonly, there are three well known internal shifts or strategies that are known for business growth; notably; cost leadership strategy, differentiation strategy and focus strategy (Kitalika, 2020).

As a product, growth is the product of an internal phase in the development of an enterprise as well as an extension of better quality and a greater number. Growth is characterised as a change in size over a time that is calculated (Machado, 2016), it is critical for small businesses. Small businesses should continue to be competitive in

their respective industries, which in turn is a challenging market. However, growth is important for the survival of small businesses (Coad, Frankish, Roberts and Storey, 2013). Business growth is not only important for the business but also imperative for emerging countries because it plays a crucial role in economic development (Eijdenberg, Paas and Masurel 2017). A business is deemed to have expanded whether its scale or reach grows along one or more dimensions including market share, profitability, assets, or operating performance (Koryak, Mole, Lockett, Hayton, Ucbasaran & Hodgekinson 2015). However, many factors affect the growth of small businesses, the growth of small businesses is a consequence of, among other factors, the exploitation of opportunities to produce a valuable product.

Weber, Geneste and Connell (2015) argue that corporate efficiency (through growth) is important for the perception of small business growth and that it has been used as a metric for small business success. Growth is measured by how well the company is performing in terms of revenue, market share, cash, profitability, and staff. The amount of job development that comes from small business growth explains why employee numbers are so widely used as a metric. Such measures of growth vary per the type of growth under focus. For this study, the four aspects of growth to be briefly discussed include financial growth, strategic growth, structural growth, and organisational growth.

Financial growth

Financial management endeavours to reduce the expense of fiancés and therefore ensures there is ample flow of funds in the sector, it is a philosophy that deals with arranging, monitoring, and preparing different financial operations such as the utilisation and procedures of funds (Al Ahbabi and Nobanee, 2019). Hence, it is important to ensure continuous financial development and growth, commonly known as the improvement in quantity, quality, and efficiency of financial services, which slightly indicates the success and growth of a business (Choong and Chan, 2011). Given the sensitivity of finances for the success of a business, it is the responsibility of business owners to ensure that competent people are assigned for the financial management of the business to ensure growth and success (Pascareno & Siringoringo, 2016).

Strategic growth

Strategic growth is not anything to aspire for, but it is a prerequisite for companies (Durmaz and İlhan, 2015). Moreover, Wheelen and Hunger (2012) further utter that a business strategy helps business enhance their competitive edge in the industry and determines the performance of businesses in the industry. Hence, growth remains imperative for businesses to survive in developing industries. Therefore, businesses must constantly change and develop to make progress.

In addition, Durmaz and İlhan (2015), refer to strategic growth as both qualitative and quantitative development in business. Quantitative growth includes an increase in the current output, sales revenue, product range, the extent of resources, for example, the number of employees, the sum of capital, etc. Alternatively, qualitative growth includes developing the quality of business elements. Additionally, strategic growth helps businesses outperform their competitors and become immune to troubles. Targeting growth allows companies to know their environment more closely (Mom, 2019). A strategic outlook on development or strategic management of complex growth is required (Dagnino et al., 2017). Companies continue to explore and create new growth prospects, not just by deploying established capital and enhancing their core company, but by venturing into new markets and developing new resources and skills. Viewing growth as a part of business' renewal will enhance the core competencies of the organisation and will help to ensure that the company is viable for the long term (Dagnino et al., 2017).

Structural growth

The structure of a business separates roles and obligations among the organisation's workers and organises operations such that they are oriented toward the organisation's goals and objectives (Maduenyi, Oke, Fadeyi and Ajagbe, 2015). Since an enterprise operates to achieve goals and objectives, how executives or supervisors delegate tasks to employees and how the organisation is organised is determined. According to Nelson and Fast (2011), assigning roles and obligations leads to categorisation or branches in organisations such as manufacturing, distribution, marketing, and so on. Such categorisation has an effect on the overall system, which includes the nature of formalisation, degrees of hierarchy, degree of lateral integration, power centralisation, and communication habits. As a result, an

improvement in the number of operations and responsibilities would result in the system expanding (Nelson and Fast, 2011).

In the same vein, Davidsson et al., (2010) refers to the structural growth as the gradual shifts that arise with the way a company organises its internal processes, such as executive functions and duties, monitoring and coordination links, and resource control structures (Davidsson et al., 2010). This build-up is made up of factors such as cultural elements, personnel hiring and production, as well as evaluation and incentives, as well as the relentless struggle between static bureaucratic designs versus fluid, organic designs (Kuratko & Hodgetts 2014).

Organisational growth

According to Mackenzie and Gordon (2016), cite that organisational growth is complex and requires planning. To be effective, organisational growth should include work at both the institutional and individual level. In essence, it is a concerted move by the organisation to improve its efficiency and to allow the organisation to meet its strategic objectives. This characterisation began being formally implemented in the 1950s, but certain ideas go back to the olden days (Child, 2005). Moreover, it encompasses both the theory and practice of planned, systemic change in the attitudes, beliefs, and behaviour of employees through long-term training programmes. It is commonly a method for reviewing an enterprise alongside a copy designed to demonstrate the effort a corporation has placed into it (Mackenzie and Gordon, 2016). Velasco and Montoya (2020) concludes that organisational growth is linked to organisational performance.

HYPOTHESES

Small and medium-sized enterprises (SMEs) of this kind have a poor success rate, and even if they do succeed, they do not flourish (Jones, Coviello & Tang 2011). As a result, the majority of SMEs do not expand. According to these reports, non-entrepreneurial companies do not flourish (Wickham 2004). On the other hand Wiklund and Shepherd (2003), eluded that most small-business enterprise are motivated by need for survival in nature. However, this research contends that this is a superficial view of development (as it is commonly presented) that is based on a rise in personnel size or revenue but may not account for intangible growth in policy or organisational ability. Strategic and organisational development are intangible and inevitable over time, regardless of whether workers or turn over (the normal measures) rise or decrease. We contend that development in certain ways is likely to occur as long as a limited business exists (i.e., the length of operation grows or the age increases). The organisation must have evolved from the period it was established to the point that it might satisfy consumer demands (as advocated by stages theory, Greiner 1972, Churchil & Lewis 1983). Therefore, the study's hypothesis are as follows:

Ho1: There is no significant differences in the stated growth aspects between SMEs and varying levels of education of the business owners.

Ho1A, financial

Ho1B, strategic

Ho1C, structural

Ho1D, organisational

Ho2: There is a significant difference in level of education of owners between “Below matric”; “Matric”; “Diploma/Degree” regarding each of the following aspect of growth,

Ho2A, financial

Ho2B, strategic

Ho2C, structural

Ho2D, organisational

The hypothesis of this study assumes that the different aspects of growth are not to be influenced by the level of education of the business owners. Growth refers to the net change in a specific variable within a time, and a given context (Cooper & Nakanishi 2010). In this study, in line with the cited literature, the level of education of owners is measured against the different business growth aspects under study.

RESEARCH METHOD

The methodology used for this study is a cross-sectional observational analysis. According to Levin (2006), cross-sectional studies are carried out at one time point or over a short period and commonly conducted to estimate the prevalence of the outcome of interest for a given population. The advantages of conducting cross-sectional study include: (1) it is relatively cheap and takes little time to conduct, (2) can estimate prevalence of outcome of interest because sample is usually taken from the whole population and (3) many outcomes and risk-factors can be assessed. For this study, data was gathered from a survey of 200 small businesses chosen at random utilizing simple random sampling method in which each individual in the population had an equal chance of being selected. The selection was done from classes or cohorts of entrepreneurs educated by the Centre for Entrepreneurship at a South African university. The groups participated in the Small Business Enrichment Course, which was a 12-week programme. The programme's aim was to help structured entrepreneurs from all industries improve their entrepreneurship and management skills. The programme required that the business would have been in operation for at least a month and be a SME (with a revenue turnover of less than R15 million, which is approximately US\$ 1 million). Many of the companies have been in operation for varying lengths of time. Following data cleaning, a sample of 167 participants was considered to be suitable for the analysis study.

During the training process, data was collected from participants using a structured questionnaire. The instrument was split into two sections. Section A: Demographics, which included the owner's age, education, and gender. In section B, two key questions were asked: (1) how long the company had been in operation; and (2) how much money had been made. They had three options: 1 month to 5 years, 6 to 10 years, and 11 years and older. This was subsequently limited to 11-20 years since no companies larger than 20 years were included in the study. The short survival rates of SMEs were considered when categorising them. This classification loosely corresponds to the ones used by the Business Dynamics Statistics (USA), as shown in studies by Headd and Kirchhoff (2003), Stangler and Kedrosky (2010), and others. (2) The second question asked respondents to reflect on the degree to which improvements have occurred in various areas of their market during the past five years. The factors involved political, organisational, institutional, and financial considerations. This was assessed using a four-point Likert scale, with the options being tremendously enhanced (4), improved (3), not improved (2), and declined (1). Financial, systemic, and strategic growth were each calculated using four components, while organisational growth was measured using three. When each build was added, the components that comprised each of these measurements were described in the literature review. It was decided to do an exploratory factor review. Before this, a KMO and Bartlett's test was performed to ensure that the data was suitable for factor review (Table 1). The approach was chosen because it makes use of categorical variables and was used to decide if there was a meaningful relationship between different aspects of growth variables, and level of education of the business owners.

Table 1: KMO AND BARTLETT'S TEST

	Structural	Strategic	Organisational	Financial
Kaiser – Meyer- Olkin Measure of sampling Adequacy	0.672	0.776	0.662	0.710
Bartlett's Test of Sphericity. Approx. Chi- Square.	108.514	250.210	81.634	70.634
df	6	6	3	6
sig	0.000	0.000	0.003	0.000

The KMO and Bartlett's tests show that there is sufficient sampling for both of the constructs, so a factor study was performed. The Promax Kaiser Normalisation rotation method as well as the Maximum Likelihood

Extraction system were used. The components loaded into the initial four structures as a consequence. As a result, the initial designs and names were kept. The extraction of the strategic factor took six iterations, while the systemic factor took five, the operational factor took four, and the financial factor took three.

RESULTS

SPSS was used to analyse the data for this study. To determine if the variations in scores for each of the four growth aspects are the same, a Levene's test of variance homogeneity was used. Significant values greater than 0.05 were found, indicating that the principle of variance homogeneity had not been broken. As a result, an ANOVA test was performed to test hypothesis 1, that there are no significant differences in the stated growth aspects between SMEs and varying levels of education of the business owners.

The following p-values suggest that there is no statistically significant difference between SMEs stated growth aspects and the level of education of the business owners, as shown in the results (Table 2): financial growth (fingrow) ($p - 0.735 > \alpha = 0.05$ (Ho1A)); strategic growth (stratgrow), $0.844 < \alpha = 0.05$ (Ho1B); structural growth (strucgrow) $0.193 < \alpha = 0.05$ (Ho1C); organisational growth (orggrow), $0.892 < \alpha = 0.05$ (Ho1D). Hypothesis 1 (Ho1) is therefore rejected. This implies that the different levels of education of the business owners have no statistically significant effect on the various aspects of growth. Put differently, this means that different aspects of growth do not occur during different phases of education of business owners.

Table 2: ANOVA: GROWTH ASPECTS AND LEVEL OF EDUCATION

		Sum of Squares	df	Mean Square	F	Sig.
FAC_FINGRO FACTOR SCORES	Between Groups	,193	2	,096	,308	,735
	Within Groups	47,189	151	,313		
	Total	47,382	153			
FAC_STRATGRO FACTOR SCORES	Between Groups	,116	2	,058	,170	,844
	Within Groups	50,873	149	,341		
	Total	50,989	151			
FAC_STRUGROW FACTOR SCORES	Between Groups	,889	2	,445	1,663	,193
	Within Groups	40,093	150	,267		
	Total	40,982	152			
FAC_ORGROW FACTOR SCORES	Between Groups	,079	2	,039	,115	,892
	Within Groups	51,212	149	,344		
	Total	51,291	151			

Results from (Table 3), also show that there is no significant difference **financial Growth** (Ho2A) between the levels of education: below matric – matric ($p - 0.998 > \alpha = 0.05$) and diploma/degree, ($p - 0.985 > \alpha = 0.05$) (Ho2A1). There is no significant difference between those with matric – below matric ($p - 0.998 > \alpha = 0.05$), diploma/degree ($p - 0.833 > \alpha = 0.05$) (Ho2A2), and finally there is also, no significant difference between diploma/degree – below matric ($p - 0.965 > \alpha = 0.05$), and those with matric since, ($p - 0.833 > \alpha = 0.05$) (Ho2A3). Therefore, hypothesis Ho2A1, Ho2A2, and Ho2A3 is rejected while Ho1A1, Ho1A2, and Ho1A3 is not rejected.

In terms of **Strategic Growth** (Ho2B), the findings indicate that there is no statistically significant difference in strategic growth between the levels of education: below matric – matric ($p - 1.000 > \alpha = 0.05$) and diploma/degree, ($p - 0.962 > \alpha = 0.05$) (Ho2B1). There is no substantial difference between those who have a matric – below matric ($p - 1.000 > \alpha = 0.05$), diploma/degree ($p - 0.933 > \alpha = 0.05$) (Ho2B2), and finally there is also, no significant difference

between diploma/degree – below matric ($p - 0.962 > \alpha = 0.05$), and those with matric since, ($p - 0.933 > \alpha = 0.05$) (Ho2B3). This concludes that, hypothesis Ho2B1, Ho2B2, and Ho2B3 is rejected while Ho1A1, Ho1A2, and Ho1A3 is not rejected.

With regards to **Structural Growth** (Ho2C), results show that there is no significant difference in structural growth between the levels of education: below matric – matric ($p - 0.269 > \alpha = 0.05$) and diploma/degree, ($p - 0.265 > \alpha = 0.05$) (Ho2C1). There is no significant difference between those with matric – below matric ($p - 0.269 > \alpha = 0.05$), diploma/degree ($p - 0.999 > \alpha = 0.05$) (Ho2C2), and finally there is also, no significant difference between diploma/degree – below matric ($p - 0.265 > \alpha = 0.05$), and those with matric since, ($p - 0.999 > \alpha = 0.05$) (Ho2C3). As a result, hypotheses Ho2C1, Ho2C2, and Ho2C3 is rejected while Ho1A1, Ho1A2, and Ho1A3 is not rejected.

Assessing, **Organisational Growth** (Ho2D1-3), results show that there is no significant difference in structural growth between the levels of education: below matric – matric ($p - 0.995 > \alpha = 0.05$) and diploma/degree, ($p - 0.965 > \alpha = 0.05$) (Ho2D1). There is no significant difference between those with matric – below matric ($p - 0.995 > \alpha = 0.05$), diploma/degree ($p - 0.985 > \alpha = 0.05$) (Ho2D2), and finally there is also, no significant difference between diploma/degree – below matric ($p - 0.965 > \alpha = 0.05$), and those with matric since, ($p - 0.985 > \alpha = 0.05$) (Ho2D3). As a result, hypotheses Ho2D1, Ho2D2, and Ho2D3 is rejected while Ho1A1, Ho1A2, and Ho1A3 is not rejected.

. To summarise, no meaningful correlation exists between level of education of owners “Below matric”; “Matric”; “Diploma/Degree” and the various aspects of growth.

Table 3: MULTIPLE COMPARISONS

Dependent Variable				Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
FAC_FINGRO FACTOR SCORES	Dunnett T3	Below matric	Matric	,02063	,13581	,998	-,3172	,3585
			Diploma/ Degree	-,05429	,12874	,965	-,3771	,2685
		Matric	Below matric	-,02063	,13581	,998	-,3585	,3172
			Diploma/ Degree	-,07492	,09894	,833	-,3143	,1644
		Diploma/ Degree	Below matric	,05429	,12874	,965	-,2685	,3771
			Matric	,07492	,09894	,833	-,1644	,3143
FAC_STRATGRO FACTOR SCORES	Dunnett T3	Below matric	Matric	-,00314	,12419	1,000	-,3104	,3042
			Diploma/ Degree	,05314	,12226	,962	-,2498	,3561
		Matric	Below matric	,00314	,12419	1,000	-,3042	,3104
			Diploma/ Degree	,05628	,10537	,933	-,1985	,3111
		Diploma/ Degree	Below matric	-,05314	,12226	,962	-,3561	,2498
			Matric	-,05628	,10537	,933	-,3111	,1985
FAC_STRUGROW FACTOR SCORES	Dunnett T3	Below matric	Matric	-,22619	,13450	,269	-,5621	,1097
			Diploma/ Degree	-,21653	,12751	,265	-,5379	,1048
		Matric	Below matric	,22619	,13450	,269	-,1097	,5621
			Diploma/ Degree	,00966	,09065	,999	-,2097	,2290
		Diploma/ Degree	Below matric	,21653	,12751	,265	-,1048	,5379
			Matric	-,00966	,09065	,999	-,2290	,2097

FAC_ORGROW FACTOR SCORES	Dunnett T3	Below matric	Matric					
			Diploma/ Degree	-,03439	,16397	,995	-,4461	,3773
			Below matric	-,06583	,15731	,965	-,4640	,3323
		Matric	Diploma/ Degree	,03439	,16397	,995	-,3773	,4461
			Below matric	-,03143	,10106	,985	-,2760	,2131
		Diploma/ Degree	Below matric	,06583	,15731	,965	-,3323	,4640
			Matric	,03143	,10106	,985	-,2131	,2760

a. Dunnett t-tests treat one group as a control and compare all other groups against it.

DISCUSSION

Education is commonly known as the most important aspect for successful managers and business. This is backed by the common saying that goes by “Education is a key to success”, however, some individuals argue that some people become successful with or without education. As a result, the purpose of this study was to determine if educational levels have an influence on the different business growth dimensions. Different researchers, notably; Nda and Fard (2013); Nishtha and Amit (2010) and Renaud and Morin (2019) boldly highlighted those educational levels play a crucial on business growth. Their claims are indicated in the literature emphasizing that the level of education can be directly linked to the extent of productivity of individuals and the organisation as whole which will eventually result in the growth the business.

However, other scholars such as Weber, Geneste and Connell (2015) argue that not solely education is important for growth but other factors such as corporate efficiency (through growth) is important for the perception of small business growth and that it has been used as a metric for small business success. The above indicated arguments around the theory and hypothesis of this study are against the notion that education level has an influence on the growth of a business. Therefore, the researchers of this study put forward the hypothesis that “There is no significant differences in the stated growth aspects between SMEs and varying levels of education of the business owners”. In simple terms, this simply means that the growth of a business is not influenced by the level of education of managers or owners of a businesses.

Additionally, the results of this study indicate per the hypothesis of study that there is no significant relationship between education level and business growth. On the first growth dimension, financial growth, it is noted that the different educational levels; notably below matric, matric and diploma/degree have no significant influence on the financial growth of the business. Therefore, it can be concluded that the claims presented in the literature by researchers such as Samwel (2018) indicating that education levels are unavoidable and should not be overlooked or undermined for business growth can be argued against using the results of this study. Therefore, this study put forward a strong argument that education level cannot influence financial growth of a business.

Moreover, on the second dimension of business growth, strategic growth, it is highlighted by the results that educational levels; below matric, matric and diploma/degree have no significant influence on structural growth as per the significant values on table 3 under dependent variable strategic growth. The results led to no rejection of the hypothesis presented by in the study. On the second last dimension, the results still indicate that the different education levels have no significant influence on the structural growth of a business. Therefore, the results still back up the hypothesis presented by the researcher highlighting that “education levels have no significant influence on the growth of a business, especially from structural growth perspective.

Lastly, the organisational growth dimension has also indicated to have no direct link with the different level of education under this study. The results indicate that none of the different levels of education can influence business growth. In conclusion, the findings of this study strongly argue against the claims presented in the literature by different authors emphasizing the importance of levels of education on the growth and development of businesses. As

per the hypothesis of this study, all the different level of education under this study has no significant influence on different dimensions of growth under this study.

PRACTICAL IMPLICATIONS

The growth of a business depends on various aspects, not only on the education levels of owners and/or employees. It is important for the survival of small businesses and not only imperative for small businesses but also for emerging countries because it plays a crucial role in economic development (Eijdenberg, Paas and Masurel 2017). Additionally, Achtenhagen, Naldi and Melin (2010) posit that growth further includes the increase in production and rise in size or shift in productivity. The above clearly indicates the importance regarding emphasis on the growth of a business. There are additional factors which can be considered to ensure the growth of a business except the implications noted in the literature regarding education levels. Jasra, Hunjra, Rehman, Azam and Khan (2011) indicate other important factors to be considered for the growth and success of a business, notably, financial resources, marketing strategy, employee experience, technological resources, information access, government support and effective business plan. Additionally, in their study, the researchers further indicated that financial resources are the most important factor for overall growth of a business. This is concluded on the basis that financial resources are a key factor in which the whole business depends upon.

Given the results of the study indicating a firm argument against several conclusions regarding the influence on business growth, the above-noted implications can lead to a conclusion that not only education, but several other factors can be considered to ensure business growth. On the basis of this study, education levels have no influence on the different dimensions of business growth under this study.

CONCLUSION

Small business owners should be familiar with the different factors which have positive influence on different growth dimensions and the overall business growth. This will enable business owners to know what is important for business and what is not. Given high number of researchers indicating the influence of education on business growth, the study found that education levels have no influence on business growth. This builds an argument against conclusions reached by several researchers, and this identifies a gap for more research to back up this study. Further studies can be conducted to identify several other factors which have influence on business growth and validate the influence of those factors. One key limitation of this study was that the context of this study was within the SMEs, therefore, further studies can be conducted within a broader context and include large enterprises. In response to the findings of the study, the researchers highly recommend that organisations can consider managerial training in absence of any educational level as it has no influence. Moreover, other factors which may have influence on the growth of the business can be taken into consideration, notably; the experience of employees, the productivity levels of individuals, the organisational culture and other internal organisational factors which may have direct influence on the growth of the business.

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WHAT IS THE EFFECT OF THE CONTINUED INFLUX OF ILLEGAL FOREIGN NATIONALS ON THE PROVISION OF BASIC SERVICE DELIVERY, EMPLOYMENT, AND JOB CREATION IN SENQU LOCAL MUNICIPALITY OF THE EASTERN CAPE PROVINCE

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ABSTRACT

The governance of international migration, particularly the illegal foreign nationals (undocumented immigrants) involves cross-border movement which has been a widespread phenomenon on Southern African context. The general perception in South Africa has been that illegal foreign nationals have a negative impact on local communities, service delivery and that they “steal jobs” from South African citizens. Since 1994 foreign migrants were welcomed into the country, but did so lawfully. The presence of large numbers of foreign migrants and illegal foreign nationals caused two major incidents of xenophobic attacks in South Africa during 2008 and 2015. The Department of Home Affairs (DHA) had to ensure that there was identification of the illegal foreign nationals, and in relevant circumstances, legal documentation or permits was provided to the undocumented migrants who qualified. People from countries like Angola, Zimbabwe and Lesotho, were allowed to apply for work, business, study, relatives or retired permits with a duration of four years. Covid-19 and other socio-economic challenges raises a concern about the effect of the continued influx of illegal foreign nationals on cities and towns. Continued influx of illegal foreign nationals compounded serious challenges in the provision of basic service delivery and temporary housing to residents in the biggest cities such as city of Ekurhuleni, Johannesburg and Tshwane due to an increase in population growth caused by the continued influx of illegal foreign nationals. The continued influx of illegal foreign nationals in South Africa through Lesotho which, has a direct bearing on municipalities of the Eastern Cape, Free State and KwaZulu Natal and for the purpose of this paper on Senqu Local Municipality of the Eastern Cape. The research question addressed in this paper is “What is the effect of the continued influx of illegal foreign nationals on the provision of basic service delivery, employment, and job creation in Senqu Local Municipality of the Eastern Cape province. The paper contained an analysis of the findings of an empirical study, while taking a descriptive and an analytical approach to provide insight into the effect of the continued influx of illegal foreign nationals on provision of basic service delivery, employment, and job creation by Senqu Local Municipality of the Eastern Cape.

Keywords: Provision of basic service delivery, influx of illegal foreign nationals, migration, employment, job creation, development of local communities.

INTRODUCTION

Although migration does have considerable potential benefits, for both the migrants themselves, and for the areas of origin and the area of destination. There are also potential cost in the area of destination such as disruption of labour markets, the displacement of local workers, disruption of social protection systems and effects on public service providers the presence of large number of illegal foreign nationals compounded serious challenges in the provision of basic service delivery, health services, employment and housing opportunities to South African citizens influx of illegal foreign nationals increases costs on social spending by exerting pressure on expenditure for social services such as education, health and housing facilities and other services provided by municipalities. The increasing high rate of

unemployment in South Africa due to Covid-19 and other socio-economic challenges further raises a concern about the effect of the continued influx of illegal foreign nationals on local communities and local governments. This paper contained an analysis of the findings of an empirical study, while taking a descriptive and an analytical approach to provide insight into the effect of the continued influx of illegal foreign nationals on provision of basic service delivery, employment, and job creation by Senqu Local Municipality of the Eastern Cape.

An Overview of Migration into South Africa

The number of undocumented illegal foreign nationals living in South Africa has been questioned for many years. Mokoele (2012) argued that the number of foreign nationals living in South Africa is debatable in that Statistics South Africa contains the official figures on legal border crossings, while no record is available of persons crossing the borders illegally (p.12). Bohlmann (2012) agreed that there are no confirmed data estimates of illegal foreign national but the number of illegal workers in South Africa has been estimated at 2 million upward, or 10 per cent of the total labour force (p.3). Another challenge is the continued influx of illegal foreign nationals into South Africa through Lesotho which, has a direct bearing on municipalities of the Eastern Cape, Free State and KwaZulu Natal and in particular for the purpose of this paper on Senqu Local Municipality of the Eastern Cape.

Bernstein (2011) stated that:

The residents of Lesotho are still allowed to stay in South Africa for 30 days and the prior existing permits that allowed them to stay for a period of six months was suspended and the temporary travelling documents were banned that resulted in causing the problem for Lesotho, as they are reliant on South Africa on such things as shopping and other activities. (p.17).

The Department of Home Affairs has taken a prerogative of executing the projects with special dispensations for some of the neighbouring countries. The DHA Annual Report of 2017/2018 (2018) states that people from the countries like Angola, Zimbabwe and Lesotho, have to apply for work, business, study, relatives or retired permits with a duration of four years (p. 98). In terms of Section 9(1) of Chapter 2 of the Constitution, 1996 everyone is equal before the law and have the right for equal protection and benefit of the law, which give effect that citizens and those documented and undocumented migrants must be fairly and equally presented before the law. Section 2(1) of the Immigration Act, 2002 provides the objectives of the Act namely, to promote a human rights culture in both government and civil society in respect of immigration control and to facilitating and simplifying the issuance of permanent and temporary residences to those who are entitle to them and concentrating resources and efforts in enforcing this Act at community level and discouraging illegal foreign nationals and detecting and deporting illegal foreign nationals. Which give rise that the illegal foreign nationals are managed through Immigration Act, 2002. The Immigration Amendment Act (Act 19 of 2004) provides for foreigners and illegal foreign nationals in two sections. The first one is provided through the Immigration Amendment Act, 2004 in Section 7(1)(b) that states that the Minister may, after consultation with the Board, make regulations relating to the steps to be taken to prevent the entry of illegal foreign nationals into the RSA and to facilitate the tracing and identification of illegal foreign nationals in, and their removal from, the Republic.

LITERATURE REVIEW

The Case of Senqu Local Municipality

Senqu Local Municipality (IDP) (2017) stated that:

Senqu Local Municipality is a Category B municipality situated in the Joe Gqabi District Municipality (Category C municipality) which is bordered by Lesotho in the north, the Chris Hani District Municipality in the south, the Elundini District Municipality in the east and the Walter Sisulu District municipality in the west. The following towns forms part of the Senqu Local Municipality, Lady Grey, Barkly East, Rhodes, Rossouw and Sterkspruit. Senqu Local Municipality with its headquarters situated in Lady Grey is a Category B municipality affiliated to the Joe Gqabi District Municipality. Senqu Local Municipality population in 2011 was 134,150 compared to 135 141 in the 2001 Census, while the population as provided by StatsSA,

2016 Community Survey hovers around 140 720. In comparison to the above the household numbers in 2001 were 33 904, it increases to a total of 38 046 households in 2011, while it dropped to 35 597 households in 2016 and in Senqu Local Municipality, there is no clear indication in of the estimated number of documented and illegal foreign nationals living in the Senqu Local Municipality (p.12-21).

The perceived impact of illegal foreign nationals on provision of basic service delivery, employment, and job creation in Senqu Local Municipality of the Eastern Cape province were outlined below.

Perceived impact on employment opportunities

South Africa is one of the countries that experiences a lot of international migration. Crush, Williams and Peberdy (2005) stated a major increase of legal and illegal international foreigners due to firstly, the integration of South Africa with the SADC region and secondly, the region's reconnection with the global economy. (p. 1). Crush *et al.* (2005) further states that the crossing of international boundaries is caused by the seeking of employment (p. 5). It raises a concern that how the illegal foreign nationals can be employed since they don't have document as a form of identification. Section 38(1)(a) of the *Immigration Act*, 2002 provides that no person shall employ an illegal foreigner. The employment of illegal foreign nationals became a source of conflict with nationals.

Human Sciences Research Council (2008) accentuates the discussion by stating that:

The conflict comes from first, the local employment practice of preferring to employ the non-South Africans in the domestic, gardening and construction sectors, second, the lack of a minimum wage in the casual labour sector leads to the work to be done by foreigners which causes the unhappiness to the nationals. (p. 7-8).

Ngomane (2010) aver that:

Many illegal foreign nationals are positively involving themselves in improving the informal and formal businesses through involving themselves in businesses as hair salon, supermarkets, crafts, taxis, upholstery and they bring the new skills, capital and competitive resources as to create jobs for South Africans. (p. 22).

The presence of illegal foreign nationals can have a high negative impact in employment opportunities in Senqu Local Municipality due to high unemployment rates in the area.

Senqu Local Municipality (IDP) (2017) stated that that:

The unemployment rate of the Senqu Local Municipality population is 35.5 % for the people who are searching for work and between 2000 and 2010 formal employment growth was negative at -2.27% caused by the poor performance of agriculture, trade and manufacturing sector, over-dependency on the services sector, recession and global environment. (p. 9). In addition, Senqu Local Municipality, IDP (2017) added that agriculture has shifted from being the largest employer (46.9%) in 2000 to being second-largest (36.3%) in 2010, finance sector increased from 2.9% to 7.5% formal employment over the last decade (7.5% pa), mining (6.7% pa) and manufacturing (5.9% pa) sectors, manufacturing employment increases from 267 to 471 workers over the same period which showed positive rates of growth in formal employment and in GVA contribution in 2010. (p. 29). The influx of illegal foreign nationals will accelerate the existing unemployment challenge and it will have an impact on the residents in Senqu Local Municipality.

Senqu Local Municipality, IDP (2017) states further that:

The municipality has a very high youthful population which indicates a high need for employment and employment opportunities in agriculture and the commercial sector for low skilled workers do not appeal to the better educated and more global orientated youth of today. (p. 20).

Senqu Local Municipality, IDP (2017) aver further that the majority of the population live in rural villages and rely on social grants with high migration to the urban areas inside and outside the municipality for employment and educational opportunities (p.22).

Service delivery

According to Dassah (2017), the influx of illegal foreign nationals increases costs on social spending by exerting pressure on expenditure for social services such as education, health and housing facilities and other services provided by municipalities (p. 266).

Landau *et al.* in Segatti and Landau (2011) agree that:

The migration and movement of people affects the quality-of-service delivery, because municipalities are caught unaware of the population movements of illegal foreign nationals that creates permanent service delivery backlogs, budgetary burden and undermine performance targets. (p. 85).

Landau *et al.* in Segatti and Landau (2011) raised another concern is that:

National and provincial governments determine the financial support allocated to municipalities through the local government equitable share. If the data on migration is not correct it will impact on the financial resources transferred to local government. (p. 85).

The presence of illegal foreign national can also negatively affects the provision of basic service on water, electricity and sanitation in Senqu Local Municipality as the resource for such services are minimal. The influx of illegal foreign nationals also has a negative impact in Senqu Local Municipality area concerning the employment opportunities, crime, health and poverty alleviation and illegal migration increases costs on social spending by exerting pressure on expenditure for social services such as education, health and housing facilities. While, African Centre for Migration and Society (2017, p.26) and Misago, Landau and Monson (2009) added that local residents believe that problems like lack of basic services, will be solved or at least ease off as soon as illegal foreign nationals are forced to leave and the poor service delivery related to access to housing, water and sanitation, electricity, recreation facilities, and other state-provided services becomes that primary concern from the communities (p. 33).

Senqu Local Municipality, IDP (2017) added that:

Water, sanitation and electricity systems are limited and not well maintained with the estimated budget available in Senqu Local Municipality for water is R 149,603,738 and R 93,901,795 for sanitation which is required to address the operation and maintenance of existing water services schemes, water backlogs and illegal links in the rural area The sanitation provision was lagging behind, only 6, 7 % of the population in the area is without any access to any sanitation and is hampered by the terrain as well as poorly designed water and sanitation systems that were not designed to cope with increasing demands in the area. (p. 91-102).

The majority of households enjoy access of basic services in respect of energy and is (66.28%) and sanitation is (56.13%). Senqu Local Municipality. Senqu Local Municipality, IDP (2017) stated that Senqu Local municipality have major electricity backlogs where 11 498 households do not have access to basic electricity services due to high leakages caused by aging infrastructure, poor metering, incorrect accounting and insufficient resources. (p. 10).

Senqu Local Municipality, IDP (2017) stated further that:

For lighting, the majority of residents use electricity with 31 038 using electricity and only 104 for solar, while for cooking electricity use still is dominant with 24 640 and electricity losses - 3,783,161 Kwh due to theft, poor metering, poor networks and incorrect accounts which resulted in total loss of 7.21%. From the above one could argue that the influx of illegal foreign nationals could have a negative impact in Senqu Local Municipality area concerning the basic service delivery including water, electricity and sanitation as the municipality is currently in need of R 149,603,738 for water and R 93,901,795 for sanitation for eradicating its existing backlog, operation and maintenance of existing water services schemes and its households do not have access to basic electricity services due to high leakages attributed to aging infrastructure. The continued influx of illegal foreigners further increased the need for additional free services for environmental and waste management. The spreading of informal settlements increased the rate of illegal dumping of waste, which affected the residential and impacting on the delivering of services. The growth in informal settlements increased the demand for free services and the cost incurred by municipalities. It increased the rate of illegal electricity supplies to informal settlements. (p. 110-111).

RESEARCH METHODOLOGY

This paper is based on a qualitative conducted in 2020. According to Du Plooy-Cilliers, Davis, and Bezuidenhout (2014) "qualitative research methods are used to describe a phenomena or people's behaviour, themes in behaviours, attitudes or trends or relations between people's actions" (p. 12). This study was based on a post-positivist paradigm (qualitative research) that was applied by answering the research questions for this study. A descriptive case-study design was used.

Du Plooy-Cilliers *et al.* (2014) aver that:

A descriptive case study design refers to an attempt to understand a phenomenon within a particular circumstance, therefore a case study design describes a real-life situation by strictly describing the scenario in which the phenomenon occurs. (p. 176-179).

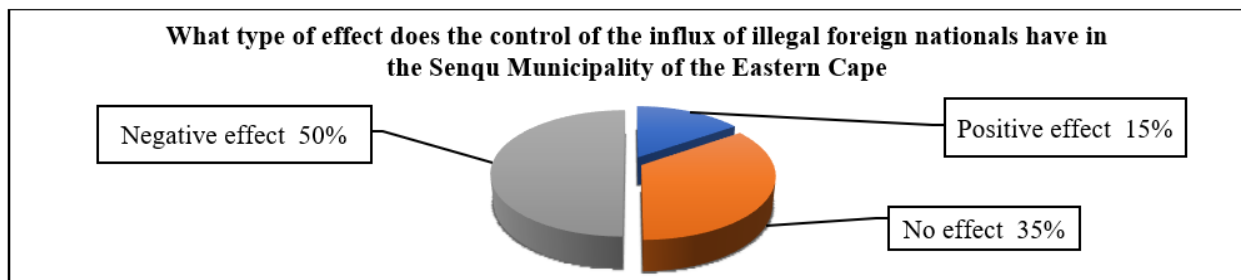
Maree *et al.* (2017) further aver that 15 is the smallest acceptable sample size in qualitative research (p. 84). Therefore, purposive sampling is used to select the 26 participates for semi structured questionnaire from Senqu Local municipality area participants who are categorized as follows, are the employees from the various government departments employees from various government departments, four traditional leaders from four traditional councils and four community members as believed to be directly affected by the presence of illegal foreign nationals. As a reliability internal consistency method Cronbach's alpha provides a measure of the extent to which the activities on a measurement scale provide consistent information. The reliability analysis on 30 items of the semi-structured interview questionnaire resulted in a Cronbach's alpha (α) of 0.89 which indicates good reliability. The semi structured interviews were conducted to the selected number of Senqu Local Municipality employees on perceived impact of illegal foreign nationals in service delivery, employment and job creation.

FINDINGS AND RESULTS

The following findings and results of the semi-structured interview questionnaire were provided below.

The type of effect the control of the influx of illegal foreign nationals has in the municipality was illustrated in Figure 1 below.

Figure 1: Respondents response on the type of effect the control of the influx of illegal foreign nationals has in the municipality (n = 26)



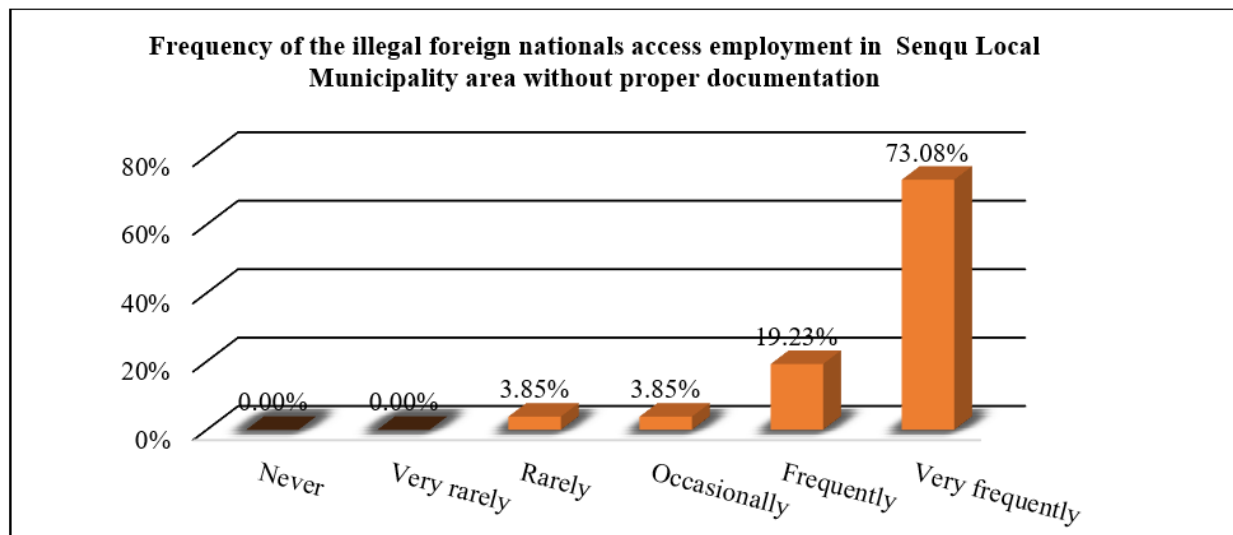
From Figure 1 above 50% of the respondents indicated that the control of the influx of illegal foreign nationals in the municipality has a negative effect, 35% of respondents indicated that the control of the influx has no effect and 15% of respondents indicated that the control of the influx has a positive effect. In the literature of this paper, it was argued the influx of illegal foreign nationals could have a negative impact in Senqu Local Municipality area concerning the provision of basic services, social services, wage levels and employment opportunities, crime, health and poverty alleviation and illegal migration increases costs on social spending by exerting pressure on expenditure for social services such as education, health and housing facilities. A total of 50% of the respondents indicated that the influx of illegal foreign nationals has a negative effect in the Senqu Local municipal on the following

matters; the municipality does not have any reliable number of illegal foreign nationals living in the area, the municipality does not plan and budget to cater for the service delivery needs of illegal foreign nationals; the inability of the illegal foreign nationals to acquire legal documents burdens the provision of basic services and local economy; the illegal foreign nationals contributes to a rapid growth of the population that places an overburden on available services to the legal residence; the huge number of illegal foreign nationals are not well controlled, when illegal foreign nationals committed crime it is difficult to trace them; lastly, traditional leaders also contribute as they deliberately give sites of land to illegal foreign nationals, especially in area of Sterkspruit. The findings on the frequency of illegal foreign nationals' access employment in Senqu Local Municipality area

Frequency of the illegal foreign nationals' access employment in Senqu Local Municipality area without proper documentation

The perception of respondents on the frequency that some of the illegal foreign nationals' access employment in Senqu Local Municipality area without proper documents were illustrates in Figure 2 below.

Figure 2: Frequency of the illegal foreign nationals' access employment in RSA without proper documentation (n = 26)

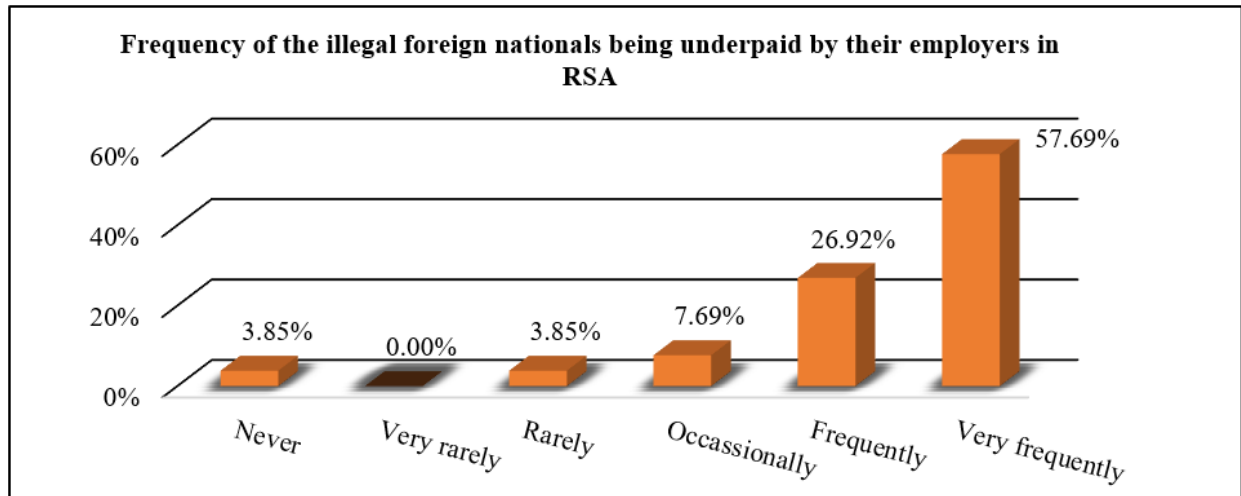


From Figure 2 above 73.08% of the respondents indicated that some illegal foreign nationals very frequently access employment in Senqu Local Municipality area without proper documentation, 19,23% indicated that they access employment in the area without proper documentation on a frequent basis, and 3,85% indicated that they access the employment on occasional and rarely basis retrospectively. In the literature of this paper, it was confirmed that the unemployment rate of the community of Senqu Local Municipality is above 35%. A total of 27.8% of the population of Senqu Local Municipality residents are between 15–24-year-old that needs to find employment opportunities or be able to find employment opportunities in the near future. It was further argued in the literature of this paper that the influx of illegal foreign nationals will accelerate the existing unemployment challenge and it will have an impact on the residents in Senqu Local Municipality. The responses correspond with the above in that a majority of the respondents responded that some illegal foreign nationals access employment in Senqu Local Municipal area without legal documentation. The frequency frequency of illegal foreign nationals being underpaid by their employers in RSA were outlined below.

Frequency of the illegal foreign nationals being underpaid by their employers in RSA

The perception of respondents on the frequency that some of the illegal foreign nationals were underpaid by their employers in RSA, the findings and results were illustrated in Figure 3 below.

Figure 3: Frequency of the illegal foreign nationals being underpaid by their employers in RSA (n = 26)

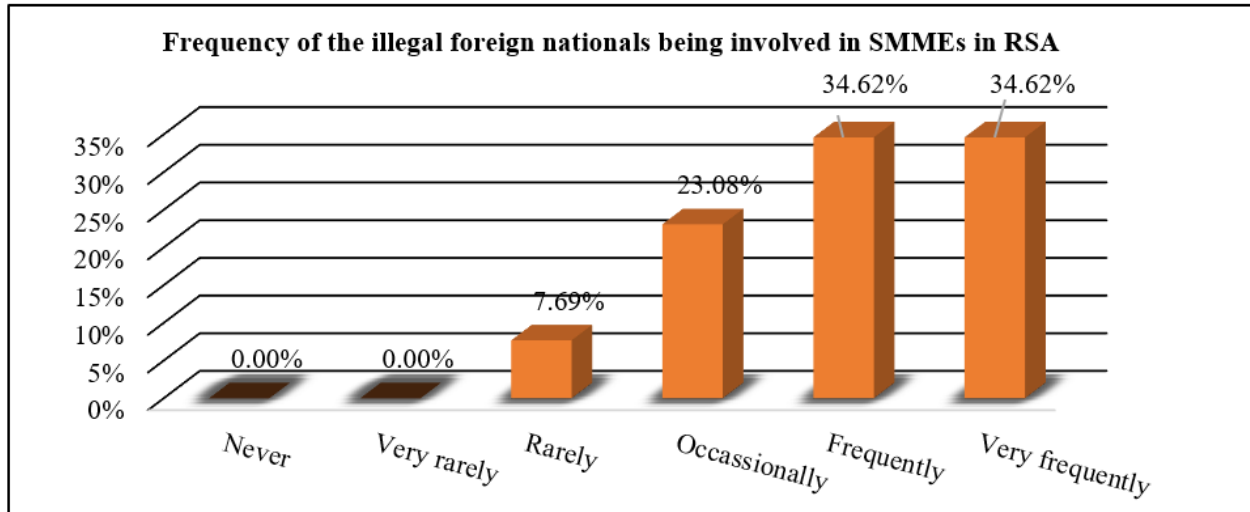


From Figure 3 above 57.69% of the respondents indicated that very frequently some of the illegal foreign nationals are underpaid by their employers in SA, 26.92% indicated that they are underpaid by their employers in RSA on a frequent basis, 7.69% stated that they are underpaid by their employers in RSA occasionally and 3.85% on rarely and 3.85 on never. No responded indicated that the action happened very rarely. In the literature of this paper, it was mentioned by Bohlmann (2012:8) that the employment of illegal foreign nationals grows from 1.760 million in 2007 to 2.343 million in 2020 which shows an increase of 33.1%. It was further mentioned in the literature of this paper that illegal foreign nationals are employment mostly in the agriculture and hospitality industries who prefer to hire illegal foreign nationals. It was further confirmed that these illegal foreign nationals are exploited by paying them very low wages (R300 a week), while the illegal foreign nationals are working very long hours (up to 50 hours a week) without any penalties because the illegal foreign nationals risk arrest and deportation if they report it to the RSA authorities. The responses correspond with the above in that a majority of the respondents responded that some of the illegal foreign nationals are being underpaid by their employers in RSA. The Frequency of the illegal foreign nationals being involved in SMMEs in RSA were outlined below.

Frequency of the illegal foreign nationals being involved in SMMEs in RSA

The perception of respondents on the frequency that some of the illegal foreign nationals were involved in SMMEs in RSA the findings and results were illustrated in Figure 4 below.

Figure 4: Frequency of the illegal foreign nationals being involved in SMMEs in RSA (n = 26)

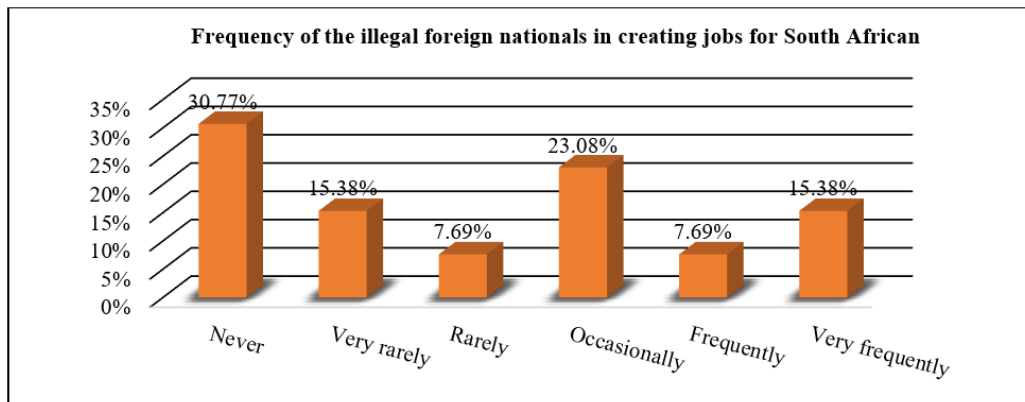


From Figure 4 above it can be represented that 34.62% of the respondents indicated that very frequently the illegal foreign nationals are involved in SMMEs in RSA, 34.62% indicated that they are involved in SMMEs in RSA on a frequent basis, 23.08% stated that they are involved in SMMEs in RSA occasionally and 7.69% on rarely basis. No respondent indicated that the action happened on a very rarely basis and no respondent indicated that the illegal foreign nationals are never involved in SMMEs in RSA and a majority of respondents indicated that the illegal foreign nationals' involvement in SMMEs in RSA is very frequent and frequent equally. In the literature of this paper, it was mentioned that many illegal foreign nationals are generally involved in sectors such as agriculture, hospitality, construction, domestic work and informal trading. Illegal foreign nationals involving themselves in small family businesses such as electronic shops, furniture shops, restaurants, supermarkets, hair salons, crafts, taxis, upholstery, and other small business. The majority of (34.62%) respondents indicated that the illegal foreign nationals' involvement in SMMEs in RSA occurred on a very frequent and frequent basis. The frequency of the illegal foreign nationals in creating jobs for RSA were outlined below.

Frequency of the illegal foreign nationals in creating jobs for RSA

The perception of respondents on the frequency that some of illegal foreign nationals create jobs for RSA, the findings and results were illustrated in Figure 5 below.

Figure 5: Frequency of the illegal foreign nationals in creating jobs for RSA (n = 26)

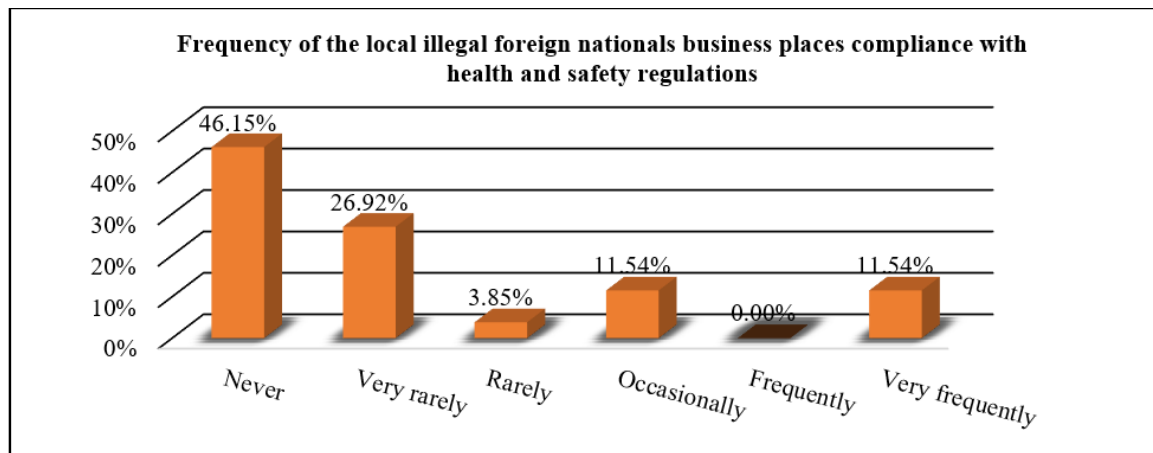


From Figure 5 above shows that 15.38% of the respondents indicate that very frequently the illegal foreign nationals are creating jobs for RSA, 7.69% indicated that frequently are creating jobs for RSA, 23.08% indicate that they are occasionally creating jobs for RSA, 7.69% indicate that they are rarely creating jobs for RSA, 15.38% indicate that they are very rarely creating jobs for RSA and 30.77% respondents indicate that the illegal foreign nationals are never creating jobs for RSA. In the literature of this paper, it was emphasised by Dassah (2017:268) that migrants are helping RSA businesses through opening markets in the country as to create enterprises, jobs and passing of the valuable skills and experience for locals. The majority of (30.77%) of the respondents indicated on the statement that the action never occurred and occasionally occurred. The frequency of the local illegal foreign nationals' businesses places compliance with Health and Safety regulations were outlined below.

Frequency of the local illegal foreign nationals' businesses places compliance with Health and Safety regulations

The perception of respondents on the frequency that some of local illegal foreign nationals' business places comply with Health and Safety regulations, the findings and results were illustrated in Figure 6 below.

Figure 6: Frequency of the local illegal foreign nationals' businesses places compliance with Health and Safety regulations (n = 26)



From Figure 6 above shows that 11.54% of the respondents indicate that very frequently the local illegal foreign nationals business places comply with Health and Safety regulations, no respondents indicate that frequently the local illegal foreign nationals business places comply with Health and Safety regulations, 11.54% of the respondents indicate that they are occasionally comply with Health and Safety regulations, 3.85% indicate that they are rarely comply with Health and Safety regulations, 26.92% indicate that they are very rarely comply with Health and Safety regulations and 46.15% respondents indicate that the local illegal foreign nationals business places never comply with Health and Safety regulations. The majority of (46.15%) of the respondents indicated on the statement that the action never occurred.

CONCLUDING REMARKS

- The control of the influx of illegal foreign nationals in the Senqu Municipality of the Eastern Cape needs to be strengthened as it is currently believed to have less effect which results into a negative impact on the provision of basic services, social services, wage levels and employment opportunities, crime, health and poverty alleviation and illegal migration increases costs on social spending by exerting pressure on expenditure for social services such as education, health and housing facilities.
- The documentation of the illegal foreign nationals should be done as to legalise them in order to access employment in Senqu Local Municipality area with proper documentation since the majority of the respondents responded that some illegal foreign nationals access employment in Senqu Local Municipal area without legal documentation.

- The documentation of the illegal foreign nationals' should be done for them to be legal and be strengthened in borderline areas such as Senqu Local Municipality areas as to avoid their underpayment by their employers in RSA as the respondents responded that some of the illegal foreign nationals are being underpaid by their employers in RSA and heavy penalties must be imposed and thoroughly implemented to South African employers for employing the illegal foreign nationals since it may cause undetected and untraceable crime perpetrators
- The documentation of the illegal foreign nationals should be done for them to be legal and their high involvement in SMMEs in RSA should be used to share their experience and skills with South African business men and women, instead of just employing South Africans for cheap labour
- The documentation of the illegal foreign nationals should be done for them to be legal and the constant monitoring must be applied for creating jobs for RSA and heavy penalties must be imposed if they failed to create jobs for South Africans
- The local illegal foreign nationals' businesses places that don't comply with Health and Safety regulations must be closed and the owner to be imprisoned as their business becomes a health risk hazard

RECOMMENDATIONS

- Border Management Authority Project Management Office (2020: 17) stated that the National Targeting Centre will be used to provide early warning to the BMA frontline at ports of entry
- There must be efficient border management services through the use of dimensions that are responsible for situational awareness and monitoring of the information, supplying the intelligence needs for operational teams, driving of the operational response, assessing the member states vulnerabilities and also to support decision-making process that are related to border management and security.
- Border Management Authority Project Management Office (2020:15) aver that there must be a training institution for the Port of Entry officials.
- It is recommended that Border Management Authority Act No. 2 of 2020, section no 13(2) must be implemented as soon as possible that states that the filling of any post on the staff establishment, whether by appointment, promotion or transfer, must be done in accordance with the Constitution and labour legislation.
- The borders should be strengthened as the majority of respondents on the questionnaire indicated that very frequently the illegal foreign nationals access the employment in RSA without proper documentation, being underpaid by their employers, involved in SMMEs, never creating jobs for South Africans and comply with health and safety regulations in their businesses.

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A NEW PUBLIC MANAGEMENT APPROACH TO SOEs IN ZIMBABWE'S ICT SECTOR

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ABSTRACT

The paper assesses New Public Management (NPM) as a rehabilitator of State Owned Enterprises (SOEs) in Zimbabwe's ICT sector. The SOEs suffer from weak corporate governance and institutional structures, low levels of transparency and accountability. Zimbabwe has seven SOEs in the ICT sector. Only the big four were assessed. NPM challenges the fundamental principles of old administration. Good governance is vital for NPM to be a success. Thematic analysis was employed, mapping out the themes of NPM on open ended interviews of the four SOEs' board of directors, senior- middle level management and key state actors.

Keywords: NPM, SOEs, ICT, sustainability.

INTRODUCTION

Diefenbach (2017) defines views NPM as:

a set of assumptions and value statements about how public sector organizations should be designed, organized, managed and how, in a quasi-business manner, they should function...to make public sector organizations-and working them...much more 'business like' and 'market orientated' that is performance-, cost-, efficiency-, and audit orientated (p894).

NPM argues for (a) 'hands on' professional management, (b) explicit standards and measures of performance, (c) greater stress on output-based controls, (d) a disaggregation of units in the public sector, (e) more competition within the public sector itself, (f) more private-sector-style management and (g) the pursuit of efficiency and doing more with less (Hood, 1991). Towards the end of the twentieth century there was a shift from the traditional public administration perspectives to a new public management paradigm in Southern Africa. It was commonly associated with the structural adjustment programmes (SAPs) which were initiated in the mid-1980s with the support of the Breton Woods institutions. Economic and fiscal crises preceded economic reforms in Sub-Sahara Africa (SSA) prompted public sector management reforms. In the mid-1990s Zimbabwe began to implement administrative reforms. There was a need for change from colonial administrative structures to post-colonial structures. The Kavran Public Service Review was commissioned in 1987 to review the structure of the public service in Zimbabwe. It presented the following major findings namely that the service had become too large, cumbersome and wasteful and scarce resource were being wasted through overlap and replication of functions. The service was found to be secretive, inaccessible and lacked transparency. The services to the public were poor, shoddy and unresponsive and the management system had become antiquated, complex, and burdensome to the head of ministries coupled with a substantial number of inexperienced personnel (Chigudu, 2014).

Interestingly, these above concerns still exist in second decade of the 21st century Zimbabwe. Unlike the context of NPM in developed countries, the political situation in some developing countries in Africa was characterised by policy inaction (ibid). Zimbabwe's State Enterprises Restructuring Agency (SERA) (2017) notes the following challenges as faced by SOEs in Zimbabwe. The gap between the corporate governance requirements in the various laws, regulations and codes on the one hand and the level of compliance on the other is wide. In some cases,

the legal-institutional framework that defines the government's role as owner of the SOEs on behalf of the public needs to be clarified; objectives that justify state ownership should be reviewed and disclosed. Some are tasked with multiple unclear policy objectives and mandates (some of which are implicit/non-transparent and, in some cases, politically motivated), the performance of which is difficult to manage and monitor. Accountability oversight for SOEs performance is often spread across a large number of institutional bodies with different policy interests. Some legal and compliance gaps lead to a lack of accountability and disclosure. The SOEs operating environment contributes to fiscal risks which need to be continuously identified assessed and managed to minimize their impact. In SOEs politicians occupy policy roles while chief executives and directors are strategists. Weak SOE reporting and disclosure is prevalent with insufficient or non-existent oversight and enforcement by the government and other regulatory bodies (ibid). Zimbabwe has seven SOEs in the ICT sector. This paper covered the four major ones namely, Net One, TelOne, Powertel, and Telecel.

In light of the preceding the objective of the paper was to assess NPM as the possible rehabilitator of ailing SOEs in Zimbabwe's ICT sector into sustainability. Sustainability necessitates good governance. The former ensures the latter. NPM remains pivotal in reform strategies in the public sector in Southern Africa and other developing countries. NPM reforms are often seen as a policy instrument that can promote good governance and increased transparency in developing countries, where they may be inherited problems with extensive government and high levels of corruption. NPM advocates reformation. It means doing away with old ways of running public institutions. It means letting go of the routines scripts and procedures. This necessitates cultural change, let go of the past, past practices. In some instances, this is a monumental task.

Theory: NPM

The following section covers NPM and its competing theories, namely New Public Service (NPS) and Digital era Governance (DEG). NPS and DEG are ideal for advanced economies. The latter have the necessary infrastructure to host NPS and DEG. For NPM to be a success, good CG and ethics are *inter alia*, a pre requisite. NPM draws practices from the private sector and uses them in the public sector of management. NPM reforms use market forces to hold the public sector accountable and the satisfaction of preferences as the measures of accountability. In order for this system to proceed, certain conditions, such as the existence of competition, must exist and information about choices must be available. Questions have been raised about the potential politicization of the public service, when executives are hired on contract under pay-for-performance systems. NPM brings to question integrity and compliance when dealing with incentives for public managers as the interests of customers and owners do not always necessarily align. Questions such as managers being more or less faithful arise as individuals are assumed to be calculus and maximise their self-interests. The public interest is at risk and could undermine the trust in government.

NPM seeks to tackle problems such as the size of the government, inadequate mechanisms of accountability, centralized bureaucracies, waste and inefficiency in resource use (Kalimullah, 2012). It becomes a leverage of managing public sector organizations with two distinct features namely the separation of policy formulation from operation and secondly, the importance of management inspired by private sector management. NPM seeks to 'remedy a pathology of traditional bureaucracy that is hierarchically structured and authority driven,' and "to root out authority-driven hierarchical systems' (Kettl, 2000; p59). They are six "core characteristics" of the NPM approach namely productivity, marketization, service orientation, decentralization, a policy orientation, and accountability for results. As Thompson and Thompson (2001) observe that the NPM '...borrowed primarily from the literature of business administration, calling for more managerial freedom to use resources, a focus on results rather than inputs, and greater reliance on the private sector for service delivery'(p152).

Digital era governance (DEG) and the New Public Service are shifts from the NPM wave. DEG argues that NPM is dead (Dunleavy *et al*, 2006). With DEG, governance should be heavily centered upon information and technology. Technology is believed to help re-integrate with digitization. It is argued that DEG era governance provides a unique way to self-sustainability, services are more accurate, prompt and of high quality. NPM cannot compete with in countries with proper technology. DEG can only be effective in such countries (Navarra and Cornford, 2015). One can argue DEG era governance thrives in countries with supportive, advanced proper technologies. The New Public Service (NPS) is a newly developed theory for twenty first century citizen-focused public administration. It challenges NPM's clientelism and rationalist paradigm. NPS focuses on democratic governance and re-imagining

the accountability of public administrators toward citizens. It argues that administrators should be a broker between citizens and their government, focusing on citizen engagement in political and administrative issues. NPS, according to Denhardt and Denhardt, (2015) is:

a movement built on work in democratic citizenship, community and civil society, and organizational humanism and discourse theory. We suggest seven principles of the New Public Service, most notably that the primary role of the public servant is to help citizens articulate and meet their shared interests rather than to attempt to control or steer society. (p549).

The government belongs to its citizens. Public administrators should strive serve to empower its citizens. It is argued that there is a shift from steer than row to where citizenry is at the fore front of all things public service marked by institutions that are not only able to deliver but also marked by integrity and responsive (ibid). Under NPS public managers should be empowered and freed from constrictions so that they can be “entrepreneurial” and “manage for results”. Citizens, citizenship, and democracy are central to the NPS (Bryson, *et al*, 2014). It engages the public in policy formation. This arguably results in creation of more successful policies that focus on problems solving from all perspectives. It is argued that DEG era governance provides a unique way to self-sustainability, services are more accurate, prompt and of high quality. NPM cannot compete with in countries with proper technology. DEG can only be effective in such countries (Navarra and Cornford, 2015). One can argue DEG era governance thrives in countries with supportive, advanced proper technologies.

METHODOLOGY

The selected sample consists of those having the relevant background of NPM. It was comprised of the SOEs board of directors (BoD) (sitting directors and the vacated ones) the Permanent Secretary (Ministry of Information Communication Technology, Postal and Courier Services-MICTPS), the senior officials at the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) and the Secretary of SOEs Reforms. This was in order to assess NPM as the possible rehabilitator of ailing SOEs in the ICT into sustainability. This was achieved through the means of interviews.

Thematic analysis (TA) was used. TA can be used to analyse most types of qualitative data including data collected from interviews, focus group discussions and surveys. Braun and Clarke (2006) argue that it compatible with social constructionist, post structuralist and critical approaches to research. It is usually applied to a set of texts, such as interview transcripts wherein the researcher closely examines the data to identify common themes, topics, ideas and patterns of meaning that come up repeatedly. Braun and Clarke (2012) posit:

TA is a method for systematically identifying, organising, and offering insight into, patterns of meaning (themes) across a dataset. Through focusing on meaning across a dataset, TA allows the researcher to see and make sense of collective or shared meanings and experiences. Identifying unique and idiosyncratic meanings and experiences found only within a single data item is not the focus of TA. (p.54)

An inductive approach to data coding and analysis is a ‘bottom up’ approach as it is driven by what is *in* the data. This means is that the codes and themes derive from the content of the data themselves – so that what is ‘mapped’ by the researcher during analysis closely matches the content of the data. In contrast, a deductive approach to data coding and analysis is a ‘top down’ approach. The researcher brings to the data a series of concepts, ideas, or topics that they use to code and interpret the data. This effectively means is that the codes and themes derive more from concepts and ideas the researcher brings to the data and what is ‘mapped’ by the researcher during analysis does not necessarily closely link to the semantic data content (Braun and Clarke, 2012). The inductive approach was employed. This meant dissecting the key tenets of NPM (see Hood 1991; Diefenbach, 2017; p894; Ferlie, 2017) through interviews.

Four (4) Chief Executive Officers (CEOs) from Telecel, TelOne, Powertel and NetOne were interviewed. Five (5) former directors and eleven (11) sitting non-executive were also interviewed (TelOne 3), Powertel 3), NetOne (3) and Telecel 1). Data analysed thematically provides an adjustable theoretically and reachable stance when qualitative data is analysed. Six steps were followed when data was analysed thematically (see Braun and Clarke, 2014) and these are familiarisation of data; generation of initial codes; searching of themes; reviewing themes;

defining themes and finally the write up. Verbatim quotations were put in italics where appropriate. Table 1 below shows the participants who were interviewed whose data were transcribed and analysed

Table 1: The respondents

Participants	Number of Participants	Codes
Board of Directors (BODs)	13	BD1-BD13.
Chief Executives Officers (CEOs) / Managing Directors	4	CE1, CE2, CE3, CE4.
Director General (DG)	1	DG1.
Permanent Secretary (PS)	1	PS 1.

Source: Authors' own compilation.

All the respondents had at least an academic qualification ranging from a Masters degree to PhDs.

RESULTS AND DISCUSSION

SOEs are vital to the Zimbabwean economy. They contribute to the creation of employment, are ideal for bridging the income disparity gap and the reduction of poverty.

One of the CEOs posited that:

SOEs should be sustainable entities and should perform highly. Sustainability is defined as a return to profitability and restoration of the capacity to pay dividends to the shareholders. Furthermore, sustainability refers to developing/implementing solutions in all spheres of the business that with stand time and reduce costs for the good of the organisation. We muse the role of the BODs for the sustainability of the company is to provide direction to the management by adhering to the agreed strategies, and constantly reviewing relevance, financial fidelity and instilling a culture of professionalism in the organisation thereby safeguarding and growing shareholder value. (BD1-BD13).

Sustainability is:

The need to meet our goals while preserving the environment and ensuring those future generations will be able to meet their own needs. This refers to the natural resources (the environment) as well as social and economic resources. Political interference in the appointments of the boards as family members and comrades are appointed is considered as wrong because some members are less qualified and they do not conform to good principles of CG. It brings protests to the board and executives and end up diluting the appointments' purpose. (ibid)

A majority of SOEs are not sustainable (BD1-BD13). They face challenges such as undercapitalization, resource allocation, adverse reporting, poor levels of accountability, disclosures and transparency, recruitment of board members without requisite qualifications, incompetence and inadequate skills set.

The PS1 argued that:

It must be noted and stated from the beginning that SOEs are set up by government to provide a specific service that will benefit not only government but the nation at large. These services are provided at affordable costs and in some cases the government subsidise certain critical service to enable inclusivity and socio- economic cohesion. Some services fulfill universal service and stimulate development at national level. Wholesome privatisation of SOEs is catastrophic particularly in the communication sector at a time data and information has become a critical national resource and its management, storage and dissemination becomes a security concern. We should not always follow research and recommendations from the "so called" technical partners who have limited appreciation of our local environment and besides harbor different motives. I see nothing wrong with that since the government asks appropriate questions in regard to how projects are executed, how public monies are accounted for as well as demanding for reports.

Arguably the following, as suggested by the respondents can propel SOEs into sustainability. Competent recruitment of directors and CEOs should be a must; SOEs should be run in lines of the private sector, given targets and performance contracts, punitive measures in cases of deviancies with greater emphasis on transparency and accountability. NPM themes (according to the majority of the CEOs) which are deemed applicable, include hands on professional management, explicit standards and measures of performance, greater stress on output-based controls, a disaggregation of units in the public sector, more competition within the public sector itself, more private-sector-style management, the pursuit of efficiency and doing more with less, entrepreneurial governments, results based accountability, managerial contracts, performance management, devolution and deregulation of operations and marketisation, service orientation. Private-sector-style management was elucidated more by the CEOs, who indicated that this is the main one theme that SOEs need to adopt as to become more competitive with the private sector. In the ICT sector, decisions need to be made, executed expeditiously. However, the public sector is riddled with bureaucracy. This dampens competency.

Indeed, as noted by PS1 and DG1:

All themes under the NPM are applicable in resuscitating SOEs in Zimbabwe as they are targeted at improving efficiency and performance, which is desperately needed for making SOEs competitive and profitable. What is critical is the actual implementation. The respondents, further alluded that more private-sector-style is most appropriate because it can drive public sector entities into profitability and hence avoid loss making, the structure of the public sector entities would be lean and streamlined to improve response to market dictates, and private sector has aggressive marketing drive and always innovate or value-add to their products and services and public sector should do the same.

The views drawn from the CEOs, DG and PS are a paradigm shift for public sector entities from their traditional style which is hierarchal, rule-based, bureaucratic systems towards a better managerial approach based on the calculation of the output, efficiency, economy and effectiveness. This shift is needed in the public administration of Southern Africa (Zimbabwe considered) and other emerging economies.

CONCLUSIONS

Section 194(1) of the Constitution of Zimbabwe elaborates on the basic values and principles governing public administration that:

Public administration in all tiers of Government and Government controlled entities and other public enterprises must be governed by the democratic values and principles enshrined in the constitution including the following principles (a) – (k) and the state must take measures including legislative measures to promote these values and principles.

Section 195(1) of the Constitution of Zimbabwe on State controlled entities states that companies and other commercial entities owned or wholly controlled by the State must in addition to complying with the principles set out in section 194(1) and conduct their operations so as to maintain commercial viability and abide by generally accepted standards of good corporate governance. Companies and other commercial entities referred to in subsection (1) must establish transparent, open and competitive procurement systems. The Constitution of Zimbabwe supports the rehabilitation of SOEs to ensure viability. One can argue that this heralds NPM. NPM advocates represent as a paradigm shift from the old bureaucratic public administration. It calls for ‘entrepreneurial’ governments and SOEs. SOEs need to be sustainable, loss making SOEs drain on the fiscal and the tax payer. Indeed, the findings in this paper highlight the need for reformation of SOEs in Zimbabwe’s ICT sector. Reformation through NPM, a seismic shift from the old.

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CREATIVE MANAGEMENT WITH 5TH DIMENSION SPIRIT PARADIGM SHIFT WILL TRANSFORM PEOPLE AND ORGANIZATION INTO NEW SPIRITUAL LEADERSHIP AND ACHIEVEMENT OF INTERNATIONAL BUSINESS THROUGH PRACTICAL ANATOMY OF BEING IN THE 21ST CENTURY

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ABSTRACT

In a capitalist society, businesses tend to instrumentalize humans as a resource means in order to achieve the goal of maximizing profits. As a result, human alienation and polarization of wealth are considered serious social problems. Today, the conventional wisdom that material abundance and prosperity caused by economic growth will bring happiness to human society is shaken by the issue of "mental poverty in material abundance." In particular, artificial intelligence AI in the era of ultra-high level information technology will cause human disasters that fundamentally destroy human existence values, so mankind will be able to live with a powerful existence value only when it raises the current level of three-dimensional material-centered consciousness to five-dimensional spirituality. It is the way to be born as a new person and live a life by realizing it. Nevertheless, the author has researched and developed practical tools to teach the dissection and practice of existence so that humans can realize the unfortunate reality that they do not even realize because of their accumulated constraints. For transforming the existing socioeconomic structures into a balanced system of the 21st century postmodern world, the current management skills and leadership styles can be upgraded at quantum jump by employing the concept of integral vision linked to 12 spiritual intelligence skills that are deemed useful for creative spiritual business leaders as explained in this paper. In order for capitalism to play a role as a management economic system that contributes to the happiness and co-prosperity of human society, the capitalist business academic system must also make a new breakthrough. The business economics resource assetization should include not only tangible resources, i. e., land, capital, human resources and technological innovation but also spirituality. This article is a new scientific practical research work by MOSEE (Management of allSelves' Enlightenment and Empowerment) that seeks new self-realization areas with the 5th dimension consciousness (spirit) management, while moving beyond 4th dimensional value management to new 5th dimensional elements: consciousness (spirituality) resources and assets. Therefore, it aims to systematically apply the unique exploration areas, theories, methods, techniques, tools, development operating principles, and field practical utilization of the 5th dimensional consciousness (spirituality) industry. The 5th Dimensional Management through the Assetization of Business Economy Resources of Spirit will open the road to the Spirituality Management Development of the 21st Century Universe Human Spirituality Science Technology Civilization (UHSSTC)

Keywords: Spirituality Industry, Anatomy of Real Being, Humanity, Creative 5th Dimension Human Consciousness (Spirituality) Discovery, Practice of Creative Self- Education Tools.

INTRODUCTION

Since the need for creation of the Universe Human Spirituality Science and Technology Civilization (UHSSTC) beyond Global humanity is imminent in 2040, we should design and operate a creative start-up spirituality management system and educate to promote creative start-up entrepreneurs and members of spirituality industry structure and ecosystem. The 5th dimensional human consciousness (spirit) and self-development methods of “Management Of allSelves’ Enlightenment and Empowerment (MOSEE)” should be implemented by revolutionizing the frustrating management system of the world which is currently stuck in the Linearity line of the limited innovation venture going along the Linear line of development.

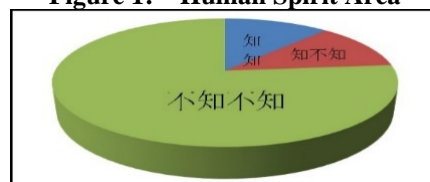
From the 5th dimension Spirituality theoretical point of view, the evolution of humanity may be seen as the unfolding process of Spirit or the “realization of the absolute Spirit” (Wilber, 2006, p. 214). Despite the difficulties and limitations of applying analytical methods, to measure spirituality is essentially a rational activity and scientific approaches have been taken to measure the immeasurable in some previous studies (Howden, 1992; Krahne, Giacalone, & Jurkiewicz, 2003; MacDonald, 2000; Wigglesworth, 2012). In fact, some empirical evidences have shown that there exist positive effects of spirituality in physical and psychological health such as lowered stress, blood pressure, cholesterol levels, and enhanced creativity, greater self-control and selfactualization (Carricoa, et. al., 2006; Jesse & Reed, 2004; Meraviglia, 2004 & 2006; Miller & Thoresen, 2003; Naghi, et.al., 2012; Walsh, 1999). To pay attention to spirituality issues has become an impressive “megatrend” (Aburdene, 2007) and the impact of spirituality has been studied in the business sector as well. During the last two decades, the theme of ‘spirituality at workplace’ has been gaining a steady attention from the scholars of business administration (Ahiauzu & Asawo, 2009; Bandari, 2010; Fry & Slocum, 2008; Giacalone & Jurkiewicz, 2003; Joshi & Priya, 2010; Pawar, 2009; Rai & Sihna, 2010; Tischler, Biberman, & McKeage, 2002). A small group of leadership theorists and scholars of organizational leadership have been focusing on spiritual factors that seem to be closely related to leadership styles and organizational management (Amram, 2009; Covey, 1989 & 1990; Fry, 2003; Singh-Sengupta, 2010).

CREATIVE MANAGEMENT OF ALLSELVES’ ENLIGHTENMENT AND EMPOWERMENT (MOSEE) WITH 5TH DIMENSION SPIRIT PARADIGM SHIFT

Ultimate Truth and Exploration Management Research Areas

The ultimate truth is Life Origin Opening Living. Human beings are the very essence of life. At the same time, it's the main source of life and it works opening and living and it's the realization of life. When we analyze, into percentages, the entire living capacity structure (100%) of a person, groups and social organizations made up of humans, we know what we know, Knowledge Information business capacity is about 3%, and the capacity that we know what we don't know is the Wisdom area 27%. The rest of the area, 70%, is Enlightenment MOSEE capacity in which we don't know what we don't know what we don't know. This Spirituality capacity (70%) requires critically 5th Dimension Enlightenment and Empowerment.

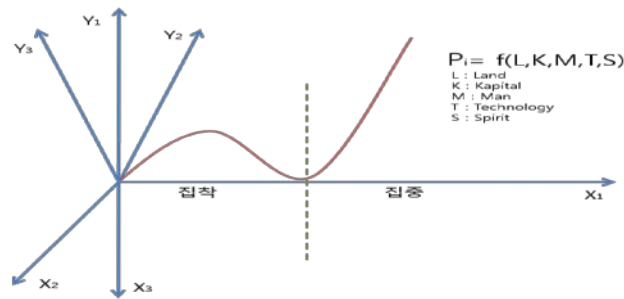
Figure 1: Human Spirit Area



Blue area: 3%. Red area: 27%. Green area: 70%.

Transition from the law of Diminishing Law of Output with Regard to Inputs in Possession-centered Knowledge Management to the law of Enlarging law of Output in Being-centered Enlightenment Management

Figure 2: MOSEE curves of the Law of Enlarging Output with respect to Inputs rather than the currently well known the Law of Diminishing Output with respect to Inputs



In the expression of $P=f(L, K, M, T, S)$, S (Spirit) is a human consciousness (spiritual) resources. L refers to land. K, capital. M, human resources. T, technological innovation information and knowledge.

5th Dimension MOSEE Leader's Pure Intent and Behaviors

- 1) Present and implement of future wills. 2) Recognize and embrace everyone as a new possibility 3) Differentiation between creativity and integration: Vision with internal members of the High Investment organization Value with the people outside the country. 4) Completeness and qualitative advancement of information are important, but a new level of creativity is more important. 5) Embrace bold challenges with a 1% chance of success. 6) There is a bold compensation system for the failure of creative challenges.

Education Methodologies and Technologies of MOSEE For Creative Spiritual Leadership

Anyone can see that I, designated he or she, am my own new Being and able to create a very large and infinite realm of possibility than I have ever known about myself, and if I act with all my heart, I will not only live my own life, which I truly love, but also become one with everyone around me. Furthermore, self-improvement education method techniques are implemented to measure performance completion in a short period of time, so that the wisdom, ability, and system to live with natural ecosystems such as all creatures universal environment such as animals and plants can be easily seen in relation to myself.

1. One of the ways to practice MOSEE methodologies is to find the true self, find the true community, practice each other's consideration and contribution in a fierce reality, appreciate it with confidence, improve human relationships, realize pure love and life. True contribution to life (to find the true self and to care all the people around you, and to inspire themselves to devote to the community through participation and sharing.

2. Development of the MOSEE methodologies for the creative start-up venture entrepreneurs and corporate organization members and the ability to conduct integrated achievements.

3. Development of creative language system to authentically communicate with others and create new harmonized capabilities of creative start-up venture entrepreneurs and corporate organization members. 4. The Methodologies and tools of MOSEE in Traditional Korean Philosophy.

5. Practical Meditation and Yoga in MOSEE. 6. Distinction Ability: Distinction between phenomena and interpretations and new perceptions. 7. Distinction among Knowledge, Information, Awareness, and Perception. 8. Sensory Perception. 9 High-sensory perception. 10. Ultra-sensory Perception. 11. Super-sensory perceptions. Applied Kinesiology. Kinesis.

High Level-Up Programs for Humanitas Consciousness (Spirit) Management

The height of the human consciousness level rapidly grows at an acceleration rate, proportional to the exponential multiplier effect, depending on the magnitude of the extension of one's own existence (Being). The expansion of one's own existence (Being) is to realize and practice that I and you and their communities are one and all, at the same time, part and never separate among themselves.

Humanity values orientation is to live a life as a member of a human community and live together with all creatures and environments of the earth and the universe also. First of all, people are to be educated to have a high level of consciousness (spirituality) and exchange of human dignity and love, and then choose a relative value of wealth that is not constrained by the economic absolute value. When selling and buying goods, not only economic analysis, but also love for the goods, transparency, ethics, and management of the companies are to be concerned respecting the management of a good and inspiring creative existence. Since modern knowledge management is currently the 3rd dimension business, it is not possible to manage the human consciousness (spirituality) as seen above, so the MOSEE that I pioneered is a 5th dimension business, so the growth of human consciousness is a 5th dimensional resource. MOSEE is the way to pioneer a new career path in the 21st century. It is to firmly establish the meaning of sharing the values of myself, the business community, and the public and societal organizations and the world to distinguish between the real and the unreal, to accurately recognize the gap between the real and the unreal, and to manage these gaps as the opportunities for the new creations.

HUMANITAS CONSCIOUSNESS (SPIRITUALITY) MAP APPLICATION OF MOSEE

We have many achievements of humanitas spirituality Maps that have been studied in many countries, i.e., Republic of Korea, the Eastern countries and the Western countries from the old days to the present. explained by various scholars in the Western countries. Piaget, Toynbee, Maslow, Ken Wilbur, and Dr. David Hawkins. Now I will summarize the practical aspects of each field, and I will explain the map of Dr. David Hawkins' systematic levels of consciousness (spirituality). Dr. Hawkins had designed a map of the consciousness (spirituality) of individuals, organizations, and cultures that demonstrated by experimenting with kinesis dynamics and divided the stages of reaching the highest consciousness from the lowest consciousness into 17 steps. The map of kinesis dynamics can be now applied not only to individuals but also to organizations and cultures large and small.

Successful anatomy Methodologies of MOSEE for the Being of Leaders and Organizations as a Creative Language System of Humans

Individuals should consciously use creative language systems to make their own enlightenment a daily life and improve their performances. If one makes a declaration that one creates a new Being through the language of life, one will act as such accordingly. It is repeated as a habit and the personality changes and becomes a philosophy. The creative language system should disconnect from past prejudices, exist in the present and create an infinite realm of possibilities with new thinking. The language or speech should create reality. Many intellectuals can see that language or speech is tailored to what they think is reality. This allows the gradual improvement but not intrinsic creation (see the following table).

Table 1: Integrated innovation theory of creative language and behavior
(Professor Dr. Jae Yoon Rhee's theory)

Language dimension	3rd dimension	3th dimension	4th dimension	5th dimension
Speaker Intent	Ordinary people. Automatic reaction life.	UnAuthentic people. Justification Intent.	Authentic People. Improvement intent.	Creative Action people. Transformative intent
Way of thinking & Language role	Already always as it was in past	Stand for own stance. 2Extreme judgement Good/Bad Progress/ Retreat Left/Right Unite/Divide. No creditability.	Keep on past practices experience influence. Change a little better more. Lengthy explain complex persuade. Words to fit Reality.	Break past prejudice. Existing now & here. New way of seeing thinking. New realm of actual possibilities. Simplify the World. Be in harmony communication. Words create new reality

The Theory of Integrated Innovation in Creative Language and Behavior (Dr. Jae Yoon Rhee's Theory)

A system of self-enlightened life, gentleman, and behavioral language

Words become seeds (declaration → action → habit → personality → thought → philosophy)

EMPIRICAL MANAGEMENT OF MOSEE AND EDUCATION OPERATION TECHNIQUES FOR CREATION AND CONTRIBUTION

(Real Being Discovering Action Forum truly works through participation and sharing practice)

Each participant runs a "Real Being Discovering Action Forum," in which each participant creates opportunities for one another to bring about their own lives that they love and enlightenment management in a harsh and intense reality every day.

How to operate the Real Being. Discovering Forum in Action

(Detail explanation is omitted due to space limitation)

The following is a list of some examples of the experiences of the Real Being Discovering Forum in Action (Seminar):

(Detail explanation is omitted due to space limitation)

Table 2: Four spiritual leadership areas, emotional intelligence competencies, and spiritual intelligence skills

Four Spiritual Leadership Areas	18 Emotional Intelligence Competencies (Daniel Goleman, 1995)	21 Spiritual Intelligence Skills (Cindy Wigglesworth, 2012)
Inner-Personal: Spiritual Leadership within the Self and in Individual Consciousness	3 Competencies of Self Awareness	5 Skills of SELF/self-Awareness
Personal: Spiritual Leadership in Behaviors and Interactions with Family, Others, and external Environments	3 Competencies of Social Awareness	6 Skills of Universal Awareness
Inner-Collective: Spiritual Leadership within Groups, Culture, and Collective Consciousness involving Managerial & Organizational Decisions	6 Competencies of Self Management	5 Skills of SELF/self Mastery
External Collective: Spiritual Leadership in Social Systems and Policies involving Local and Global Communities	6 Competencies of Social Skills	5 Skills of Social Mast-ery/Spiritual Presence

Table 3: Spiritual intelligence skills and examples of integral visions in four spiritual leadership areas,

4Quadrants	12 Spiritual Intelligence Skills	Examples of Integral Visions for Business Leaders
“I” realm SubjectivePersona	Awareness of Own Worldview	To know myself with humility, dignity, and self-worth
	Awareness of Life Purpose	To aim for a life that benefits others and the world
	Awareness of Ego self/ Higher Self	To become aware of weaknesses and strengths in personal habits and lifestyles
“It” realm - ObjectivePersonal	Awareness of Interconnectedness of Life	To understand and respect the oneness of humanity and interconn-ectedness of life
	Awareness of Worldviews of Others	To create and nurture mutuallybeneficial net-works and relationships
	Awareness of Spiritual Laws	To maintain faith in the operation of universal spiritual principles in the world
We” realm - IntersubjectiveCollective	Commitment to Spiritual Growth	To study and respect diverse spiritual principles and practice methods
	Keeping Higher Self in Charge	To practice the highest levels of social ethics & social responsibilities
	Sustaining Faith	To sustain faith in the evolution of collective consciousness & progr-essive organizational culture
Its” realm – InterobjectiveCollective	Being a Wise and Effective Mentor of Spiritual Principles	To honor and practice universal spiritual principles in social and business relationships
	Being a Wise and Effec-tive Leader/-Change Agent	To transform social structures and systems to benefit the entire spectr-um of humanity

	Making Compassionate and Wise Decisions	To make integral decisions that maximize social and environmental benefits for all.
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CONCLUSION

Through the principles and utilization of creative practices of MOSEE (Management Of allSelves' Enlightenment and Empowerment), we can always create something out of nothing in Now and Here for the Being and achievement of creative leaders and creative organizations in the industry. It recognizes the biases it has, recognizes the freedom of consciousness, recognizes and responds to the true aspects of people and things as they are, and demonstrates the ability to communicate and harmonize human relations, and pursues empathy, harmony, action, ultimate Being and integrated vision management of consciousness (spirituality) resources. In the design process of creative business models, management characteristics and structural approaches and technological in-depth structural approaches and spirit-level approaches should be insighted so that creative practice business and organizational ability can be integrated opportunities to create the better performances. This paper proposed a list of integral visions linked to 12 spiritual intelligence skills that are deemed useful for creative spiritual business leaders. Conventional leadership skills that are not grounded in integral perspectives of spiritual leadership have a limited utility in creating harmonious global world. For transforming the existing socioeconomic structures into a balanced system of the 21st century postmodern world, the current management skills and leadership styles can be upgraded at quantum jump by employing the concept of integral vision as defined in this paper. To achieve mutually beneficial relationships and humanity in the business world, emotional intelligence and social skills need to be enhanced further by the depth and the breadth of spiritual intelligence skills. It is a vision of the future of spirituality business management, a new history creation, and a holy vision to develop the spirituality industry structure of a new 21C Universe Human Spirituality Science and Technology Civilization (UHSSTC) by MOSEE (Management Of allSelves' Enlightenment and Empowerment).

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INTERNAL DIVERSIFICATION AND STOCK RETURNS

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ABSTRACT

The objective of this paper is to examine the relationship between internal diversification and stock returns. I perform an event-study comparing returns of firms that experience increases versus decreases in concentration. The effect of change in internal diversification on returns is then identified in a pooled regression. I also estimate a cross-sectional model where excess returns are related to four factors: market, size, price-to-book ratio and level or change in internal diversification. Finally, I estimate the price of the internal diversification risk factor.

BACKGROUND

Several theoretical models have been developed to explain the role of internal diversification in determining the value of a firm and different predictions are obtained. Two models have been particularly influential in this field of literature. Stein (1997) argues that firms can benefit from higher focus since internal capital markets can be more efficient than the external ones. Specifically, corporate headquarters, unlike a bank, can actively shift funds from one project to another and thus create value. On the other hand, Sharfstein and Stein (2000) consider an agency model and show that internal capital markets may be inefficient because of the division managers' rent seeking behavior.

Empirical studies provide contradictory results on the effects of internal diversification on the value of a firm. Berger and Ofek (1995) compare the stand-alone values of business segments to the firms' actual values and find that the diversified firms trade at a discount of approximately 15% relative to a portfolio of pure play firms. Shin and Stultz (1998) find that internal capital markets are often inefficient because subsidization is not explained by investment opportunities. Conversely, Graham, Lemmon and Wolf (2000) show that much of the diversification discount can be explained by the acquisition of firms that are already trading at a discount. Villalonga (2004) claims that Berger and Ofek's analysis is misleading because diversification is endogenous response to investment opportunities and the appropriate comparison is not with stand-alone firms but with the ones that should diversify but did not.

The relation between the degree of internal diversification and stock returns has already been approached by the empirical literature. Comment and Jarrell (1995) regress returns on measures of change in internal diversification and find that stocks of less diversified firms exhibit higher returns. Event studies have been conducted to compare buyer stock returns in related versus diversifying acquisitions and they generally attribute a small penalty to diversification (for example Kaplan and Weisbach, 1992).

There are three main reasons why I conjecture internal diversification can be a risk factor. First, it is reasonable to believe that the lower correlation between projects induced by diversification reduces the variance of total returns. Second, lower transaction costs in internal capital markets allow a more flexible allocation of funds and, if managers pursue a reduction of risk, this should eventually lead to a reduction in the volatility of returns. Finally, as Comment and Jarrell (1995) point out, coinsurance of debt lowers default rates, thus resulting in lower volatility of returns.

METHODOLOGY AND FINDINGS

In this paper, I examine the role of internal diversification in explaining the cross-section of stock returns. I consider a large sample of US firms and measure internal diversification using the Herfindhal index based on sales revenue across business segments. Following FASB No. 14 and SEC Regulation S-K, firms are required to report segment information for fiscal years ending after December 15, 1977. Firms must report audited footnote information for

segments whose sales, assets, or profits exceed 10% of consolidated totals. Accordingly, I use Compustat Industry Segment to obtain segment sales. The current analysis focuses on the firms with available data in the time period 1983-2001.

In a first set of analyses, I perform an event study to examine the effect of change in internal diversification on cumulative returns. The results show that firms that experience an increase in internal diversification exhibit lower returns than the ones that experience a decrease. The pattern is clearly seen seven months after the change in concentration. Considering the twelve-month period after the change in concentration, the mean in the concentration-increase group is not significantly different than the mean in the concentration-decrease group, while the median in the concentration-increase group is significantly different than the median in the concentration-decrease group.

Next, I consider a pooled regression approach. Specifically, following Comment and Jarrell (1995), I relate stock returns with same-year and prior-year changes in focus in a multivariate, pooled regression. The results show that returns are reliably positively associated with same-year and prior-year changes in focus. This is consistent with the results found by Comment and Jarrell (1995), who consider the dataset 1979-1989. In the current tests, I use only the market return as control variable. In an extension of the analysis, it would be interesting to include other explanatory variables to the regressions: for example change in total revenue and assets and dummies for acquisitions and divestitures.

The results of the preceding sets of analyses show that changes in internal diversification affect stock returns. The following analysis aims to examine whether internal diversification is a priced risk factor. I use the Fama-French (1992; 1996) three-factor model (the factors are size, market-to-book, market) and I then build an internal diversification risk factor. To do this, at the end of each year I rank the firms on the Herfindhal index of internal concentration and I split them into four internal diversification groups. As common in the literature, I relate stock returns to the risk factors using monthly regressions. I also use the estimates of the time series model for each portfolio to test whether the factors explain the variation in the excess return by using the Gibbons, Ross and Shanken (1989) test statistic (GRS). If the factors explained the variation of excess returns of each portfolios, all the intercept would be zero. Finally, I estimate the price of the internal diversification factor. The results of the regressions show that the level of internal diversification factor is not priced. Moreover, the four-factor model (which includes the diversification factor), compared to the three-factor model, does not improve the explanation of the behavior of the returns. In both models the GRS statistic leads to the rejection of the hypothesis that the intercepts are equal to zero and in the three-factor model the GRS is smaller. The results are analogous with different holding periods.

CONCLUSIONS

I consider here three different explanations of the fact the internal diversification factor is not priced. First, internal diversification could be associated with idiosyncratic risk and not with systematic risk: in this case the risk would be eliminated by holding a diversified portfolio and prices wouldn't be affected by the degree of internal diversification. Yet, if the traditional CAPM assumptions are relaxed, idiosyncratic risk can play a role in asset pricing. Malkiel and Xu (2004) find that idiosyncratic volatility is useful in explaining cross-sectional returns in the three-factor testing framework. They argue that if some investors cannot hold the market portfolio, the remaining investors will also be unable to hold the market portfolio and idiosyncratic risk is priced to compensate rational investors for this inability to hold the market portfolio. Another possibility to explain the results is that internal diversification could only be related with the level of prices but not with returns. If this were the case, the change in internal diversification degree would be related to returns. Finally, in interpreting the results, the small size of the sample must be taken into account. The regressions with a larger sample show that the estimates of the prices of risk change dramatically.

The current analysis has a number of limitations which I plan to address in an extension of the paper. In particular, the time sample is limited, which reduces the generalizability of the results. In addition, problems of multicollinearity might arise due to the correlation of the mimicking portfolios. The correlation matrix shows that the portfolio mimicking internal diversification is lowly correlated with the other portfolios. However, I cannot exclude problems of multicollinearity because of the correlation between the other risk factors. Moreover, the

problem of errors in variables is not completely solved by the Shanken correction, since even though the bias in the standard errors is removed, the possibility that other variables might enter spuriously in the regression as a result of the unobservability of the true loadings is not eliminated.

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IMPORTANCE OF PROMOTING INNOVATION IN AGILE DEVELOPMENT ENVIRONMENTS

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ABSTRACT

In the past two decades, Agile is and has been dominant methodology of managing IT projects. Agile as a methodology delivers on various benefits that have proved critical to organisations' success, especially in connection to their successful execution of IT projects. Innovation, on the other hand, is a concept that has fuelled the fast-paced business models of today's markets. Henceforth, if Agile is crucial towards the successful deployment of IT projects and Innovation is what is needed to sustain the businesses of today in these economic times; what is the direct relation between these two concepts, especially within the context of IT projects. The study explores the interrelation between concepts of Innovation and Agile, especially within the context of IT projects.

Keywords: Agile, Innovation, IT project, Agile environments, project management.

INTRODUCTION

The concept of agility as a concept has existed since the 1950s, (Eschberger, 2019). In software development industry, Agile as a methodology for managing projects originated around the year 2000, and this approach was coined to eradicate practices that do not necessarily add value to the product development process through a vital part of this process. Agile encourages and improves the technology sufficiency and viability inside organisations through its support for change, versatility, and consistent fulfillment of market demands (Rix *et al.* 2016). Agile facilitated organisations to develop and deliver software of value standard that takes into account faster reaction to the ceaselessly changing business demands and needs of today's world (Choudhary & Rakesh, 2016). Through a proficient Agile environment, organisations can facilitate successful and productive team interactions and collaborations as well as negotiations with customers (Kiitam, McLay & Pilli 2016).

On the other hand, the concept of Innovation and effective innovation management has been identified as crucial for the organisation's sufficient response to the changing market demands. (Kalender *et al.*, 2015) explains the concept of innovation management as the totality of a company's innovation activities and the construction of those activities. In brief, innovation management includes the development and management of organisations Innovation-based activities that yield a new thing, idea, or concept, and the organizing of such activities that improve the business and its processes.

In understanding these two concepts, one may infer that Agile and its inherent agility mindset encourages change which is one of the objectives accustomed to the adoption of this approach. However, Innovation on the other hand, facilitates change; therefore, it is safe to conclude that Innovation is a crucial ingredient towards effective implementation of Agile and the sustenance of the agility mindset. There is existing research that has explored the idea of Agile innovation management, which a concept based on needed inseparability between the concepts of Agile and Innovation. This study however explores how such amalgamation of the two concepts can be beneficial towards effective implementation and management of information technology projects. According to Krstić (2018), these two cannot exist in isolation.

The objective of this research is to explore the relation between the concepts of Agile and Innovation, particularly within Information Technology (IT) project management. To achieve the objective of this study, the research questions below were explored:

- what kind of relation exists between Agile project management and innovation management?
- Is there a necessity for Innovation in Agile management approach and vice versa?
- What are the benefits of adopting both concepts as strategies in organisations?

LITERATURE REVIEW

Overview

IT projects are profoundly complicated and distinctive (Emejom 2019). Technology advancements, the pace at which businesses evolve, and the underlying technological specifications all contribute to the difficulty of IT projects (Dalcher, 2017). This ambiguity is most noticeable in the IT consulting environment, where precise performance measurement is difficult and multifaceted (Ncube and Lim, 2018). Adoption of Agile is one approach such organisations take to respond to this transformation. Agile approach will not only enable the benefit of development and deployment of the right, on-time, quality software, but it will foster effective response to constant change affecting the set project deliverable. On the other hand, (Ma and Morris, 2017) states that the combination of Agile and Innovation practices would bring to light the initiatives that do not generate value to the product development process, allowing project management to manage mainly activities that yield value, supported by Innovation and innovative processes needed across the life span of the specific deliverable.

The influence of Agile and Innovation on project management

Because of the increasing competition among businesses fuelled by the continuous market demands, organisations have adopted Agile and Innovation project management as strategies that allow them to better integrate into this shifting environment (Abrahamsson et al., 2017). Integration of Agile and Innovation in project management has allowed project managers to deal with change while creating and delivering value across the entire management process life cycle (Thrassou et al. (2018). This yields to the focus of delivering market and consumer value (Balashova and Gromova, 2017).

Integration of Innovation in Agile project management involves the adoption of practices and principles that embrace user involvement from the initial stages of new idea conception, regular ongoing releases, continuing communication, and responsiveness to the requested change (Fuchs and Hess, 2018). O’Leary et al. (2017) further stated that effective implementation of Agile comprises of an environment where all the stockholders that have a stake in the project are involved in all activities and processes to assess if the requirements meet their desire or objectives. Innovation and innovative efforts in project management support the success of product development with new innovative concepts and productive implementation through creativity (Krstić et al., 2018).

According to (Dilan and Aydin, 2019), the ability to provide value to companies drives the promotion of project management creativity. The researcher further mentions that the combination of Agile and creativity results from envisioning and researching through exploration, which aids agility in providing a fast and scalable project creation process. This means that a short development lifecycle helps the project team to generate new ideas ensuring that the project team creates new excellent features, as well as produce a creative outcome (Doğan and Dericci, 2019).

The relation between Agile and innovation management

In the existing literature, some studies have investigated the relation between Agile and Innovation, particularly within software development environments. One specific study by (Fuchs and Hess, 2018) that tested this hypothesis concluded that there was an existing correlation between Innovation and Agile approach, particularly within the environment of IT project management. Furthermore, the results revealed that this existing positive relation between these two concepts carries interdependency and significance attributes. (Khoza and Marnewick, 2020) concurred that an Agile organisation needs to be innovative to contend and survive, which further agrees to the progressive relation between Agile and Innovation. Moreover, (Morris et al., 2015) mentioned that the constructive connection between

Agile and Innovation permits for flexibility in managing the inherent unpredictability of IT projects, specifically software development projects.

The integration of Innovation in Agile project management would further help balance constancy with flexibility, thus enabling effective management of projects that depend highly on creativity and innovative efforts within high technology-based organisations (Krstić et al., 2018). Of course, Agile as an approach for managing projects offers a wide range of study fields, with its application differing greatly across various industries. However, encouraging Innovation in Agile has been narrated in the literature as necessary and vital for successfully delivering software projects (Mergel, 2016). This has even led to the synthesis of new concepts introduced as Agile Innovation management, which aims to offer a hybrid of the two concepts (Mergel, 2016).

In summary, based on the existing literature, the researcher can conclude to the following assumptions. (i), there is a necessity for innovation encouragement in Agile environments. (2), organisations need to adopt Agile and Innovation as strategies in their management of development projects. The question that still remains to be explored is, how do organisations promote this Innovation within their development environments, and how does it benefit the organisation in the end.

RESEARCH DESIGN AND METHODOLOGY

For this study, quantitative research strategy and tools were used for both data collection and data analysis. Ethical clearance was firstly applied for and approved. About 120 online questionnaires with closed-ended questions were sent for data collection, and this process ran over a period of three months. The purposive sampling method was used as a sampling method since it was deemed more suitable for this study. The questionnaire used Likert scales from Strongly Disagree to Strongly Agree. Purposive sampling technique is one type of non-probability sampling where the researcher employs their own judgment when selecting research study respondents that are logically representative of the population (Sonubi, 2007). through this technique, the researcher ensured that only experts and experienced professionals participated in a research study. The study received a response count of about 83 responses, whereby about four responses were discarded because of incomplete submissions, resulting to only 79 responses used for further analysis.

FINDINGS AND DISCUSSION

Demographics Findings

Table 1: Demographics findings

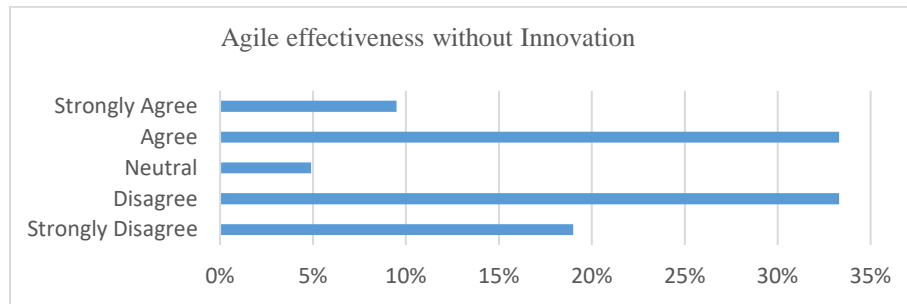
Variable	Factor	Representation percentage
Gender	Male	64%
	Female	36%
Designation	Developers and System analysts	52%
	Project or line managers	38%
	Executive Management	10%
Experience	<= 5 years experience	53%
	6 – 10 years experience	29%
	10+	18%

Relation between Innovation and Agile project management

This segment of the findings illustrates the research findings on the existing relation between Innovation and Agile Project Management concepts. The analysis results are demonstrated through a pie chart, with a subsequent explanation of the result meaning.

Can Agile and agility mindset be effective without Innovation and encouragement of innovative efforts in IT project management?

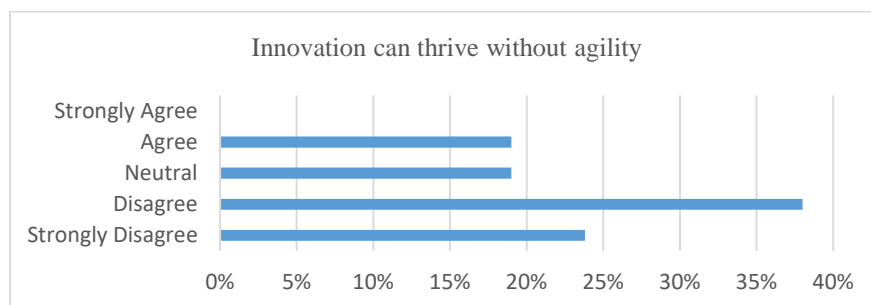
Chart 1: Analysis findings on Agile effectiveness without Innovation



The study findings above illustrate some noteworthy findings, in a sense that as much as there was a significant number of respondents that believe Agile can be effective without Innovation and innovative efforts, there was still a significant representative of those that believe otherwise. From the findings, about 52.3% of respondents do not believe that Agile can be successful without Innovation in IT project management; this includes those that agreed and strongly agreed to this notion. 42.8% on the other hand, believe that for Agile to be effective and successful, there should be some element of Innovation and some encouraged innovative efforts. Only 4.8% of the respondents stated that they were neutral on this matter.

Can there be sustainable Innovation and supporting innovative efforts without agility and Agile in IT project management?

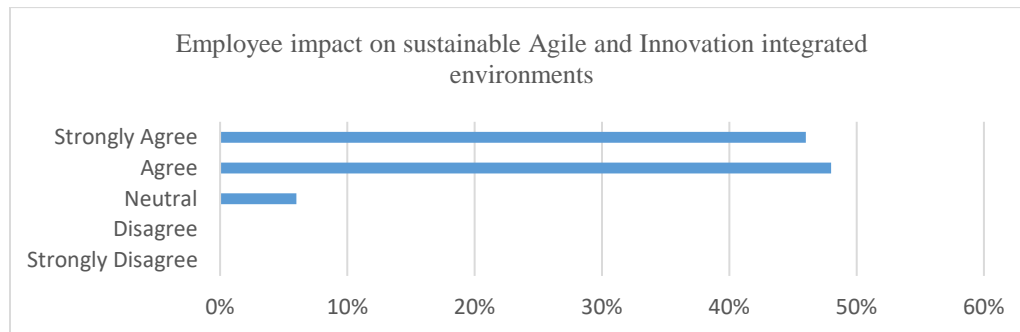
Chart 2: Innovation can thrive without agility



From the findings illustrated in chart 2, about 60% of respondents either do not agree or strongly do not agree that Innovation in organisations can be sustainable and effective without the presence of the agility and Agile as an approach for managing IT projects. About 20%, on the other hand, believe that Innovation in organisations can be possible, sustainable and effective only if there is some presence of agility and Agile as an approach for managing IT projects. The rest of the 20% of the respondents stated that they were neutral on this matter.

Employee input influence the success of integrated Agile and Innovation environments

Chart 3: Employee impact on sustainable Agile and Innovation integrated environments



From the findings illustrated in Chart 3, over 95% of respondents agree or strongly agree that for a sustainable Agile environment that is supported by continuous efforts, employees are the primary contributors to such success and sustainable environment. Only 5% believed otherwise. There were no neutral responses received on this question.

Challenges faced on implementing Agile and Innovation in IT project management and its impact on organisational

Top five challenges in implementing integrated Agile and Innovation environment within IT project management

Chart 4: Challenges faced implementing Agile and Innovation

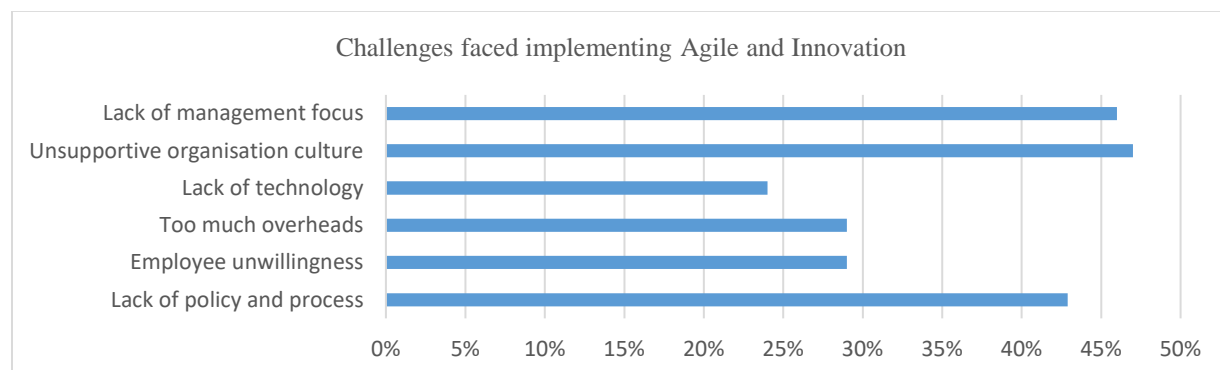


Chart 4 above demonstrate the challenges of implementing an integrated Agile and Innovation environment within IT project management, as experienced by the research respondents. Most notable challenges are the lack of existing policies and processes, organisational culture, and management focus that encourage and support such implementation.

Issues faced due to lack of integrated Agile and Innovation in IT project management?

Chart 5: Issues faced due to lack of Agile and Innovation

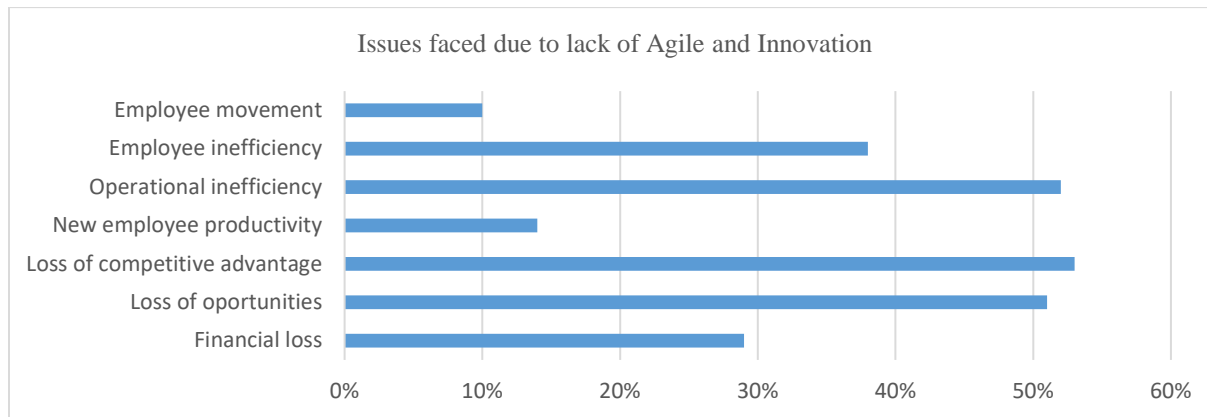


Chart 5 above demonstrate Issues faced due to lack of integrated Agile and Innovation in IT project management, as experienced by the research respondents. Most notable issues included operational inefficiencies, loss of opportunities, loss of opportunities as well as the loss of the competitive urge within the team environment.

DISCUSSION

This section of the study summarizes the debate about the study's conclusions, which are informed by the literature review. The goal of this research is to examine the relation between IT project management innovation and agility. The purpose of this chapter is to look at the relations between the reviewed literature and the study's findings so that appropriate recommendations can be made. According to the study's key findings, 52.3 percent of respondents do not assume Agile can be productive in IT project management despite Innovation, and this number rises to 61.9 percent of respondents who do not agree Innovation can be good in IT project management without being Agile. This is consistent with (Fuchs and Hess, 2018) study findings that indicate that there is some needed degree of Innovation towards thriving Agile digital transformations. Furthermore, 95.2 percent of respondents agree that all workers must contribute to Agile and innovative IT project management, supporting (Kpmg, 2017) 's assertion that coordination and teamwork should be prioritized well before a decision is made.

Nonetheless, some respondents believed that being creative is more complex than implementing Agile in IT project management, which may be due to the misconception that Innovation is all about the introduction or rather invention of a new thing (Morris et al., 2015). This study confirmed the hypothesis that there is a clear correlation between Innovation and Agile, which adds to company efficiency by enabling flexibility in project management with limited predictability (Krstić et al., 2018). Furthermore, this article emphasizes Conforto and Amaral's (2016) assertion that incorporating approaches produces a robust yet adaptable atmosphere that facilitates successful management in high-tech companies.

(Hidding and Nicholas, 2014) list the topmost obstacles faced when executing integrated Agile and Innovation environment, as well as the two notable issues experienced when there is an absence of Agile and Innovation, as factors that lead to company performance. When these two challenges are combined, the following considerations are included: Lack of management focus and a non-supportive organisational culture, a lack of management attention, inefficiency in operations, and a loss of competitive advantage

The study indeed achieved its objectives of answering the research questions, which concludes that:

In the project management of IT projects, there is a degree of interdependency needed between the concepts of Agile and Innovation, which has been shown to yield the most favorable outcomes.

Innovation is needed for agility, and vice versa.

IT development teams should combine the two techniques as a strategic move towards survival in this digitally transforming business landscape and assign resources accordingly.

It's worth noting that the findings of this study indicate that in order to thrive in their operations, IT development environments would need to balance agility and creativity. Potential studies would also benefit from extending their research to include more than one individual, which would reinforce their findings and permit for a side-by-side comparison of the results. Unfortunately, there was not enough time in this analysis to do so. Since Agile development environments are complex, it is difficult to evaluate success objectively since they are multidimensional (Joshi et al., 2010).

CONCLUSION

As the competition between companies adapting to the evolving world increases, it is critical to consider the relationship between Agile and Innovation. Learning how to apply the two principles can improve your chances of success. The aim of the research study was to investigate the relationship between Agile and Innovation in IT project management, as a result of this observation. To address these questions, this quantitative research was conducted. Respondents were strategically selected from a wide group of people using a purposive sampling technique to determine a sample that is representative of the views of the Agile development environments professionals. The study discovered that in the management of IT projects, specifically Agile development environments, there is a degree of interdependency needed between the concepts of Agile and Innovation, which has shown to yield most positive outcomes. Innovation is needed in Agile environments and vice versa. An Agile development environment should combine the two methods and assign resources accordingly to ensure successful delivery and deployment of projects. According to the study's key findings, 52.3 percent of respondents do not agree that Agile can thrive in IT project management without Innovation, and this figure increases to 61.9 percent of respondents who do not agree that Innovation can flourish in IT project management without being Agile. It is essential to bear in mind that this research has shortcomings, such as a smaller pool of findings that would have allowed for wider study outcomes outside of the organisation. However, the findings are significant because they are consistent with prior studies and, as a result, are backed by theory to some extent.

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HOST COMMUNITIES' PERCEPTION ABOUT SOUTH AFRICAN MINING COMPANIES

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ABSTRACT

Mining companies continue to be under immense pressure to effectively address the socio-economic needs of communities affected by their operations and mend relations between the two. The purpose of this paper is to examine perceptions of host communities' about mining companies operating in the Mpumalanga Province. The study employed qualitative research method and purposive sampling to choose the fifty (50) respondents from different communities in the area. The findings indicate that mining companies are perceived as the main contributors to health, environmental, social and infrastructure destruction. Conversely, positive perceptions from members of the communities indicate that mining companies' contribute towards creation of employment and development of required skills.

Keywords: Mining companies; Mining rights; Perceptions; Corporate social responsibility.

INTRODUCTION

The mining industry is an integral element of the national economy and has always made a significant contribution to South Africa. From its massive economic contribution to the national's Gross Domestic Product (GDP), in 2018 South Africa became the world's largest producer of platinum, producing more than twice as much as other countries. South Africa is endowed with about 40% of the world's total gold reserves which are found predominately in the Gauteng province, whereas more than 80% of the country's iron ore is mined at Sishen and Thabazimbi. The country is famous for its abundance of mineral resources and production of these reserves. The companies mining these reserves are known to be key players in the global industry. The industry's wage bill supports 1.4 million breadwinners (Chamber of Mines, 2015). In GDP terms, the mining industry contributes 8% of South Africa's total GDP (FSE, 2018).

Despite its strategic contribution to South Africa's economy, the industry continues to experience challenging times. Of all the challenges bedeviling the mining companies, the challenge of dissatisfied mining communities remains the most unmitigated threat to their viability (Baxter, 2017). Mining companies are under immense pressure to effectively address the socio-economic needs of communities affected by their activities. The Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) was accepted and adopted and has become a mining framework legislation that regulates the mining and related activities in South Africa. Section 39(3) of the MPRDA requires "an applicant for a mining right to investigate, assess and evaluate the impact of proposed mining; consult with local communities where the mine will be located regarding socio-economic issues (creation of small business enterprises, employment opportunities, skills development, etc.), which exist or may arise as a result of mining operations; and to prepare and to submit an environmental management plan and programme." This provision serves as one of those that are directed at the protection of local communities' rights. At the same time there are more generic statutes protecting the administrative and procedural rights of local communities, including those who live in the vicinity of mining areas. These statutes include the Promotion of Access to Information Act 2 of 2000 (PAIA) and the Promotion of Administrative Justice Act 3 of 2000 (PAJA).

Due to increasing levels of poverty and unemployment, the relationship between host communities and mining companies is increasingly strained. To be precise, the relationship is characterised by deep resentment, suspicion and mistrust. The tension stems from the fact that despite mining communities' being the rightful owners of mineral wealth inherent in their communities, it seems these communities are not benefiting meaningfully from mining

operations. Hence the study seeks to examine host communities' perceptions about mining companies operating in the local municipality jurisdiction of Mpumalanga province.

The central concern of this paper is that during the past few years, little research studies have been conducted to assess the perceptions of host communities on mining companies operating in communities. Except for a number of studies instituted in the past mainly focusing on the lack of meaningful corporate social investment activities around mining communities (Warhurst & Mitchell, 2000). The challenge presented by studies done in the past is that by their very nature, perceptions are not static but rather subjectively dynamic and ever-evolving. The perceptions of communities tend to shift from time to time in line with changes in the fluid operating environment. Mining companies need to work in community environments that are fully supportive of their activities not only as a compliance requirement, but also as a social good deed initiative. On the other hand, host communities need stable and vibrant mining companies for employment and business opportunities. The paper seeks to address the following objectives: to explore the perceptions of host communities towards mining companies operating in the Govan Mbeki municipal area; to understand the role of community perceptions in shaping better mine-community relations; and recommend measures mining companies may adopt to foster positive host community perceptions.

The rest of the paper is structured as follows: in the next section the paper presents a theoretical framework on corporate social responsibility. This is followed by a review of the literature. Soon after the literature this is followed by the research method, results, recommendations and policy implications, limitations of the study and scope for the future studies. Thereafter, the paper ends with conclusion.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is considered to be the investment that corporates make into society and is likewise about the integration of businesses in their host communities, regardless of whether this is in South Africa or around the world. Most businesses contribute to their communities, particularly to host communities, by providing local employment, wages, benefits and revenues from tax (Moir, 2001). They also rely on the health, dependability, and flourishing of the community in which they conduct business.

Broadly, CSR is used to portray the commitment and responsibilities that a business ought to have for its internal and external stakeholders. There has been an increasing distress towards the issue of social responsibility (Hilson, 2012, Pedersen, 2011). However, there is no single meaning of CSR fundamentally in light of the fact that the idea is vague (Ralston, 2010). Herzig and Moon (2013) contend that CSR is expectedly connected with business responsibility towards society (adjusting for negative externalities, adding to social welfare) and an obligation to society (responsibility); capable business lead (to guarantee market strength and fidelity); and the administration of the business society interface and good standing in society. Hill et al. (2007) states that corporate social responsibility is the financial, legal, moral and charitable activities of corporates that impact the personal satisfaction of stakeholders. Every one of these constituencies, both separately and on the whole form feelings about businesses through recognition of companies' corporate social contribution, which is portrayed as synopsis judgments about CSR initiatives utilised by investors to have a positive footprint in the society.

During the past decades there has been a denunciation of multinational businesses worldwide. The denunciation was coordinated basically against western businesses and their manufacturing in developing nations (Chen & Zhang, 2009). The sportswear company Nike received monstrous denunciation about sweatshop conditions at its abroad providers (Zadek, 2004). Another notable "case was the contention between Shell and Greenpeace, when Shell chose to dump the stockpiled Brent crude oil in the North-East Atlantic (Grolin, 1998). A later illustration where the enthusiasm for moral gauges and CSR were elevated was the British Petroleum Deepwater Horizon oil calamity in the Gulf of Mexico in 2010 (Balmer et al., 2011). This goes to show businesses are looked at with an aggressive eye on their conduct moreover their scope of responsibilities (Grolin, 1998), and CSR has turned into a somewhat prominent issue in businesses in numerous parts of the world (Hamann & Kapelus, 2004).

In the South African context, there is a number of various instruments directing the current CSR. Such instruments go from intentional sets of accepted rules to managing universal regulations and restricting directions, for example, the Republic of South Africa Constitution (Act 108 of 1996), Mineral and Petroleum Resources

Development Act (MPRDA, Act 28 of 2002), Broad-Based Socio-Economic Empowerment Charter (Mining Charter, 2018) and in addition Broad-Based Black Economic Empowerment ("BBBEE") (BBBEE, Act 53 of 2003).

LITERATURE REVIEW

Mining in the South African economy

The mining industry keeps on being the powerhouse of the South African economy, yet the part which the industry plays in monetary advancement terms has continuously turned out to be less immediate, more especially in communities where these economic role players operate. The mining segment in South Africa has customarily involved a vital part in the generation of production in the economy due to the lucrative beneficiation of minerals.

The mining industry contributes about 8% of South Africa's total GDP (FSE, 2018). In 2019, the South African mining industry contributed with an added value of about US\$13.5 billion to the country's Gross Domestic Product (GDP). Despite its strategic contribution to South Africa's economy, the industry continues to face various types of challenges. The South Africa economy remains very reliant on the fare of minerals and metals. Specifically, export minerals and metals represent as much as 60% of all export revenue. Consequently, the affectability of the outside trade estimation of the rand to mineral and metal costs and their creation.

While it might never again rule the South African economy to a similar degree that it completed a couple of prior decades, the mining business remains a key wellspring of immediate and roundabout work, trade profit and duty incomes. The quantity of mining organisations recorded on the Johannesburg Stock Exchange (JSE) is currently less than half of what it was in 1994 and South Africa has slipped from its once driving spot in the supplying of gold to a circumstance in which it presently represents just 5% of overall supply. Mining represents 5% of non-agrarian formal part work in South Africa, with each immediate activity in the division prompting two extra anomalous employments being made in the more extensive economy.

Factors affecting community perceptions

There are numerous elements that can influence a person's view of a mining venture or operation. It is imperative to comprehend these variables since they drive community recognition, which is a synopsis of the individual discernment or perspective. For the most part, the elements that influence community acknowledgment are mining effects, governance and socio-economics.

Mining Impacts

Mining is the extraction of minerals and other geological materials of economic value from deposits in the earth. This has the potential to have severe adverse effects on the environment, animals and people. The impact of mining goes beyond extraction of minerals and beneficiating the minerals for a greater economic value. It includes but is not limited to a greater impact in different spheres of the economy such as transportation, construction, manufacturing of machinery and equipment, environmental management, geological services, health, social security, research and education. There are various views that once a mining operation is granted a mining right and commences with the operations, there will be an economic boost in the area in which it is operating. This includes employment opportunities for the local people, business and procurement opportunities for local businesses and social investment projects within the community. The perception is that mines boost the local economy. For centuries towns were established around mines, these towns housed families with facilities such as electricity and water, hospitals and schools. People migrated from rural areas to mining towns seeking employment and those towns expanded to accommodate this great migration. Over the course of several years mining was considered as an industry that brought economic wealth and prosperity to communities.

Community opposition to a mining project is a very recognisable phenomenon, and this wonder has been known as the "not in my backyard" disorder (MPE, 2013). For an expanding number of individuals today, their backyard is vast to the point that projects found generally far away are as yet influenced by this marvel. There is a

sense of ownership and entitlement of land and the minerals on the land by communities, moreover by all South Africans. Ivanova and Rolfe (2011) discovered "cradle for mine effects" to be a huge (at the 5% level) factor that clarifies community inclinations for mine improvements. The mine life is a measure of the ingenuity everything being equal (positive and negative). Subsequently, it decides to what extent the openings for work and commotion impacts will last. It is a measure of the "length contract", which has been observed to be a noteworthy factor (at the 1% level) for clarifying nearby worthiness of sustainable power source selection in host communities (Willis, 2003).

Among the potential negative impacts of mining, the visual impact of opencast mining (overburden removal and dumping) merits unique consideration. Mining companies have an obligation to restore the land back to its original form by means of revegetation and seeding, a process known as mine rehabilitation. In open cast mining activities on the land can be seen, where there is excavation of the earth and blasting of hard rock. Communities closest to these activities have a visual of the operations, sometimes with little understanding of these activities. It could be quite overwhelming to witness the once green and luscious field being turned into a mountain of soil and rock (overburden), in specific cases; the impact on the landscape can be noteworthy and unsavoury to the eye.

Corporate governance in South Africa

Corporate governance seeks to facilitate effective, accountable and responsible management of entities in South Africa. The aim is to enhance the application of principles of King IV and also explain these principles practically. This enables companies and entities to be governed, monitored and controlled to ensure they conduct business within the ambits of the laws of the Republic of South Africa.

Mining companies are confronted with internal and external factors that may affect the operations negatively. Challenges emanate from governance, health and safety, environment, socio-economic and even financial distresses. The operations of mines have a significant impact when implementing and/or downscaling activities, the impact is mostly on employees, shareholders, contractors, suppliers, peer mines and the host communities. When mining companies make decisions, the directors need to strike a balance between business sustainability, ethical behaviour and social impact. Decisions ought to be in a manner that demonstrates care and consideration for all stakeholders, internal and external, beyond yielding good profits for the company. This later informs the society's perception of the business, either negative or positive.

The organisation - an integral fabric of society

Businesses work in a societal setting which they influence and by which they are influenced. A business has a general public persona, which incorporates its inner and outside stakeholders with a material stake in its activities. Companies are subject to this more extensive society to, for example, create a conducive working condition, a suitable client base and the abilities/skills that the company requires. Thus, businesses contribute to the more extensive society as creators of riches, suppliers of merchandise, supporters of the fiscus and developers of human capital.

The thought of interdependency amongst business and society is bolstered by the African ideology of "Ubuntu" or "Botho", caught by the articulations "*uMuntu ngumuntu ngabantu*" and "*Motho ke motho ka batho*" – I am because you are; you are on the grounds that we are. "Ubuntu" and "Botho" suggest that there ought to be a typical reason to every human undertaking "including corporate endeavours" which depends on the administration of mankind. As a sensible result of this interdependency, one individual gains advantage by serving another. This is likewise valid for a juristic individual, which benefits itself by serving its own particular society of internal and external stakeholders. In accordance with this ethos, businesses ought to assume liability for the environmental results of their activities and output, as those influence society in its entirety.

Corporate citizenship

Business is an essential part of society; it has corporate resident status and identity. This status presents rights, commitments and responsibilities on the business towards society and the common habitat on which society depends. The idea of corporate citizenship perceives businesses are authorised to work by both internal and external stakeholders, and by society in the wider sense.

The Companies Act (Act 71 of 2008) mirrors legal entities as having a commitment to society. For instance, it states in section 7 that the motivation behind the demonstration incorporates to promote compliance with the Bill of Rights as provided for in the Constitution and it reaffirms the concept of the company as a means of achieving economic and social benefits. Additionally, bolstering the possibility of corporate citizenship is offered by the commitment in the Companies Act for specific organisations to build a social and morals advisory group.

Stakeholder-inclusive approach

There is a close association that exist between business and its stakeholders, and the business' capacity to create an incentive for itself relying upon its capacity to create an incentive for others. A business progresses towards becoming receptive to the opportunities and difficulties postured by the triple setting in which it works by having respect for the requirements, intrigue, and desire for a material stakeholder.

King IV (like its antecedents) "advocates a partner's comprehensive approach, in which the representing body assesses the genuine and sensible needs, intrigue and desires for every single material stakeholder in the execution of its obligations to the greatest advantage of the association after some" time. By following this approach, rather than organising the enthusiasm of the suppliers of money related matters, "the overseeing body offers equality to all wellsprings of significant worth creation, including among others, social and relationship capital as encapsulated by stakeholders.

Stakeholder inclusivity includes the adjusting of enthusiasm after some time by a method for organising and, in a few occurrences, exchanging of interests. A choice of the most proficient method to accomplish this adjust is put forth on a case-by-case premise as present conditions and exigencies require, yet ought to dependably be done to the greatest advantage of the association over the more drawn out term. Adjusting the necessities, intrigue, and desires of stakeholders is a dynamic and continuous process. The nature of stakeholder relationship demonstrates how successfully an association can strike and adjust in settling on its choice and operate with the support of all affected by the business.

The social licence

With regards to energy and mining ventures, the endorsement to operate is regularly named a social permit. A social permit to work can best be described as a casual sign of a community's acknowledgment and support of the development, in spite of the fact that this may extend from hesitant acknowledgment to a relationship in view of elevated amounts of trust (Owen & Kemp, 2013). To note is that social licences can be allowed by different stakeholder groups, and a permit from one group does not mean endorsement from all stakeholder groups (Thulo, 2015). For instance, while a wide group of stakeholders, including government and industry, may discover a task to be satisfactory, nearby government and non-administrative groups, or nearby organisations and community individuals, might be less tolerant and withhold the social permit to operate (Komnitsas, 2020). Different elements impact the allowing of the social license or permit to operate. These incorporate setting, connections, sustainability, local benefits and support, as well as flexibility (Prno, 2013); they moreover incorporate beneficial existence between the business and stakeholders, and the way towards dispersing potential advantages to the stakeholders. While studies on social licences to work and examinations of corporate social responsibility keep on being researched, directed examinations of how communities are engaged with mining operations, and how this commitment impacts the development of perceptions, have received little attention. The connection between participation and acknowledgment is generally a direct, important interview in the planning procedure which tends to affect community views of a project to a great extent (Jobert & Karanfil, 2007).

In spite of the fact that legislation assumes a key part in ordering community and public participation inside the mine planning procedure, a mining organisation's particular commitment technique generally decides to what degree it can join community commitments into a proposed mining venture. Prno (2013) featured public interest and local benefits as one of five focal elements setting up a social permit to work for mines; the others are (a) unique circumstance, (b) worry for sustainability, (c) relationships, and (d) versatility.

RESEARCH METHOD

This paper is based on the data collected using a qualitative research method focusing community perception patterns that negatively impact on the operations of mining companies in the towns of Secunda, eMbalenhle Evander, Bethal and Kinross under Govan Mbeki municipal jurisdiction. The target respondents were drawn from a population 100 representative from the Local Business Forum, a community lobby group that advocates for greater community participation in the mining industry's procurement system constituted the study's population. The study employed a non-probability sampling method and a purposive sampling method was used. A sample of 50 people comprising of individual members of the community in business and employment forums took part in the study. A face to face interview method was conducted while other respondents completed the questionnaires on their own. The Computer-Assisted Qualitative Data Analysis Software (CAQDAS), NVIVO 10 was used to analyse the collected data. Common views on topics of common concern to respondents were profiled before they could be referred for further interrogation. The second activity involved identifying common themes before profiling and writing intelligent write-ups around those themes (Yin, 2011). The aim of this initiative was to simplify complex data into readable and analysable information.

FINDINGS AND DISCUSSION

In exploring the perception of the host communities towards the mining companies, it was vital to establish whether the community members were aware of the number of mining companies operating within the Govan Mbeki municipal area. The respondents had knowledge of the mining companies in their area and the following were mentioned: Sasol Mining, Evander Gold, Anglo Coal, BHP Billiton, Harmony Gold, Anglo-American, Pan African, South 32, Glencore and Kinross Coal as mines they know operating in the Govan Mbeki municipal area.

Further, when respondents were asked whether they had knowledge of any law or regulation pertaining to the mining companies. The results indicated that out of the 50 respondents only two (2) had such knowledge mentioning the Social and Labour Plan (SLP), Mining Charter and Environmental Laws. While another respondent mentioned Mine Health and Safety Act (MHSA) and Mineral and Petroleum Resources Development Act (MPRDA). However, the respondents shared similar views on the negative and positive impacts of mining operations.

On the negative impact of the mining operations, all the respondents indicated the major problems such as health problems, environmental damage and societal dysfunction. On the health issues most respondents mentioned Sasol Mining a company that operates six coal mines that supply feedstock for Secunda (Sasol Synfuels) and Sasolburg (Sasolburg Operations) complexes in South Africa. One respondent mentioned of the bad smell emanating from the Sasol operational area and said: *"I do not know what those chemicals are, but the smell is very bad and affect ears, eyes and breathing for most people who stay in eMbalanhle"*. Sasol is one of the companies that is contributing to the emission of hydrogen sulphide which is dangerous to people's lives. It is acknowledged that exposure to high concentrations of this toxic gas, which is found in many work environments, can cause nausea and severe headaches. Severe symptoms can include conjunctivitis, loss of smell, collapse and rapid unconsciousness. People working or living near mines and oil refineries are at the highest risk of contamination from H₂S (Mail and Guardian, 2021).

On environmental concerns, respondents complained about mining activities that are negatively affecting the environment more especially the vegetation. Most mines destroy the vegetation in the process of extracting minerals from the land. Grazing land is reduced due to mining activities and this was noted as a concern from one of the respondents who is a local farmer. Some respondents complained about the bad tasting water from the boreholes, implying that is contaminated due to underground mining. Other respondents mentioned that open cast mining causes a lot of dust in the air, the dust covers their houses and affects their crops particularly for those who are farming.

Regarding the social impact, respondents mentioned certain issues that are a direct result of having mining companies in their communities. One issue which was raised by one respondent was the issue of the influx of people from all over South Africa and even foreign nationals. These people come to the area looking for better opportunities offered by mines. Most of these job seekers are unskilled labourers. Most of the respondents shared the view that if these people do not find employment they resort to crime in order to survive. Areas such as eMbalenhle and Bethal

are prone to housebreakings and stock theft. The lack of adequate housing has seen a sharp increment in informal settlements that mushroom daily. People put up shacks on any open space found within these areas. One respondent mentioned that mining companies should consider hiring local youths from the host community rather than bringing people from outside. The respondent highlighted that the host community must be given first preference when it comes to employment opportunities as well as business opportunities.

The respondents share a sentiment that men who come solely for the purpose of employment in these areas have boomed the activities of prostitution in the area. These men have left their wives back where they come from and they use prostitution for their sexual desires. Specific comments received from one respondent included: *“Men without their wives around, resort to prostitutes for sexual pleasure, young girls are being lured to have sexual relations with these men for money. The lack of jobs for women in the mines also drives these women to become prostitutes to survive.”*

When the respondents were asked whether mining companies have a social responsibility to the host communities, the responsibilities ranged from provision of housing and healthcare facilities to employment of local youth and women. Most respondent indicated that respondents shared the view that mining companies should play a significant role in developing the communities they are operating from.

Respondents further mentioned the lack of engagement and poor communication by mining companies and their compliance and social commitments. In trying to understand the role of community perceptions in shaping better mine-community relations, it was evident from the literature review as well as the data collected from respondents in this study that the social licence to operate is pivotal. More and more mining companies are moving towards radical social coherence and imprinting their footprint in the community to curb community protests and employee uprisings. Without having a good relationship with communities, mines will not operate optimally therefore no mutual gain for either the mining companies or the community. Host communities play a significant role in the area where mines are operating in, in that skills and resources are required by law to be sourced from the locals.

The relationship between the communities and the mining companies is not healthy. Respondents complained about the lack of communication. It seems mining companies do not engage with the host communities or the engagement is infrequent. Respondents mentioned community needs that mining companies can address. Respondents believe that mining companies have a duty and a significant role to play in developing the host communities. The findings answer the research questions.

While the respondents mentioned the negative impact of the mining companies, they had much to say about the positive impact of the operations of these mining companies. Most of the perceived positive impacts were the spinoffs derived from their operational presents in these areas. Most of the respondents indicated that some of the benefits include local economic development, urbanisation, infrastructure development and creation of formal and informal employment opportunities.

RECOMMENDATIONS AND POLICY IMPLICATIONS

In view of the finding detailed in this paper, it therefore becomes important for mining companies to demonstrate goodwill when dealing with the community, and to have a platform where these parties can openly engage with each other. There is a pressing need for the mining companies to appreciate the dynamics of communities that they operate in. This will enable them to know how and when to engage these communities without straining relations. What is key is that there mining companies need to develop initiative to establish open communication and frequent engagement with the host communities. The South African government has various types of legislations that help the governance of the mining companies, and the mining companies need to ensure that they uphold those policies with the view of ploughing back to the poor communities' form they operate. Whereas there is an acknowledgement of economic contribution of these large mining companies, there need to be a balance between profit and environmental, health and social consideration.

LIMITATIONS OF THE STUDY AND SCOPE FOR THE FUTURE STUDIES

Notwithstanding the contribution of this paper there are a number of limitations to bear in mind when engaging with the findings herein. These include that the study was focused on mining companies operating in one geographical area of Govan Mbeki municipality. In view that South Africa is mineral rich country with various other mining towns, the finding may not be generalised to other areas. Various other studies in different mining towns and municipality need to be conducted to compare the findings.

CONCLUSION

The overarching aim of this paper is to present the perception of the host communities' perception on the mining companies operating in South Africa. Little research work has been done focusing in the topic except few studies sought to explore and conceptualising the core perceptions of these communities regarding mining companies operating in their areas. A number of studies instituted in the past mainly focused on the lack of meaningful corporate social investment around mining communities. This paper makes contribution to expose the gap that exist between mining companies and the communities from which they operate and how they should prioritise and contribute towards improving the socio-economic conditions of the communities where they operate. Mining activities and operations have negative health, environment and social impact to the community. From this study it is clear that there is a lack of communication between mining companies and their host communities. The strained relationship is mainly due to inadequate communication by mining companies regarding their operations and commitments in the areas of their operations. This in turn has informed the negative perception the community has towards these mining companies and their footprint in society.

It therefore becomes important for mines to demonstrate goodwill when dealing with the community, and to have a platform where these parties can openly engage each other. Mining companies need to appreciate the dynamics of communities that they operate in. This will enable them to know how and when to engage communities without straining relations. What is key is the open communication and frequent engagement initiated by mining companies.

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**INTRODUCTION TO A NEWLY CREATED SCIENTIFIC
DISCIPLINE: MANAGEMENT OF ALLSELVES'
ENLIGHTENMENT AND EMPOWERMENT (MOSEE)
WITH 5TH DIMENSION SPIRIT PARADIGM SHIFT
WILL CONCILIATE THE MODERN MANAGEMENT
PHILOSOPHIES; CREATING SHARED VALUE (CSV) OF
MICHAEL E. PORTER AND MARK R. KRAMER OF
U.S.A.**

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ABSTRACT

*In capitalist society, businesses tend to use human beings as a resources and tools for them to achieve the goal of maximizing profits of the businesses. As a result, the phenomenon of human alienation and polarization of wealth has been cited as serious social problems. Today, the conventional wisdom that material affluence and prosperity resulting from economic growth will bring happiness to the human society is shaken by the problem of "spiritual(consciousness) poverty in material affluence." To play a role as an economic system that contributes to the happiness and co-prosperity of the human society, capitalism must also evolve in keeping with the new changes of the times. In this article, to discuss the alternative of capitalism to fit the new era, we pursue a new realm of possibility through the new scientific discipline of MOSEE; Management Of allSelves' Enlightenment and Empowerment that the author of this article, has founded in 1990, while at the same time announcing the new 5th dimensional factors of the spirit resource and asset (SRA) of human beings of the MOSEE. This aims to achieve a 5th-dimensional MOSEE revolution for the creation of the 21st century Universe Human Spirit Science Civilization by analyzing and evaluating the inherent structural constraints of the modern business philosophies and theories, such as CSV (Michael Porter). In other words, it will continue to carry out academic research, education, and human society activities that lead to the creation of the Universe Human Spiritual Science Civilization of 21st Century, beyond the Advanced Scientific Informative Civilization of 20th Century. We, the Author and Co-author of this article, are trying to conciliate the modern management philosophies and theories of the following prominent scholars such as CSV of Michael Porter and Mark Kramer in U.S.A. and all several others else in the world nowadays. (*Note: Spirituality may be called High level of Human Consciousness or High level of Spirit, As Spirit is more common in English, it is called Spirit in this article.)*

Keywords: MOSEE, 4th Inherent Dimension Structural Constraints, Creation of 5th Dimension Spiritual Resources and Assets, Spiritual Industry, Universe Spiritual Science and Technology Civilization.

INTRODUCTION

Purpose of Research

This article is trying to conciliate the modern management philosophies and theories of the prominent scholars such as CSV of Michael Porter and Mark Kramer in U.S.A. and several others else in the world nowadays. It examines the abovementioned philosophies and theories in light on the MOSEE: Management Of allSelves' Enlightenment and Empowerment that the authors have founded in 1990, thereby addressing the 5th spirit dimensional vision of the business administration and creating the new realm of overcoming the structural constraints through this process, we want to clearly recognize the limitations and coping measures to resolve the limitation of modern management philosophies advocated by the prominent scholars of the world and open the way for the leap forward through the 5th dimension transformation of MOSEE.

CREATING SHARED VALUE (CSV) OF MICHAEL E. PORTER AND MARK R. KRAMER

Creating Shared Value (CSV) Overview

(1) Concepts. Harvard professor Michael Eugene Porter announced the CSV concept in his 2011 “Harvard Business Review.” The concept refers to an act that is not made by a company to make social contributions after revenue generation, but that is done in a way that the business activities themselves can create social values while at the same time pursuing economic returns. It’s about the competitiveness of companies and the surrounding communities. It is based on the perception that prosperity is interdependent.

(2) Philip Kotler’s CSV Opinion. Philip Kotler argued in his book “Market 3.0” that “the era of 1.0, appealing to consumer reason, and 2.0 appealing to emotion and empathy has arrived.” Management strategies for future markets were proposed based on CSV. This 3.0 calls for an entrepreneurial spirit in which consumer values, corporate values and socially necessary values are harmonized in the future.

(3) Differences between CSV (Creating Shared Value) and CSR (Corporate Social Responsibility). Michael Porter explained in his paper that “the stark and clear difference between CSR and CSV lies in creating value. CSR has nothing to do with companies’ pursuit of profits because it gives back corporate profits to society through good deeds. However, CSV seeks both economic and social benefits by creating business value where business opportunities and needs of the community meet. In other words, CSV is a more evolved concept than CSR and a win-win concept for businesses and communities.”

How to Practice Creating Shared Value (CSV)

Professor Michael Porter said that there are three ways to create CSV.

- (1) Generating CSV through products.
- (2) Generating CSV based on value chain operation.
- (3) Creating CSV through the surrounding environment.

Examples of creating shared value (CSV). The explanations are reserved here.

2.4.1 Dow Chemical Co., Case in the U.S.A.- What will you make?

2.4.2 Hyundai Motor Co. in the Republic of Korea. How to improve the environment of the community?

AUTHORS’ MANAGEMENT OF ALLSELVES’ ENLIGHTENMENT AND EMPOWERMENT (MOSEE) WITH 5TH DIMENSION CONSCIOUSNESS (SPIRIT) REALIZATION

CONCILIATE, BY IN-DEPTH COMPARATIVE ANALYSIS AND EXAMINATION BASED ON THE FOLLOWING 16 FACTORS, CREATING SHARED VALUE (CSV) OF MICHAEL E. PORTER AND MARK R. KRAMER

Comparative Analyses on Management Philosophies

1) Authors' MOSEE(Management Of allSelves' Enlightenment and Empowerment)

The ultimate truth and philosophy of MOSEE'Life Origin Source and Opening Living: Human and human organizations - the ability of the economic entity to conduct the social work force (political circles) to realize that their lives are not separated among themselves and all relationships with the home family, work, society, country, and the world's human race, but rather a trans-connected existence as a whole. In other words, the self-created existence of a true bearing, the reality of being real, and the management focus on 5th dimension consciousness(spirit) resource asset in an infinity new realm of possibilities. Therefor the free and self-sustaining creative management can only be achieved by escaping the obsession from the limited structural constraints of resources and assets such as land, capital, human resources and technologies with 4th dimension until now.

In the 17th century in Republic of Korea, the prophet scholar, Ha-Gon Rhee, advocated and founded the academic study area of Consciousness (Spirit) Philosophy and Truth Literature and Culture Philosophy and in the 18th century, the prophet scholar, Dae-Yoon Shim advocated and founded the new academic scientific discipline of Human Profit (Benefit) Generating Truth and laid the foundation for modern Korean spiritual science and social philosophy and capitalism ideas. Describing the stage as Greed, His new theory advocated for the first time the Human beings have their Desires that are very natural truth and seek Private profits. Naturally the private profit seeking is to be developed to the higher levels transformations along with the higher Consciousness (Spirit) enhancement, i.e., to Fair Competition of Profit making, Axiom (Public) profit generation and Welfare profit generation for all sectors including Private sector, Societal sector, Public sector, Domestic and International sectors. MOSEE is an academic research, education, and management practice that leads the creation of 5th- dimensional, high-level spirit(consciousness), ultra-science and technology civilization beyond the 4th- dimension Profit (Benefit) levels. Therefore, free market oriented and self-sustaining creative management can only be achieved by overcoming the obsession with resource assets in the structural constraints.

As the authors of this paper, predicts and suggests, we will establish the ultimate truth and value system in the universe's life system by 2040, because we will create the Universe Human Spirituality Science Civilization.

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

In Michael Porter's CSV theory, he wants to pursue Creating Shared Values (CSV) that are part of the values of various disparate domains, such as economic value, social interest value, and public goods and political interest value, while staying within the existing paradigm of knowledge management principles of ownership-based management and obsession management for the limited resource asset structural constraints.

In the case of creating shared value(CSV), the underlying basis is advocated for Creating Shared Values(CSV) of economic values and social values and public values, and there is no process of how the sharing of the subset should be established in different areas of values for different purposes and different systems, Michael Porter's CSV thesis has not shown the clear analyses and presentation of the framework of the prioritization criteria and value hierarchical systems of the various sectors in domestic and world-wide areas for determining Creating Shared Value. The Creating Shared Value (CSV) is ambiguous on what the values are based on the theory of value pursuing steps. Thus, because of its reliance on the robust governance of a large, deepening cluster with cross-border networks, the cluster's components, people and various organizations, are highly likely to be severely restricted in the diversity of self-sustaining voluntary choices of Creating Shared Values (CSV). Unless broad diversity is guaranteed in Creating Shared Values (CSV), the process of Creating Shared Values (CSV) is subject to significant restrictions by the government (including politics) power struggle, the monopolistic extreme competition behavior of large cluster capital,

and the struggle of governance expanded from the deepening network of large clusters mixed with unfair inequality and irresponsible human rights struggles by social enterprises and social civic groups. Thus, the tendency to centralize the Creating Share Value (CSV) selection process and management authority is expected, and the larger the cluster becomes, the more likely it will become to become stronger.

Therefore, it is feared that the Social Control Management Economic System might be overwhelm all over the world beyond the domestic areas. The West has the salvation of Jesus Christ Christianity, the belief of love and the spiritual consciousness of Puritanism, based on all fields of politics, economy, society and culture and the advanced multi-cultural multi-ethnic civilization of modern mankind and is now on future-oriented lead. The Western governments have developed a self-sustaining free market enterprise corporation system by supplementing and adjusting defects that have emerged during the 400 years since the modern era of liberal democracy and capitalist market economy, and the Western government has established a corporate climate to enhance free competitiveness by implementing policies that severely restrict the concentration of the industrial organization and financial capital concentration by sector.

The development of the United States (U.S.A.) and the European Union (E.U.) is truly great. It is a far-fetched future dream that is still unthinkable at the level of Asian consciousness(spirit). Europe was still at war until the 1945. I remember jokingly saying, "If a person's stomach sounds uncomfortable due to indigestion, Korean people say, in joke, the European War. It was remarkable in human history that European Economic Community (EEC) started right after world war the second and made European Union (EU) with 26 countries in Europe that cannot even imitated in Asian countries right now at 2021.

Comparative Analysis for Definitions of Human

1) Author's Management Of allSelves' Enlightenment and Empowerment (MOSEE)

Human is the Spiritual Being, living a life that is experiencing human Being and the world. The serious crisis of modern capitalism stems from the fact that since modern times, the spirit of capitalism originated in the Western countries continues to run the economic systems on the basis of defining people as "reasonable economic men." Although research on the mind (mind-taking, mind-management, etc.) is being carried out in part in the Western countries, it is well known that the fundamental underlying of the understanding has been the management economic theory and practice on the keynote of 'the economic player is an economist who acts with thorough economic interest motive and makes rational decisions. When we look at the in-depth meaning of "reasonable men," it means that "reasonable decision-making" is prioritized over "human value-oriented." Human value orientation is to live as a member of a human-like in human community. First of all, they choose a life of relative affluence that aims to exchange human dignity and love one another, and is educated to have a high level of consciousness(spirit) that is suitable for them, followed by a life of relative value that is not tied to the amount of money.

The word 'Reasonable decision' means that Reasons actually make decisions. The word "decide" means "no "cide" as shown in the English spelling. This means that Reasons become the state of killing all of the alternatives leaving some not killed. Thus, when things change from time to time and the reasons change incoherently, the management of choosing independently by myself and/or my community (business and social organization) is lost and flustered, and most of the time automatic reactive responses are made.

For this reason, the management economic theories under way belonging to the category of ownership management often lock themselves in a vicious circle of making bigger problems in the process of finding answers to the problems that arise.

However, the author of this paper Jae Yoon Rhee's MOSEE can contribute to creating the new resolution instead of being stuck in the vicious circle in approaching problems by realizing itself as a 'Original Being and Source', realizing that the interaction between itself and the community is part of and whole, and recognizing the problems as new creative opportunities and managing them.

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

The Creating shared value (CSV) is based on the logic that people, after Adam Smith, are reasonable economic men who make decisions in managements and engage in economic activities according to their rationality.

Comparing management performance

1) MOSEE of Author of this paper

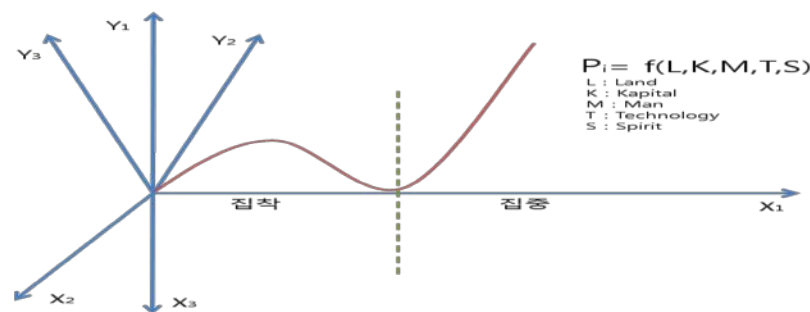
MOSEE invented Enlarging Law Curve of Output Performance with respect to the inputs due to the management for Concentration of Being. (Author's theory) Comparison of two curves: Diminishing Law Curve of Output Performance due to the management for Attachment of Possession and Enlarging Law Curve of Output Performance due to the management for Concentration of Being.

In the figure below, the laws of mathematics are achieved through intensive management and the creation of new beings (people, families, businesses, society, countries, mankind) in resource assetization that are unconstrained because of the realization of the infinite creation of consciousness (spirit, spirituality) that has been newly discovered and adopted as an additional 5th-dimension variable as well as existing 4th-dimension variables, i.e., land, capital, human resources and technology innovations.

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

CSV is still stuck in Diminishing Law Curve of Output Performance due to the management for Attachment of Possession. In the figure below, it is inevitable to adhere to the diminishing laws of output performance as it is confined to ownership-based management and obsessive management due to the limitations of scarcity, limited to existing outward 4th-dimension resources such as land, capital, human resources, and technology innovations.

Figure 1: The focus of management consciousness (spirit spirituality) of Being is on the basis of Enlarging Law of Performing curve (the theoretical model of the author Jae Yoon Rhee)



In the equation of $P=f(L, K, M, T, S)$, S(Spirit) is a "human consciousness(spirit)" and refers to spiritual resources. L refers to land, K capital, M human resources, T which refers to information and knowledge and technology on innovation.

Comparison of genuine creative management

- 1) MOSEE of author of this paper: MOSEE can create something real from nothing.
- 2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer is limited to areas in which something cannot be created from No Thing but can be innovated only from something real

Levels of deep-seated different Dimension of human consciousness (spirit) and step-by-step management behavior (author's theoretical model):

Explanations follow in Figure 2.

CSV Level of 4th-Dimension: Wisdom Management based on 4th-Dimension Human Reasoning: Practice strategies for expanding cluster of creating shared value (CSV) and priority of survival competition based on human rationality rather than 5th-Dimension consciousness(spirit). Social control economic system after Corona.

MOSEE Level of 5th-Dimension: MOSEE: Management Of allSelves' Enlightenment and Empowerment: The area of MOSEE's practice that focuses on creative Being management and consciousness(spirit).

Authors' MOSEE: The self-organizing autonomy in choosing the value of life is open to the completely free space "No Thing space" and the public.

Comparative Analyses on the Perception of Management Entity

1) Author's MOSEE

The Entity perception of the business, society, government (Politics Circles), and economic activities is a part of the Life Origin and is recognized as the whole Life origin itself.

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

The Entity perception of the business, societal, government (Politics Circles), and economic activities as a limited identity is immersed in its own contradictions and prejudices, risks involved.

Awareness of Management Objects

I would like to consider the perception of objects and phenomena.

1) Author's MOSEE

A brightly understanding of the actual events of interpretation expressed in language under the constraints of personal sensory judgment recognition and social consensus.

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

CSV is based on the separation of 'I' from others and acting in recognition of a separate 'I'.

Comparative Analyses on the Language Behavior System

1) Author's MOSEE

The theory of creating an integrated creation of creative language and behavior (the theory of author Jae Yoon Rhee).

The language system of MOSEE uses 5th dimension of the real creation (transformation) thinking and behavioral language creative language, and declares one's own choice, creating the reality and creating a new world. It is shown in below [Table 1].

**Table 1: Integration Ability of Creative Language & Behavior (Author Jae Yoon Rhee's Theory)
Creative Language Dimension System Table (Author's Theory)**

Dimension	3rd	3rd	4th	5th
Language Type	Ordinary	Pretend	Innovative	Creative
Intent of communication	Automatic Response based On Past Memories	Intentionally Misleading and Inauthentic	Honest on Facts Explain to Fit the world Environment & Circumstances	MOSEE Creative Daily Living to Create New World Circumstances
Language Function for Way of Thinking	Depend on Experiences Memories Many Unrealistic Unsystematic Thoughts Noises. Habitual Listening And Telling. Unreal Vicious Cycle of Interpretation	Intentionally Offensive and/or Self-Protective Plotting, Two Extremes Separate; I am Right You are Wrong. Dominate Avoid Responsibility.	Words to Fit World and Circumstances Possession Management with Attachment Innovative to Change a Little Better and More, Difference, Based On Past Way Of Thinking and Doing Experiences, Influences	Words to Create New World and Circumstances. Be Present with Awareness. Being Management with Concentration. Transformation by Self as Others with New View Point in New Realm of Possibility

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

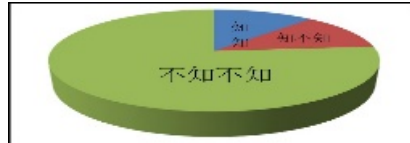
The CSV language behavior system is a 4th dimensional progressive improvement (change) accident and action language that adapts to reality and manages survival. The underlining is a 4th dimensional language.

Exploration Objects to Research

1) Author's MOSEE

The first part, human knowledge blue area, covers 3 % of the life whole capacity and the second part, wisdom red area, covers 27 % of the life whole capacity and the third part, enlightenment green area, covers 70 %, the rest of the life whole capacity that is called the Blind Spot.

Figure 2: 3 parts of life whole capacity
Blue 3%: Knowledge area, Red 27%: Wisdom area, Green 70%: SEE area



2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

It is limited to 30 percent. The remaining 70 percent of the Life whole capacity that means the managements in CSV, do not even know MOSEE, what they don't know what they do not know, will remain an unexplored area as a blind spot.

Comparisons between knowledge management and MOSEE (the theory of authors)

1) Author's MOSEE

MOSEE is compared with Knowledge Management as described in the comparative table, (Table 2).

Knowledge management and Wisdom management define 4th-dimensional External Resource Capabilities including Land, Capital, Human Resources, Technology level and development power as management Personnel who determine management performance. However, in addition to the above 4th-dimension of External Resource Capability, the MOSEE creates a 5th-dimensional Internal Resource Capability such as Consciousness (Spirit) and consolidates both Internal Capability and External Capabilities in order to display the Total Consolidated Ability.

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

CSV is knowledge management as described in [Table 2].

Table 2: Comparison of Knowledge Management and MOSEE (Author Jae Yoon Rhee's theory)

Knowledge management	MOSEE: Management Of allSelves' Enlightenment and Empowerment
<ul style="list-style-type: none"> · Possession Management · Material and Circumstances dominate Me · Starting by Desire ends up with Satisfaction · Enjoy Only Success of competition in Survival Business Game 	<ul style="list-style-type: none"> · Being Management · New Being and Objectives Created by Me Create and Dominate Material and Circumstance · Being Management creates Breakthrough and uses Breakdown as New Opportunity as Happy Being by Itself
<ul style="list-style-type: none"> · Gap between Objectives and Present Situation=Breakdown →Problem Definition →Solution →Bigger Problem →Other Solution →Vicious Cycles Continue Over Again 	<ul style="list-style-type: none"> · Gap between Objectives and Present Situation = New Opportunity · Gap=Gap Itself · Breakthrough and Breakdown are Face and Back of Same Coin · Strong Structure for Productive Performance
<ul style="list-style-type: none"> · Pursues Answer for Question But there can be No Answer for Question in Reality. Then why Pursue Definite Answer? Because Knowledge Management can avoid Responsibility and feel easy 	<ul style="list-style-type: none"> · Inquiring Continuously · Spirit Quality Assurance Need

Paradigm Shift: From 20c Particle Civilization to 21c Wave Civilization

Transformation Knowledge management into the new realm of MOSEE

[Table2 Comparative Table between Knowledge Management and MOSEE

Comparison of Ownership Management and Being Management (Authors' theory)

1) Authors' MOSEE

MOSEE is Being Management that has the 5th-dimension management of human consciousness (spirituality) with infinite creation capability, in addition to the 4th-dimension external resources, i.e., land, capital, human resources and technological innovation. [Table 3] See the comparison table of Ownership Management and Being Management of MOSEE.

2) Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer.

CSV adheres to ownership-based management and economic 4th-dimension resources such as land, capital, human resources, technological innovation and scarcity structural constraints. [Table 3] See the comparison table of Ownership and Being management of MOSEE.

The authors' The 21st-Century New Vision for Universe Human Civilization of Spirituality Science and Technology followed by The New 21st Century Universe Human Spirituality Science Education is reserved here.

Academic Education Methods of MOSEE (Authors' theory)

The detail descriptions of the methods and 100 tools of academic and practical education of MOSEE are reserved.

Vision of MOSEE: Life, Peace, Spiritual Autonomous Federation Network Establishment [Table 4] Vision of MOSEE is reserved here.

The method for creative structuralization of spiritual industrial start-ups, success in achieving their existence and goals, and the way for full scale reproduction is reserved here.

MOSEE's methodologies, techniques and tools with 100 Specific Ways have been developed already in design, application, experiment, measurement, quantification, indicator, and tracking of leap forward trends in 5th-dimensions, etc. The 21st century new Universe Human Spirituality Science Civilization at **2027 (UHSSC)**.

CONCLUSION

Through the Management Of allSelves' Enlightenment and Empowerment (MOSEE) founded by the authors of this article in 1990, the individuals and organizations can create new surroundings and worlds by creating a new Being of the 5th-dimension consciousness(spirit) that is self-awakening. The knowledge management and wisdom management define the 4th-dimensional External capacity including land, capital, human resources, technology level and innovation power as management resources and assets that determine management performances. However, the MOSEE is to invent the 5th-dimensional Consciousness (Spirituality, Spirit) and achieve fully the true creative management by fully intact capability integrated with both internal and external capabilities.

Under a few big power dominated governance structure of a huge cluster, which has expanded to a future network of creating shared value (CSV) theory by Michael E. Porter and Mark R. Kramer, small-scale participants of the huge cluster may have serious constraints that narrow down the self-sustaining, voluntary options of creating shared values. It is believed that the wider the cluster is expanding domestically or internationally, the more confidently posing the risks that political and social control will be strengthened in power governance.

The creating shared value (CSV) of Michael E. Porter and Mark R. Kramer is based on the management economic principles and the recognition of people as rational businessmen, and management that relies solely on property-based management and land, capital, human resources, household resources, and resources innovation are the 20th-century framework of thoughts However it urgently requires transformation into a future-type framework of thinking in the 21st century. Therefore, there is no other way to break through the reality that has been stuck in the law of diminishing returns of outputs with respect to inputs since the birth of modern management economics theories in 18th century.

It is also a linear, incremental development model that can innovate something from something and thus has a limitation that prevents the actual creation of something from No `Thing. It seems clear that no specific methodologies have been established to analyze and evaluate the growth level of human consciousness(spirit) and its step-by-step management behavior and secure the true integrity of trust and credibility that are essential for the life of management. The way to overcome the above limitations of the Creating Shared Value (CSV) of Michael E. Porter and Mark R. Kramer. is through the creation of 5th-dimension human consciousness(Spirit, Spirituality) and the confirmation of its new theory of scientific discipline, MOSEE's new philosophy of 'Life Origin Opening and Living'.

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SOUTH AFRICA RESERVE BANK COMMUNICATION—HAS TIME YIELDED CLARITY?

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ABSTRACT

The South African Reserve Bank (SARB), South Africa's central bank, adopted inflation targeting in 2000. In 2000, the SARB adopted flexible inflation targeting as a monetary regime and in doing so, setting its inflation target at 3–6%, for the headline consumer price index (Coco and Vieg, 2020). Essential to achieving this inflation target is clear communication of not only ex post policy actions, but a clear dissemination of SARB's future actions. This paper examines how the SARB has been communicating, with particular emphasis on their Monetary Policy Committee (MPC) press statements between January 2000 and January 2021. The breadth of the sample space informed by a necessity to explore an evolution in SARB's communication clarity. In addition, this study considers the role of SARB's MPC press releases and given the wide span of the sample, it offers an inquiry into what has changed over a twenty-one year period hence probing if there has been more clarity in SARB's communication over the past twenty one years. This question is answered using the Flesch and Flesch-Kincaid methods which are widely accepted in central bank communication literature. The two methods which are to gauge how difficult a passage in English is to understand, are used to assess SARB's readability hence clarity. In evaluating central bank communications and upon surveying the data, the paper offers empirical evidence about SARB's Monetary Policy Committee (MPC) meeting statements spanning over two decades, clearly exhibiting its evolution. This study finds that SARB communications' Flesch Reading Ease Score Computation is way above and fluctuates more compared than the Flesch-Kincaid Grade Level Computation exhibiting a random fluctuation between 2000 and 2015. This ergo, despite SARB's MPC statements exhibiting more readability, the reliance on academic words has made them more complex.

Keywords: South African Reserve Bank, central bank communication, Monetary policy committee, Flesch Reading Ease Score, Flesch-Kincaid Grade Level.

INTRODUCTION

In the ultimate pursuit of central bank transparency, effective central bank communication has in the past two decades transcended to one of the most crucial tools in achieving policy actions (Geraats, 2002; Woodford, 2005; Blinder et al., 2008; Bulíř et al., 2012). As argued by Blinder (1999:71); “central bank that is inscrutable gives the markets little or no way to ground these perceptions [on monetary policy] in any underlying reality? —thereby opening the door to expectational bubbles that can make the effects of its policies hard to predict”.

While communication is the new normal in the inflation targeting era, there is substantial academic work that empirically shows that effective communication is not necessarily a matter of increasing the quantity of information from the monetary body but more about enhancing the quality of data from the central bank. For instance, Fracasso et al., (2003) illustrated how the quality of central banks' writing negatively correlates with monetary surprises, concluding that clarity in writing erases uncertainty. In their unique study of inflation reports from nineteen central banks, they concluded that for an inflation report to be deemed ‘good’, it needs to lead to an improved interpretation of monetary policy decisions (Fracasso et al., 2003).

As central bank communication scholarship takes on answering the ‘clarity’ query, scholars such as Jansen (2011a); Montes et al., (2016) all agree central bank communication condenses market uncertainties. Rosa and Verga (2007) went on to illustrate how market expectations are swayed by macroeconomic data published by the European Central Bank (ECB) at its monthly releases. Jansen (2011b) also investigated former Fed Chairs Paul Volcker and Allan Greenspan's clarity in communication during their tenures. Jansen (2011b) also established that a substantial quantity of former Fed Chairs Paul Volcker and Alan Greenspan's Humphrey-Hawkins testimonies were incredibly hard to follow, thereby concluding that the general public would be better off served through more

processed communication paths. In a relatively novel methodology at the time, Bulíř et al., (2008) illustrated how some of the sample central banks had not necessarily been clear on what they communicated to the public.

SARB communication takes on several avenues from governor (and deputy governor) speeches, quarterly bulletins, macro and micro economic reviews, financial position statements, MPC statements, SARB webinars and research papers. As exposed by Fracasso et al., (2003) every one of these aforementioned communication avenues has a predetermined intended audience with a particular and deliberate function which aligns with the central bank's communication strategy in question. Furthermore, Fracasso et al., (2003) concluded that carefully and prudently articulated monetary statements yield a substantially higher predictability in central bank policy decisions. It should be noted that regardless of the communication path in question, it is critical to pursue clarity in conveying monetary information.

Furthermore, although there has been research in the central bank communication field, it is clear that most of the previous research has focuses on the quantifying the numerous gains of market predictability when it comes to interest rate decisions (see Woodford, 2005; Blinder et al., 2008). This paper explores African central bank communication with a keen inquisition on the continent's pioneer and most evolved inflation targeter and in so doing, creating for a laying a path towards textual analysis with a methodology that has not been explored before. The rather scarce literature in the field has focused on the interaction between SARB and the media such as Reid et al., (2014) which explored how South African newspaper articles report on inflationary pressure while Reid (2011) examined how SARB interacts with the 'inattentive public'. To this end, this study's approach of first quantitatively unpacking SARB's communication stance provides for a clear foundational methodology for future studies on central bank communication notwithstanding aiding textual analysis comparability given that both the Flesch Reading Ease Score and Flesh-Kincaid Grade Level indices are widely accepted readability indices.

This paper focuses on SARB's post MPC meeting statements, thereby unpacking how these have evolved over the governorship of Tito Mboweni, Gill Marcus and Lesetja Kganyago offering a retrospective appreciation of the trajectory of SARB's communication over the past twenty-one years.

Why communicate anyway?

Central banks including the SARB have in the past made strides in enhancing accountability and transparency (Montes and Nicolay, 2017), and it goes without saying that effective communication is a critical enabler in this endeavour. A stand out benefit of increased effective communication is the empirically proven ability to foster interest rate decision (Woodford, 2005; Blinder et al., 2008), which undeniably contains market expectations. In 2001, Woodford notoriously concluded that the gist of monetary policy is the art of managing expectations. Today, it is clear that managing the 'expectations windows' for both short and long term interest rates fosters effective monetary policy implementation particularly in inflation targeting regimes.

As many central banks migrated to inflation targeting over the past thirty years, the fundamental of the regime such as transparency, accountability and clarity have never been more profound; but relevant to this paper is clarity buoyed by effective communication. The role of communication in an inflation targeting regime are underscored by Fracasso et al., (2003) who concluded that:

"Merely announcing IT and publishing inflation forecasts is not enough: the benefits from IT only accrue to central banks that convince the public that their decisions are rooted in the relatively tight constraints imposed by a process that starts with forecasts, considers the optimal responses and ends with decisions which, year after year, appear as derived from the same logic" (p.1).

Because the inflation targeting framework is explicitly outlined by the central bank in question, it becomes fundamental for the monetary authority to share their inflation forecasts in a bid to justify their actions.

In the same way, by efficaciously communicating their inflation forecasts, growth outlooks, and future policy actions central banks advertently whilst heedfully find themselves guiding expectations (Blinder et al., 2008).

Another critical aspect of communicating is the push towards accountability. Today, a central bank's accountability is almost wholly evaluated by its transparency. Amato et al., (2003) affirm this conception remarking:

“In general, greater accountability has meant an increase in communication with the public regarding the beliefs of policy-makers and the operations of monetary policy. In turn, fair evaluation of central bank performance can only be achieved through greater transparency” (p.495).

Furthermore, as argued by Solnik (1983) because there is a clear relation between stock returns and inflationary expectations, central banks can undeniably guide stock market performance using effective communication as a conduit to containing and managing expectations. More so, Blinder (1999,p.70) makes an interesting observation that because central banks broadly manage only the overnight interest rates he notes “has virtually no economically interesting transactions”, the ability to move financial markets as endorsed by Solnik (1983) would justify more central bank communication.

Amato et al., (2003) reaffirm this logic arguing that shorter term interest rates such as the one-year rates are often steered by the market's projection of future overnight rates for the year in question. Ergo, market expectations (which are buoyed by effective central bank communication) of future policy actions of the central bank would become a vital variable in shaping asset prices; by far justifying the need for effective communication.

In his famous allegory, Woodford (2005) made a case for central bank communication by first citing the complexity of central banking as a whole. Woodford (2005) reasoned:

“Central banking is not like steering an oil tanker, or even guiding a spacecraft, which follows a trajectory that depends on constantly changing factors, but that does not depend on the vehicle's own expectations about where it is heading. Because the key decision makers in an economy are forward-looking, central banks affect the economy as much through their influence on expectations as through any direct, mechanical effects of central bank trading in the market for overnight cash” (p.2).

Given the unpredictability of the future Woodford's (2005) premise makes a case for effective communication as the ratio of the overnight rate to market prices is almost entirely contingent upon market expectations (Amato et al., 2003).

It is worth underscoring that communication arms market participants with certain modelling tools which shed light on how the central bank in question defines and ergo determines its nominal interest-rate setting (Eusepi and Preston, 2010). It is this same information that answers the expectations predicament alluded to earlier as this same information eases the ‘forecasting problem’ as substantiated by Eusepi and Preston (2010). Nonetheless, central bank communication is an ongoing concern and improvements are made by the day, hence making communication relatable to the general public would foster the public's understanding of monetary communications (Bholat et al., 2019).

Communication today is a vital instrument in any central bank's tool kit. Nevertheless, as accentuated by Jansen (2011b), however much a central bank may communicate, if this is done in an unintelligible fashion then it simply would not pass for a transparent central bank. To this end, this study will examine SARB's clarity in their MPC statements instantaneously relying word count for detail and the Flesch indexes (Flesch, 1948) to examine readability and clarity.

Quantifying SARB MPC communication clarity

A widely accepted method to measure central bank communication clarity today is through probing whether the public can easily comprehend the information put forth by the central bank in its communication (Čihák et al., 2012). Relying on this premise, central bank communications' clarity can be quantified using either the Flesch or the Flesch-Kincaid grade level indices, as these indices can portray number of years of education required by the reader to adequately grasp any text. Given the Flesch and the Flesch-Kincaid indices' reliance on plain text to quantify their readability, both of the indices have in the past decade gained prominence as means to elucidate central bank communication readability attested by the work of (Jansen, 2011a; Jansen 2011b). It should be noted that the Flesch-Kincaid index offers immense comparability with other readability scales on other disciplines, and offers adequate contrasts with other readability indices such as the fog index (see Čihák et al., 2012).

In this study, SARB MPC transcripts' Flesch-Kincaid grade level between 2000 and 2021 fluctuates from 4 to 15.7 years posing numerous discussions in the fluctuation over the past two decades. This study simultaneously contrasts the Flesch-Kincaid grade level index to the Flesch index, which also highlights the fluctuation.

Furthermore, the study provides more contextual data analysis of the SARB MPC transcripts by contrasting the transcripts' word count so as to examine whether more detail, or less for that matter, surmounts to readability or its demise. In their ground-breaking study of central bank communications across 17 central banks Čihák et al., 2012) work revealed that length might not necessarily yield readability, concluding that:

“On the one hand, crafting a more precise, more nuanced message in an uncertain environment typically requires a longer communication. On the other hand, such a communication risks burying the message in a long or complex document, and ultimately becoming less clear” (p.8).

Data Sources

SARB's MPC statements, which are the primary data source are publicly available on SARB's website and can be directly downloaded from the SARB website: <https://www.resbank.co.za/en/home/publications/statements>. This tally makes up statements from January 2000 to January 2021. These are converted from PDF to text files and then deconstructed to generate individual text files. After converting the files to text format, these text files are 'cleaned' more by ridding them of stop words and 'whitespaces'. Using the approach described in the methodology section, the researcher tallies the word count for each MPC statement. It should be noted that this study is an independent exploration, and has been conducted with monetary policy committee statements that are publicly available information on the SARB's website and without access to unpublished minutes of MPC meetings.

Text analysis

This study examined SARB MPC statements from 13th January 2000 to 21st January 2021, which encompasses post SARB MPC meeting statements from three Governors. In an introductory inquisition, figure 1 unveils a transition in the manner in which the SARB communicates with an inquiry into the length of the MPC statements. Central bank communication takes many traits as envisaged earlier and one of them is the detail and quantity of information a central bank disseminates (Blinder et al., 2001; Weidmann, 2018). As this study examines MPC statements from the past twenty-one years, there is a clear fluctuation in the word count from the MPC statements from former Governor Tito Mboweni in the 2000s to his predecessors in the 2010s, but queries remain whether this equates to effective communication.

An exploration of the SARB statements quickly reveals how the SARB has evolved over the past two decades. For instance the MPC statement from January 2000 was over 2850 words but by January 2021, the MPC statement's word count had dropped to a mere 1,350 words but with more detail. The communiqués were accompanied by quarterly projection model projections and quarterly projection model projections forecasts; perhaps in line with forward guidance norms.

Reading Ease scores and indexes

Flesch Reading Ease score

This study relies on the Flesch Reading Ease score to analyse the readability and ultimately clarity of SARB's MPC statement. The Flesch Reading score, initially developed in 1948, allows researchers to explore textual facets of a statement through inquisitions into numerous variables such as the amount of words per sentence and the quantity of syllables per word (Flesch, 1948), and ultimately score the statement on a scale of 0 to 100. The Flesch Reading Ease score formula for readability, is:

$$206.835 - 1.015 \left(\frac{\text{total words}}{\text{total sentences}} \right) - 84.6 \left(\frac{\text{total syllables}}{\text{total words}} \right) \quad (1)$$

Source: Flesch (1948)

Resultantly, the index scores the text with 100 indicating the text is easy to understand, 70 revealing it is easy to comprehend for adults and 30 showing it is very difficult to understand. The underlying premise is that by increasing the words per sentence, readability is decreased too, and in essence a surge in syllables per word decrease readability. Again this is in line with the assumption that the MPC statements are being directed to the intended market agents

who grasp the macroeconomic discussion in question. Assuming this criteria is met then readability with foster clarity which then ultimately buoys credibility.

It should be noted that Flesch (1948) formula accounts for many aspects of readability such as the word count and syllables in a bid to measure the mental work the reader will to endure to comprehend a text. As submitted by Flesch (1948), a sentence "John loves Mary" is short and presents no reading difficulties. To this end, its Flesch Reading ease score is 93.8, which means "very easy." However, if one adds more complexity to it such as- "John has a profound affection for Mary" then its Flesch Reading ease score drops to 64.4.

A further appreciation for the word count and syllables is underscored if the same sentence is augmented to: "Even though John is not normally given to a display of his deeper emotions, he allegedly has developed a profound affection for Mary, as compared to the more equable feelings he seems to have for Lucy, Fran and, to a lesser extent, Sue." This has a Flesch reading ease score of 36.3. As a yardstick, this sentence's difficulty compares with the Harvard Law Review.

Flesch–Kincaid readability test

Kincaid et al. (1975), later augmented Flesch (1948) formula, yielding the Flesch-Kincaid Reading Ease Score from Flesch's initial work. Kincaid et al. (1975) index denotes the years of study one would need to adequately comprehend the text in question. This interpretation makes easier to compare different values. The Flesch Reading Ease score is arrived at by using this equation:

$$0.39 \left(\frac{\text{total words}}{\text{total sentences}} \right) + 11.8 \left(\frac{\text{total syllables}}{\text{total words}} \right) - 15.59 \quad (2)$$

Source: Kincaid *et al.* (1975)

From the Flesch-Kincaid grade level formula, texts can be scored from 0 to 18 with the conclusion that the higher the grade level, the more difficult to read. The Flesch-Kincaid grade level formula distinguishes itself from Flesch's Reading ease score as it offers a more precise number of years of education one should have in order to comprehend the text in question. This premise is founded on the assumption that by increasing the length of both, words and sentences, makes it harder to read and to understand a text (Hensel, 2014). Furthermore, the overall score of the Flesch-Kincaid grade level is founded on the American education system and in essence specifies the number of years of education the reader has had since age 6. To this end, if a text 8, the text should be comprehensible for an average American student that has had 8 years of education ergo, an adolescent between the ages of 13 and 14. A contrast of the both the Flesch Reading Ease Formula and the Flesch-Kincaid grade level is illustrated in Table 1.

Table 1: Contrast of the Flesch Reading Ease Formula and the Flesch-Kincaid grade level

Interpretation of the Reading Ease scores with estimated reading grade by Flesch (1949)

Reading Ease Score	Interpretation	Estimated Reading Grade
0 to 30	Very difficult	College graduate
30 to 40	Difficult	13 th to 16 th grade
50 to 60	Fairly difficult	10 th to 12 th grade
60 to 70	Standard	8 th and 9 th grade

VALIDATION OF THE FLESCH-KINCAID GRADE LEVEL

70 to 80	Fairly easy	7 th grade
80 to 90	Easy	6 th grade
90 to 100	Very easy	5 th grade

Source: Hensel, (2014).

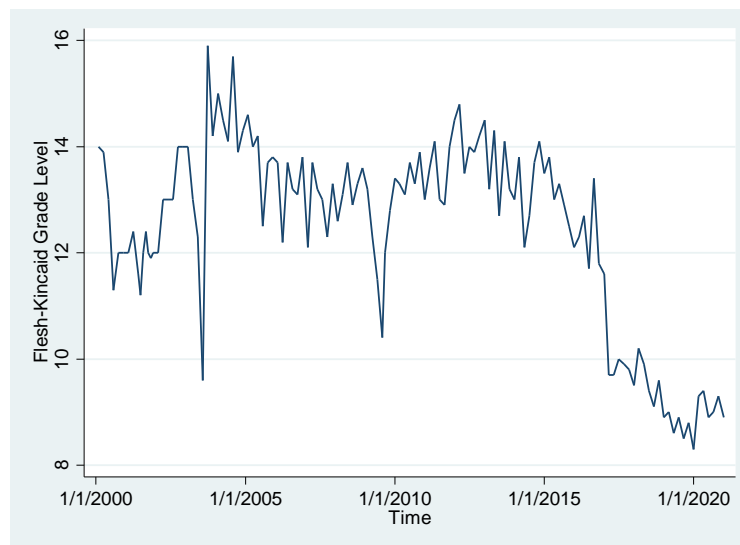
As affirmed by Luangaram and Wongwachara (2017:5), “the Flesch-Kincaid Reading Ease Score is probably the most widely cited measure of readability in the literature on central bank communication”. As Graesser et al., (2004:7) cautioned however, the Flesch-Kincaid grade level score yields best results if the text being studied has more than 200 hundred words. This reservation does not apply to this study, as all the SARB MPC statements are well over the 1000 word mark. This study relies on the two methods as the Flesch ease score (Flesch, 1948) can examine ease of reading the SARB MPC statements, whilst the Flesch-Kincaid grade level index simultaneously acts as proxy to clarity (Jansen (2011a).

RESULTS

The computation results are consistent with the graphical evidence discussed under the methodology. As per the discussion, readability of SARB’s MPC statements is measured by the Flesch reading ease score and the Flesch–Kincaid grade level.

The SARB MPC statement data was structured at a 2-month interval, which is in line with SARB’s MPC meetings and hence post-MPC meeting statements. The first set of results is a computation of SARB’s Flesch–Kincaid Grade Level scores over the 20 years, as illustrated in Figure 1.

Figure 1: Flesch-Kincaid Grade Level computation

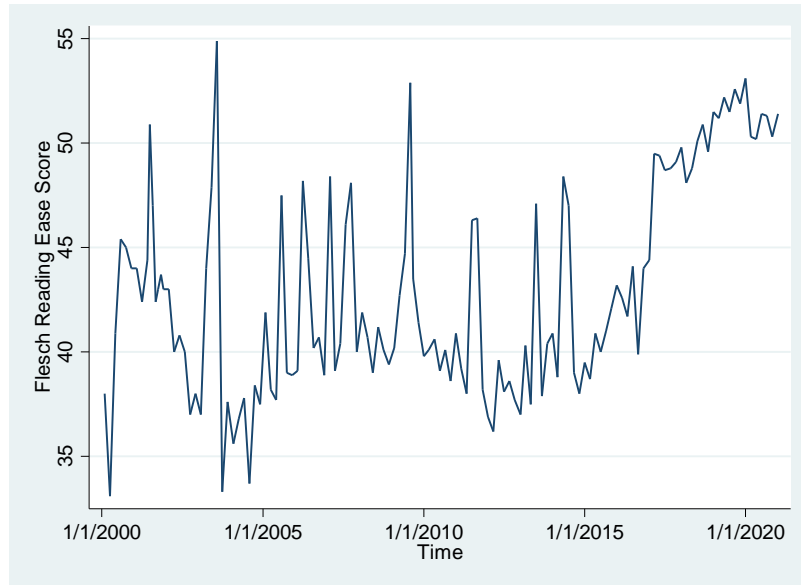


As highlighted earlier, the Flesch–Kincaid grade level index represents the years of study needed to fully understand the text. The computation ably illustrates how the SARB’s earlier MPC statements averaged around 13 which by any standard is a high score. As illustrated in Table 1, a Flesch–Kincaid grade level of 13 is difficult to comprehend. However, it is clear that by 2016, the score had dropped to below 10 illustrating higher readability and perhaps more clarity in communication.

Given the inverse nature of the Flesch Reading Ease Score and Flesch–Kincaid grade level score, the Flesch Reading Ease Score computation (see figure 2) post 2016 only affirms the Flesch-Kincaid findings as it soars above the 50 score which markedly indicates that the MPC statements were relatively easier to read post 2016.

The computations however fluctuate randomly around 40 from 2000 to about January 2015. Thereafter there was an upward trend between 2015 and 2020.

Figure 2: Flesch Reading Ease Score computation

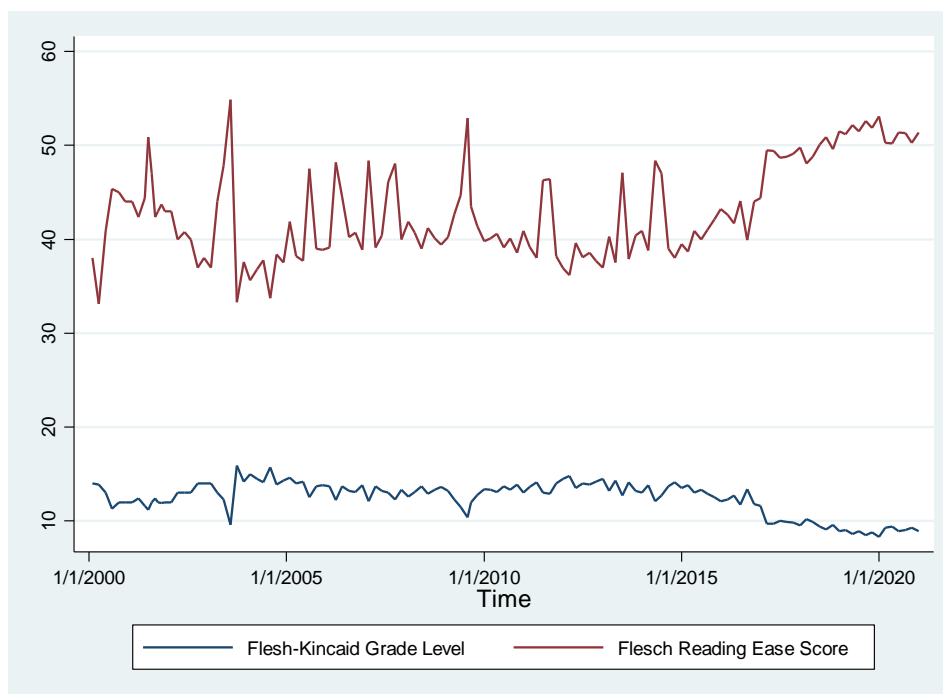


In approaching SARB's MPC statements with a dual pronged method which relies on two formulas, the study illustrates that despite the timeline in question, readability fundamentals such as word count, sentence length and syllables still offer a basis for text readability in line with both Flesch (1948) and Kincaid et al. (1975) methods.

This is underscored by comparing the Flesch Reading Ease Score Computation with the Flesch–Kincaid grade level index in Figure 3 which affirms the inverse nature of the trend but the same results. Ergo, the Flesch Reading Ease score increases when the Flesch–Kincaid Grade Level score drops.

It should be noted however that although the Flesch reading ease score appears to illustrate a more pronounced fluctuation compared to the Flesch–Kincaid grade level index Computation as illustrated in Figure 3, the trend illustrates the same results. This rather pronounced movement in the Flesch reading ease score is attributed to the Flesch–Reading–Ease score which lies between 1 and 100 as opposed to the Flesch–Kincaid grade level which lies between 1 and 18.

Figure 3: Flesh-Kincaid Grade Level and Flesch Reading Ease Score computation



DISCUSSION

Over the twenty-year span, the Flesch–Kincaid grade level index exhibits a significant drop from the highs of the early 2000s of about 14 to averages of 9 in the late 2010s. This is only reaffirmed by the Flesch reading ease score also climbing to over 50 post 2016 signalling an easing in readability. This indeed brings attention to SARB’s communication framework and whether this was a deliberate effort to ease readability in a bid to aid comprehension post 2015. However, this begs the question whether SARB’s easing of its MPC statements’ readability has yielded more clarity as qualified by Bulir et al. (2013).

The findings of this study clearly show that SARB’s MPC statements’ readability as qualified by Flesch (1948) and Kincaid et al. (1975) were rather irregular until 2016. On both the Flesch reading ease score and the Flesch–Kincaid grade level score, there is a clear emergence of the trend. The Flesch–Kincaid grade level score dropped to below 10 and stayed below 10. Furthermore, the Flesch Reading Ease Score also climbed to above 50 in the same period offering further affirmation of a change in SARB’s communication framework.

One possible explanation for this is SARB’s strategic move that would see the Reserve Bank increase its transparency by offering the rationale behind its policy decisions, which was announced on 21 May 2015. In the relatively longer eleven-page MPC statement, Governor Lesetja Kganyago (South Africa Reserve Bank, 2015:11) revealed:

“From the next meeting in July the Bank will take further steps to increase transparency by publishing the assumptions underlying the Bank’s forecast with the MPC statement” (p.11).

This immediately is exhibited in the subsequent MPC statement dated 23rd July 2015, where Governor Lesetja Kganyago uses the noun assumption and the verb assume 6 times, compared to only once in the May 2015 MPC statement.

The results also offer a cross survey of communication clarity at the time of the global financial crisis. As submitted by Bulir et al (2013):

“The global financial crisis has presented unique challenges for monetary policy, including on the communication front, as policymakers have aimed to simultaneously reassure the public and communicate the potential vulnerabilities” (p.13).

As illustrated in Figures 1 and 2, the computations exhibits more sharp movements in both the Flesch Reading Ease Score Computation and the Flesch–Kincaid grade level index in the wake of the 2008 financial crisis. Bulíř et al. (2013) determined that central banks sought to reassure the public during the global financial crisis and this is evidently reaffirmed in SARB’s MPC communications. As illustrated in Figure 1, the in 2009, Flesch–Kincaid Grade Level drops from 13 to just over 10 as the Flesch Reading Ease Score rises from 40 to 53 (see Figure 2). This clearly shows a sharp increase in SARB’s readability (see Table 1 for validation). The explanation here goes back to Bulíř et al. (2013), who affirm central banks’ determination to reassure the public at the height of the global financial crisis and this was evident in the sentence count in addition to the relatively wordier text. What is surprising however is the increase in the SARB’s MPC statements’ word count while simultaneously increasing readability.

Overall, the study concurs with Luangaram and Wongwachara (2017) whose study revealed that despite central bank communications becoming more readable in terms of syntactic structure, the amassed reliance on academic language over time had in turn seen the overall level of complexity surge.

As a policy recommendation, this study suggests an approach where SARB prioritises clarity and only focuses on information as a secondary facet to its monetary communications. This policy recommendation augments Bholat et al. (2019) whose study on Bank of England’s communications revealed that simple communicative techniques increased public comprehension and trust in monetary and macroeconomic policy messages. In addition, a fundamental conclusion was that simplification of language increases public comprehension more than the inclusion of visuals. To this end, SARB would hasten monetary transmission to the ‘inattentive public’ (see Reid 2011) if there is clarity which is a conduit to transparency as concluded by Bholat et al. (2019).

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CONCLUSION

This paper employed Flesch–Kincaid Grade Level and Flesch Reading Ease Score textual analysis to SARB MPC statements from January 2000 to January 2021 to measure to readability of the statements in questions and also evaluate if there has been a movement in SARB’s MPC clarity. The study was able to illustrate using computation analysis the movement in SARB’s MPC communications readability bearing in mind the complex nature of appraising central bank communication.

In so doing, the study was able to add to the only emerging literature on African central bank communication literature while offering a wide time frame given the twenty one year span of MPC statements examined. This study paper contributed to the only emerging African central bank communication literature by firstly deploying the Flesch Reading Ease Score and the Flesch–Kincaid grade level index to 133 SARB MPC statements to gauge readability and hence SARB’s clarity. Secondly, the using computation analysis, the study was able to quantitatively digest the data relying methodologically sound methods in central bank communication to create a foundation for future studies on the evolution of SARB’s MPC communications and clarity.

Overall, the study finds clarity has varied over the past twenty years however, relying on the Flesch–Kincaid Grade Level, there has been an improvement in clarity from 2016 as the communications are more readable. Nonetheless, there are limitations to this study. Both the Flesch Reading Ease Score and the Flesch–Kincaid grade level index judge readability on metric such as word complexity and length of sentence while most of the central bank

MPC communications are targeted to a specific group also called the “attentive public” (see Reid 2011). This can be a limitation as the same “attentive public” is quite savvy with macroeconomic language. Even so, this study contributes to the literature in novel ways and creates a foundation for future comparative inquisitions into SARB’s clarity.

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TALKING CLARITY—IS SARB’S MESSAGE CLEAR TO SOUTH AFRICAN NEWSPAPERS?

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ABSTRACT

This paper examines whether the South Africa Reserve Bank’s (SARB) monetary policy committee communications between 2010 and 2021 trigger causality in the subsequent news reports from the Mail and Guardian newspaper in South Africa. The study relies on the Flesch-Kincaid Grade Level score and Flesch Reading Ease Score methodology to unpack both SARB’s MPC statements and the corresponding Mail and Guardian newspaper articles to create a computation which is ultimately used to examine granger causality. The study finds that although there might appear to be a co-movement between SARB’s MPC statements’ Flesch-Kincaid Grade Level score and Flesch Reading Ease Score to Mail and Guardian’s newspaper articles’ Flesch-Kincaid Grade Level score and Flesch Reading Ease Score, the granger casualty test reveals that there is no causality between the two variables. This is explained by the Mail and Guardian articles directly quoting SARB’s MPC statements in essence creating an ‘artificial’ co-movement. The study is able to rely on systematic analysis of both SARB’s MPC statements and Mail and Guardian’s articles to reveal the complexities in central bank communication. As a policy recommendation, the author recommends more visual aids in SARB’s MPC statements in a bid to aid monetary comprehension.

Keywords: South Africa Reserve Bank, Flesch-Kincaid Grade Level score, Flesch Reading Ease Score, Mail and Guardian, central bank communication.

INTRODUCTION

As advanced by Blinder et al., (2008), “Virtually all the research to date has focused on central bank communication with the financial markets. It may be time to pay some attention to communication with the general public” (p.941). To this end, this paper will explore monetary policy communication sentiment and contrast it with what is reported in financial mainstream media.

Unpacking the role, and subsequent classification of communication, in modern day central banking is critical to appreciating its relevance. In their work on central bank communication, Blinder et al., (2008) delve into the subject with a clear classification of central bank communication that takes on a two-pronged approach, namely: “how communication manages the expectations by creating news and by reducing ‘noise’ in markets” (p.4). Rationally, the process of news creation inadvertently dictates that the central bank is effectively communicating, and the reverse would dictate that the central bank’s communication is ineffective.

Media and Monetary Policy

Mere communication of central bank policy actions however cannot be enough, as the complexity of monetary policy communications create a critical role for the media which acts a gatekeeper and disseminator of monetary news. Hayo et al., (2008) expose,

“Financial market news is not necessarily created at the time when the information becomes available, but comes into existence only after it goes through a filtering process by the media” (p.27).

This proposition is further affirmed by Neuenkirch (2009) who submits that, what we absorb as economic news, “comes into existence only after it goes through a filtering process by the media” (p.52). Given the media’s ‘filter bubble’ position, a study contrasting original central bank communications with what is covered therein becomes inexorable.

In spite of the advancements in central bank communication over the past three decades, literature around African central banks' communication and media engagement remains scanty (Reid, 2011). In addition, Mishkin (2004) submits that,

“Most of the literature on central bank communication has focused on the quantity and quality of the original communication sent by central banks, emphasizing the need to be simple” (p.16).

However, there is a gap in unpacking the relationship between the media and SARB, bearing in mind that SARB's policy actions directly affect interest rates, mortgage loans approvals, money supply as well as the strength of the Rand (Segawa, 2018).

It should be noted that a lot of scholarly work is emerging showing the relationship between the media and economic agents, such as Berger et al., (2011) who managed to analyse how print media inclines to report ECB monetary policy decisions favourably. Interestingly, their study revealed that favourableness is, inter alia, influenced by the quantity of material communicated by the ECB. More pressingly, their study revealed a vital oversight position of the media, which diligently reports more negatively when inflation exceeds the ECB's inflation target. Prior to this Doms and Morin (2004) had submitted that consumer opinion and ultimately expectations were influenced by the sentiment and frequency of economic news, asserting the duty of the media in fostering monetary policy transmission.

Interestingly, Carvalho and Nechio (2014) confirmed that the public's knowledge of the process of a central bank's policy actions, for example the relationship between interest rate actions and expected inflation, in the near term would give the general public a clear view of the inflationary outlook on the horizon.

Cardinal to the market acquiring the policy decisions, however, monetary policy transmission is buoyed by the central bank's communication and consequent media coverage. As detailed by Blinder and Wyplosz (2004) the financial audience takes the shape of the financially literate and the inattentive general public, with the majority of the players in financial markets acquire their monetary information directly from the central bank whilst the inattentive public acquires information from the media. Given the vastness of the inattentive general public, the media remains the primary conduit of monetary policy information and commentary as a whole thus their coverage of SARB work forming the third chapter of the proposed study.

Cukierman (2009) reaffirms this emphasising:

“Most members of the general public are rationally inattentive to the original forms of central bank communication as these are costly to acquire and process. This rationally inattentive audience relies (to varying degrees admittedly) on the media to gather, condense and interpret this primary information on their behalf. As a result, reporting on monetary policy in the media, of which the central bank's communication forms part, is one point of strategic interaction between the stakeholders who codetermine the path of inflation”. (p.20).

Cukierman (2009); Neuenkirch (2009) submissions launch a foundation for a premise that the role of the media is to condense financial information for the public in a more digestible form of commentary. Monetary policy communication characteristically adopts two forms, namely communication through original documents such as inflation reports and policy announcements and communication through speeches, presentations or interviews by the policymakers during the inter-meeting period (Demiralp et al., 2012). The media acts as a conduit between the policymakers and the inattentive public. Furthermore, the media fosters monetary policy transmission in the expectations channel since domestic inflation is profoundly dependent on anticipated future inflation, the expected future output gap, and the expected future real exchange rate (Svensson, 1999).

What counts for central bank clarity?

With the popularity of inflation targeting as a monetary framework, the prominence of managing agents' expectations has somewhat become a perquisite of central banks as the same agents sacredly react to central bank communications (Blinder et al. 2008). However in the same light, it is critical to remember that given the vastness of central bank audiences, their communication paths differ respective of the audience in question, hence the motivation for clarity over 'mere transparency' (see Reid et al., 2019).

Relying on Montes and Nicolay (2017) definition, clarity in central banking concerns, “the quality of information provided and the capacity of comprehension the public has reading what central bank communicates. Furthermore, a clearer message is able to help central banks in the task of guiding the expectations of the public in an easier way than a more opaque message” (p.3168). This then sets the stage for the essence of readability of central bank communications as a conduit to a transparent central bank, and as exposed by Jansen (2011a) it is almost inconceivable to achieve transparency without readability.

Over the past decade, central bank scholars have relied on two methods to examine central bank communication clarity ergo: the Flesh ease score (Flesch 1948) and the Flesh- Kincaid grade level (Kincaid et al. 1975). Yet again, because comprehension of central bank communications by the public is an accepted quantifier of central bank communicate, the Flesh ease score and the Flesh- Kincaid grade level methods act as an accepted proxy to central bank communication clarity. Another facet of central bank clarity is the unwavering consistency in clarity as laid out by Issing (2005) who manifests:

“An appropriate strategy, a convincing track record, and thus a consistent communication policy complement each other and are a sign of an effective monetary policy. A clear strategy can also provide stability to the analytical framework and decision making process for monetary policy” (p.71).

A critical examination of central bank communication and the media has however remained only emergent over the past decade with much of the literature focusing on the impact of central bank communication on interest rates and the few studies that explored the media- central bank relationship has remained tied to the developed world. One of the few studies on African central bank communication was Reid et al., (2014) which explored how South African newspaper articles report on inflationary pressure while Reid (2019) inspected how SARB interacts with the ‘inattentive public’.

Nonetheless, there have been studies which explored the interaction between the media and central banks such as Blinder et al., (2008 p. 926) who revealed how central bank speeches are in fact filtered and transferred by media to the markets and this phenomenon indeed being an enabler for “efficient” markets.

In another stimulating study, Ehrmann and Fratzscher (2005) explore communication patterns of the US Federal Reserve’s Federal Open Market Committee, the Bank of England and the European Central Bank and under what circumstances such communication has the ability to move financial markets. As a conclusion, they find that communication is generally seen as a tool to prepare markets for upcoming decisions, as it becomes more intense before committee meetings, and particularly so prior to interest rate changes. More so, they find that markets tend to react more sturdily to communication prior to policy changes. Lucca and Trebbi (2009) rely on documents from the DJ Factiva news database to illustrate how statements released by the US Fed ‘s Federal Open Market Committee (FOMC) affect short- and longer-term Treasury yields.

Media Data analysis

A core pillar of modern-day central banking is the endless search for credibility, and this has vastly buoyed central banks’ search for transparency. The trial for any central bank, however, is the fact that their intended audience is extremely vast and as noted by Berger et al., (2011) some members of a central bank’s audience can be easily reached, namely financial and economic practitioners, but these are the minority. This rather attentive public (Segawa, 2018; Reid, 2011) also reacts almost immediately to monetary news given their proximity to the ‘central bank noise.’

Meanwhile, the real challenge is with the inattentive public which is often oblivious to central bank news, policies and action plans. Arguably the gravest challenge is the fact that this same inattentive public often sets inflation expectations which ultimately trickle into the inflation figures, for example through investment, savings, corresponding wage claims and consumption decisions (Berger et al., 2011).

Brand, et al., (2010) added a premise noting that a decent combination of transparency and communication can easily moderate uncertainty, therein calming the public’s expectations.

This rather delicate yet critical relationship between the media and central banks is flawlessly summed up by Berger et al., (2011) who manifests the role of the media in monetary policy communication and, ultimately, transmission:

“The general public rarely directly reacts to central bank communication but ‘gets its news’ indirectly through the media. The question, thus, becomes whether and how central banks are able to get their message out through the media as an intermediate transmitting device and how this affects the views and possibly the behaviour of the public,” (p.690).

This grey line is reaffirmed by Gentzkow and Shapiro (2006) works on media and monetary policy analysis which determines that at moments of economic ambiguity on the information source, the general public leans towards more traditional media sources; reaffirming the role of the media in monetary transmission.

METHODOLOGY

Reading Ease scores and indexes

Flesch Reading Ease score

This study relies on the Flesch Reading Ease score to analyse the readability and ultimately clarity of SARB’s MPC statement. The Flesch Reading score, initially developed in 1948, allows researchers to explore textual facets of a statement through inquisitions into numerous variables such as the amount of words per sentence and the quantity of syllables per word (Flesch, 1948), and ultimately score the statement on a scale of 0 to 100. The Flesch Reading Ease score formula for readability, is:

$$206.835 - 1.015 \left(\frac{\text{total words}}{\text{total sentences}} \right) - 84.6 \left(\frac{\text{total syllables}}{\text{total words}} \right) \quad (1)$$

Source: Flesch (1948)

Resultantly, the index scores the text with 100 indicating the text is easy to understand, 70 revealing it is easy to comprehend for adults and 30 showing it is very difficult to understand. The underlying premise is that by increasing the words per sentence, readability is decreased too, and in essence a surge in syllables per word decrease readability. Again this is in line with the assumption that the MPC statements are being directed to the intended market agents who grasp the macroeconomic discussion in question. Assuming this criteria is met then readability with foster clarity which then ultimately buoys credibility.

It should be noted that Flesch (1948) formula accounts for many aspects of readability such as the word count and syllables in a bid to measure the mental work the reader will to endure to comprehend a text. As submitted by Flesch (1948), a sentence "John loves Mary" is short and presents no reading difficulties. To this end, its Flesch Reading ease score is 93.8, which means "very easy." However, if one adds more complexity to it such as- "John has a profound affection for Mary" then its Flesch Reading ease score drops to 64.4.

A further appreciation for the word count and syllables is underscored if the same sentence is augmented to: "Even though John is not normally given to a display of his deeper emotions, he allegedly has developed a profound affection for Mary, as compared to the more equable feelings he seems to have for Lucy, Fran and, to a lesser extent, Sue." This has a Flesch reading ease score of 36.3. As a yardstick, this sentence’s difficulty compares with the Harvard Law Review.

Flesch–Kincaid readability test

Kincaid et al. (1975), later augmented Flesch (1948) formula, yielding the Flesch-Kincaid Reading Ease Score from Flesch’s initial work. Kincaid et al. (1975) index denotes the years of study one would need to adequately comprehend the text in question. This interpretation makes easier to compare different values. The Flesch Reading Ease score is arrived at by using this equation:

$$0.39 \left(\frac{\text{total words}}{\text{total sentences}} \right) + 11.8 \left(\frac{\text{total syllables}}{\text{total words}} \right) - 15.59 \quad (2)$$

Source: Kincaid et al. (1975)

From the Flesch-Kincaid grade level formula, texts can be scored from 0 to 18 with the conclusion that the higher the grade level, the more difficult to read. The Flesch-Kincaid grade level formula distinguishes itself from Flesch's Reading ease score as it offers a more precise number of years of education one should have in order to comprehend the text in question. This premise is founded on the assumption that by increasing the length of both, words and sentences, makes it harder to read and to understand a text (Hensel, 2014). Furthermore, the overall score of the Flesch-Kincaid grade level is founded on the American education system and in essence specifies the number of years of education the reader has had since age 6. To this end, if a text 8, the text should be comprehensible for an average American student that has had 8 years of education ergo, an adolescent between the ages of 13 and 14. A contrast of the both the Flesch Reading Ease Formula and the Flesch-Kincaid grade level is illustrated in Table 1.

Table 1: A contrast of the Flesch Reading Ease Formula and the Flesch-Kincaid grade level

<i>Interpretation of the Reading Ease scores with estimated reading grade by Flesch (1949)</i>		
Reading Ease Score	Interpretation	Estimated Reading Grade
0 to 30	Very difficult	College graduate
30 to 40	Difficult	13 th to 16 th grade
50 to 60	Fairly difficult	10 th to 12 th grade
60 to 70	Standard	8 th and 9 th grade

VALIDATION OF THE FLESCH-KINCAID GRADE LEVEL		
70 to 80	Fairly easy	7 th grade
80 to 90	Easy	6 th grade
90 to 100	Very easy	5 th grade

Source: Hensel, (2014)

As affirmed by Luangaram and Wongwachara (2017:5), “the Flesch-Kincaid Reading Ease Score is probably the most widely cited measure of readability in the literature on central bank communication”. As Graesser et al., (2004:7) cautioned however, the Flesch-Kincaid grade level score yields best results if the text being studied has more than 200 hundred words. This reservation does not apply to this study, as all the SARB MPC statements are well over the 1000 word mark. This study relies on the two methods as the Flesch ease score (Flesch, 1948) can examine ease of reading the SARB MPC statements, whilst the Flesch-Kincaid grade level index simultaneously acts as proxy to clarity (Jansen (2011a).

RESULTS

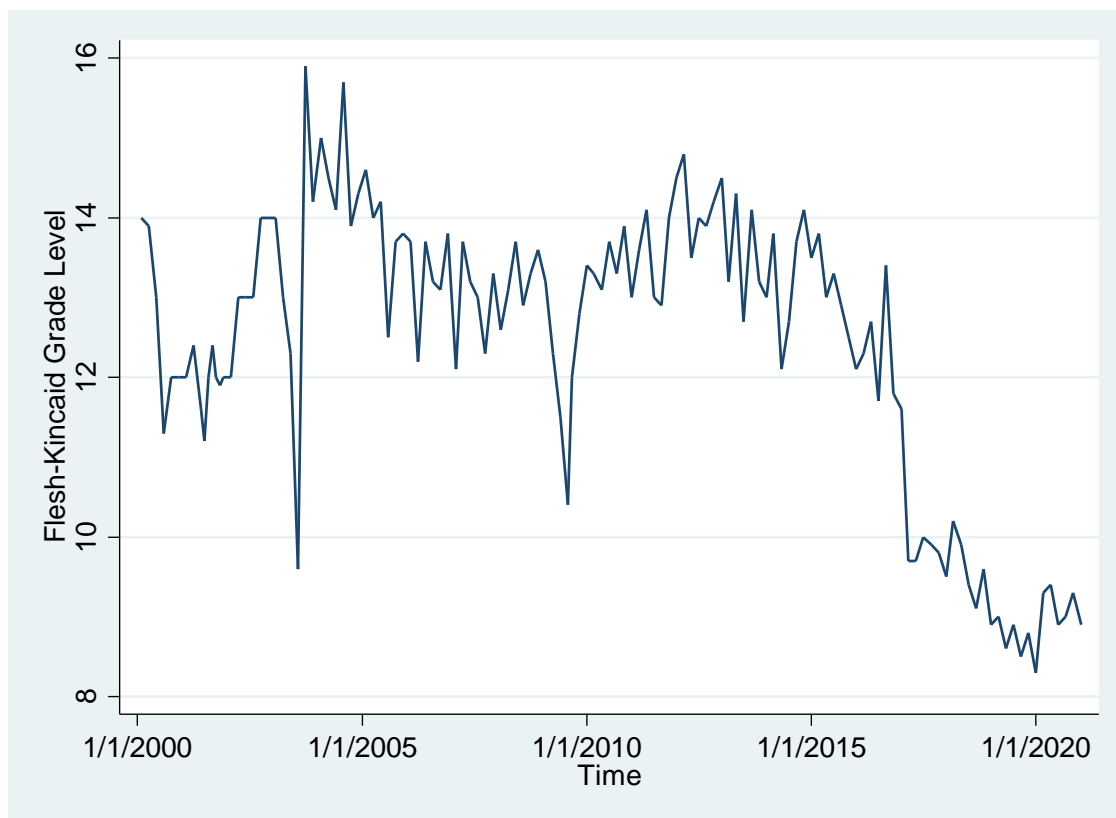
This study seeks to explore the interaction between the media and SARB's MPC committee. In examining an empirical co-movement between SARB's Flesch reading ease score and Flesch-Kincaid Grade Level in line with Mail and Guardian's Flesch reading ease score and Flesch-Kincaid Grade Level, the study provides a foundation to query whether there is causality. Through this inquiry, this study provides a window into SARB communications' clarity which is today accepted to foster transparency and central bank accountability to the public (Eijffinger and Geraats 2006; Dincer and Eichengreen 2007)

This section should set out your questions (both the bigger theoretical questions and the research questions), why the questions are significant, the contextual background to the questions and examine the theory, research and literature directly related to the question. For example, let's say the research project is on television news. This section would set out something of the recent debate around SABC news, talk about the questions this has raised, locate those questions in the relevant theory (eg a discussion of news values, or debate around the watchdog role of the media in society), make a case for why research around the issue is important, and how the particular research project will contribute to an understanding of the issue.

The computation results are consistent with the graphical evidence discussed under the methodology. As per the discussion, readability of SARB's MPC statements is measured by the Flesch reading ease score and the Flesch-Kincaid grade level.

The SARB MPC statement data was structured at a 2-month interval which is in line with SARB's MPC meetings and hence post MPC meeting statements. The first set of results is a computation analysis of SARB's Flesch-Kincaid Grade Level as illustrated in Figure 1.

Figure 1: Flesch-Kincaid Grade Level computation

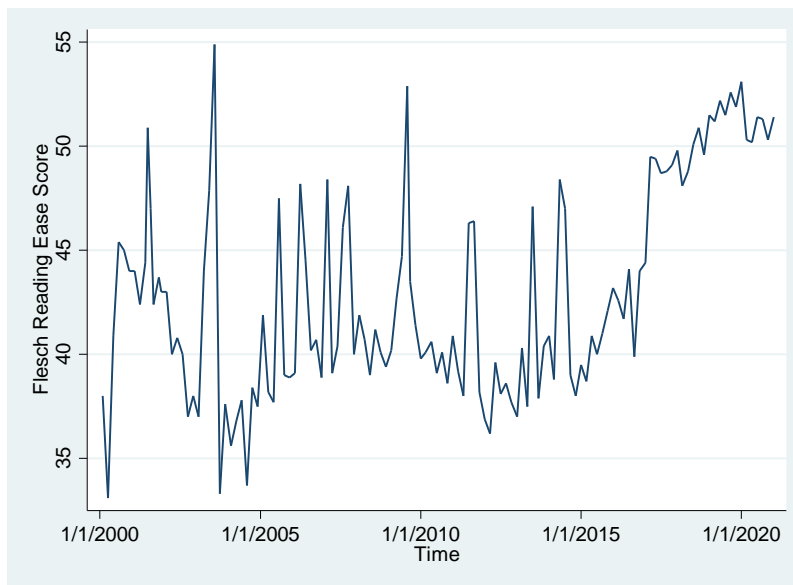


As highlighted earlier, the Flesch-Kincaid grade level index represents the years of study needed to fully understand the text. The computation ably illustrates how the SARB's earlier MPC statements averaged around 13 which by any standard is a high score. As illustrated in Table 1, a Flesch-Kincaid grade level of 13 is difficult to comprehend. However, it is clear that by 2016, the score had dropped to below 10 illustrating higher readability and perhaps more clarity in communication.

Given the inverse nature of the Flesch Reading Ease Score and Flesch-Kincaid grade level score, the Flesch Reading Ease Score computation (see figure 2) post 2016 only affirms the Flesch-Kincaid findings as it soars above the 50 score which markedly indicates that the MPC statements were relatively easier to read post 2016.

The computations however fluctuate randomly around 40 from 2000 to about January 2015. Thereafter there was an upward trend between 2015 and 2020.

Figure 2: Flesch Reading Ease Score computation

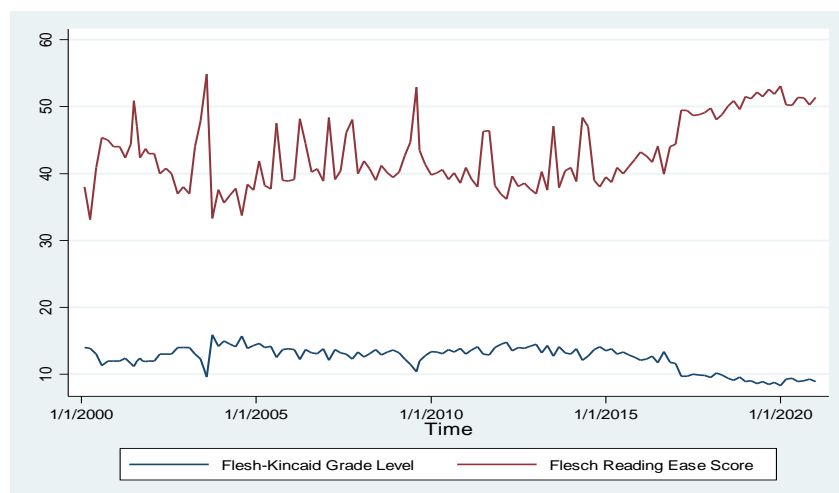


In approaching SARB's MPC statements with a dual pronged method which relies on two formulas, the study illustrates that despite the timeline in question, readability fundamentals such as word count, sentence length and syllables still offer a basis for text readability in line with both Flesch (1948) and Kincaid et al. (1975) methods.

This is underscored by comparing the Flesch Reading Ease Score Computation with the Flesch–Kincaid grade level index in Figure 3 which affirms the inverse nature of the trend but the same results. Ergo, the Flesch Reading Ease score increases when the Flesch–Kincaid Grade Level score drops.

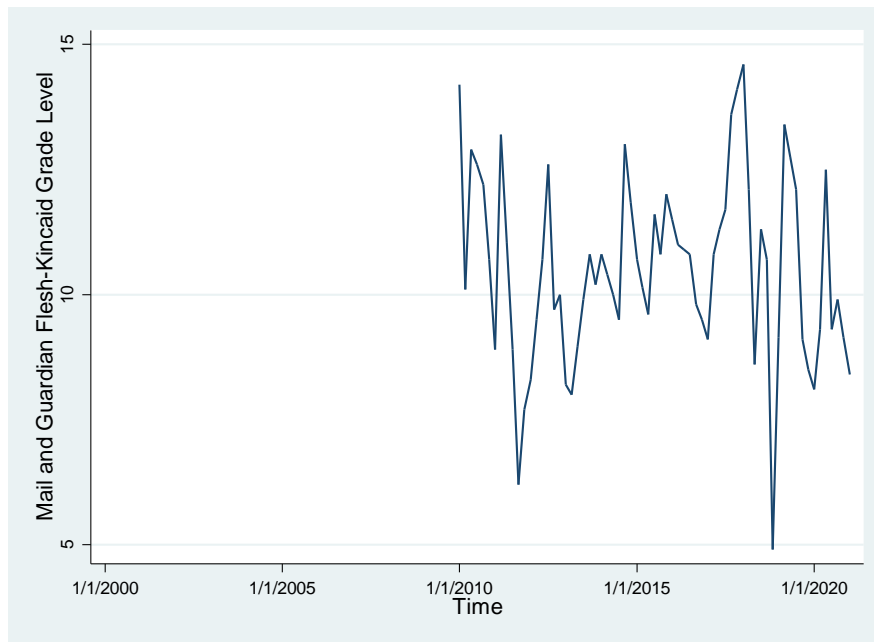
It should be noted however that although the Flesch reading ease score appears to illustrate a more pronounced fluctuation compared to the Flesch–Kincaid grade level index Computation as illustrated in Figure 3, the trend illustrates the same results. This rather pronounced movement in the Flesch reading ease score is attributed to the Flesch-Reading-Ease score which lies between 1 and 100 as opposed to the Flesch–Kincaid grade level which lies between 1 and 18.

Figure 3: Flesch-Kincaid Grade Level and Flesch Reading Ease Score computation



On the other hand, the Mail and Guardian Flesch-Kincaid Grade Level computation fluctuates randomly around the 10 with no visible cyclic trends, downward or upward, as illustrated in Figure 4.

Figure 4: Mail and Guardian Flesch-Kincaid Grade Level computation



The same is evident for the Mail and Guardian Flesch Reading Ease Score computation which fluctuates around the 50 mark which is illustrated on Figure 5.

Figure 5: Mail and Guardian Flesch Reading Ease Score computation

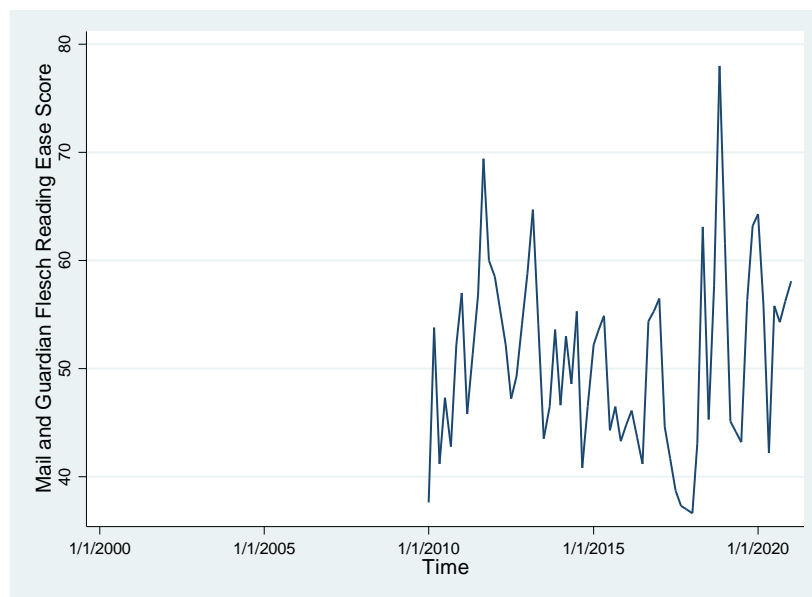
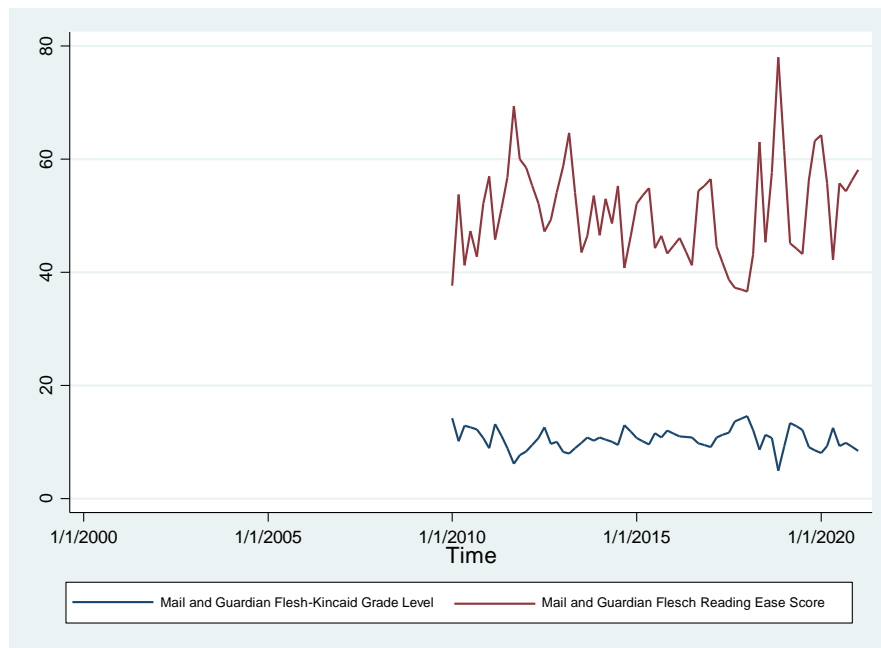
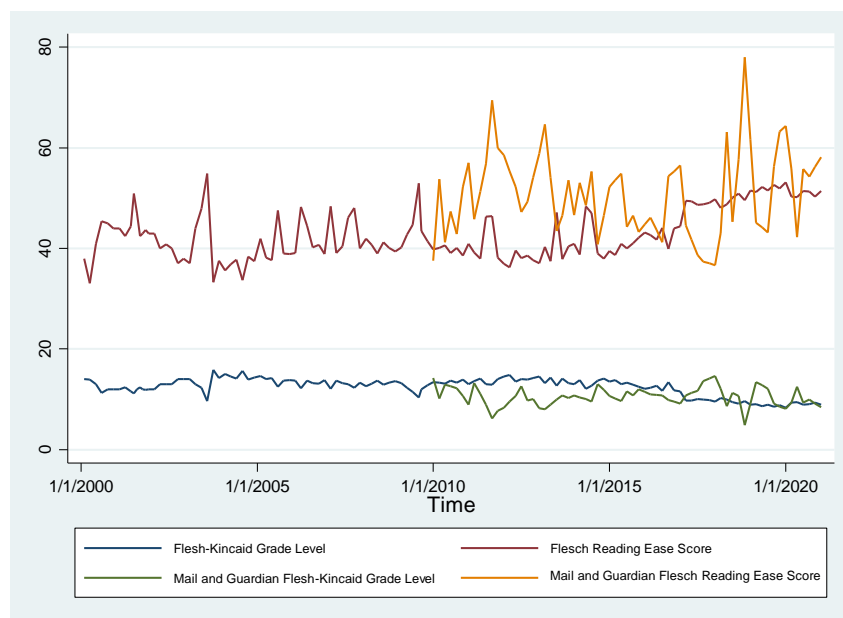


Figure 6: Mail and Guardian Flesh-Kincaid Grade Level and Flesch Reading Ease Score computation



It should be noted that the Mail and Guardian Flesch Reading Ease Score computation appears to fluctuate more in comparison to the Mail and Guardian Flesch-Kincaid Grade Level computation and this is attributed to the relatively wider scale of the Flesch reading ease score which ranges from 1 to 100.

Figure 7: SARB Flesch, Flesch-Kincaid and Mail and Guardian Flesch, Flesch-Kincaid



The study conducted a test for Stationarity with the hypothesis below:

HO: The series is non-stationary (has unit root).

H1: The series is stationary.

Dickey-Fuller test for unit root Number of obs = 66

MacKinnon approximate p-value for Z(t) = 0.0000

The results for the Mail and Guardian regress showed that the absolute value of the test statistic registered at (5.163) which is greater than the absolute value of the critical value at 5% significance level (2.917) ergo the Mail and Guardian Flesh-Kincaid Grade Level was also I (0).

Dickey-Fuller test for unit root Number of obs = 66

MacKinnon approximate p-value for Z(t) = 0.0000

In addition, the Mail and Guardian Flesch Reading Ease Score absolute value registered a test statistic of (5.003) which is also greater than the absolute value of the critical value at 5% significance level (2.917) and therefore the Mail and Guardian Flesch Reading Ease Score is I (0).

Relying on Granger (1969) whose work examines whether the prediction of one computation is improved by incorporating the knowledge of a second computation, the study is able to examine the potential causality of Mail and

Guardian's Flesch and Flesch-Kincaid scores being influenced by the readability, or lack thereof, of SARB's MPC statements.

Steps for Granger Causality Test

Granger casualty test on the SARB Flesh-Kincaid Grade Level with the M&G Flesch-Kincaid Grade Level.

There are two sets of hypothesises to be tested.

Set 1:

HO: SARB's Flesch-Kincaid Grade Level does not granger cause Mail and Guardian Flesch-Kincaid Grade Level.

H3bi: SARB's Flesch-Kincaid Grade Level granger causes Mail and Guardian Flesch-Kincaid Grade Level.

Set 2:

HO: Mail and Guardian Flesch-Kincaid Grade Level does not granger cause Flesch-Kincaid Grade Level.

H3bii: Mail and Guardian Flesch-Kincaid Grade Level granger causes Flesch-Kincaid Grade Level.

Lag estimation

The varsoc command was ran to determine the optimal lag.

```
. varsoc SARB_Flesh_Kincaid M_G_FleshKincaid, maxlag(8)
```

Selection-order criteria

Sample: 72 - 130

Number of obs

=

59

lag	LL	LR	df	p	FPE	AIC	HQIC	SBIC
0	-245.972				15.3339	8.40582	8.43331	8.47624
1	-177.562	136.82	4	0.000	1.72781	6.22244	6.30491	6.43371
2	-168.626	17.873	4	0.001	1.46252*	6.0551*	6.19256*	6.40723*
3	-168.179	.89354	4	0.925	1.65209	6.17555	6.36799	6.66853
4	-166.617	3.1226	4	0.538	1.79906	6.25822	6.50564	6.89204
5	-164.976	3.2821	4	0.512	1.95669	6.33818	6.64059	7.11286
6	-159.424	11.105*	4	0.025	1.86731	6.28556	6.64294	7.20108
7	-159.04	.76896	4	0.943	2.12797	6.40812	6.82049	7.46449
8	-156.971	4.1368	4	0.388	2.2966	6.4736	6.94095	7.67082

Endogenous: SARB_Flesh_Kincaid M_G_FleshKincaid

Exogenous: _cons

Four of the criteria selected lag 2 and one selected lag 2. Thus, since majority indicated lag 2, that was the one used.

Vector autoregression

Sample: 66 - 130
 Log likelihood = -186.7614
 FPE = 1.460901
 Det(Sigma_ml) = 1.073315
 Number of obs = 65
 AIC = 6.054198
 HQIC = 6.186188
 SBIC = 6.388719

Equation	Parms	RMSE	R-sq	F	P > F
SARB_Flesh_Kin~d	5	.672553	0.9022	149.8514	0.0000
M_G_FleshKincaid	5	1.66878	0.2383	5.084733	0.0014

	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
SARB_Flesh_Kincaid						
SARB_Flesh_Kincaid						
L1.	.5016803	.1088776	4.61	0.000	.2838927	.7194679
L2.	.4794348	.110021	4.36	0.000	.25936	.6995095
M_G_FleshKincaid						
L1.	.0418017	.0491296	0.85	0.398	-.0564721	.1400755
L2.	-.0529508	.0476754	-1.11	0.271	-.1483159	.0424142
_cons	.2474716	.7603272	0.33	0.746	-1.273409	1.768352
M_G_FleshKincaid						
SARB_Flesh_Kincaid						
L1.	-.239061	.2701541	-0.88	0.380	-.7794497	.3013277
L2.	.2200899	.2729912	0.81	0.423	-.3259738	.7661536
M_G_FleshKincaid						
L1.	.5324931	.1219035	4.37	0.000	.2886498	.7763363
L2.	-.1387276	.1182954	-1.17	0.246	-.3753535	.0978984
_cons	6.550009	1.886573	3.47	0.001	2.776302	10.32372

. vargranger

Granger causality Wald tests

Equation	Excluded	F	df	df_r	Prob > F
SARB_Flesh_Kinc~d	M_G_FleshKincaid	.70116	2	60	0.5000
SARB_Flesh_Kinc~d	ALL	.70116	2	60	0.5000
M_G_FleshKincaid	SARB_Flesh_Kinc~d	.39287	2	60	0.6768
M_G_FleshKincaid	ALL	.39287	2	60	0.6768

Set 1 Conclusion: The results shows that SARB's Flesh-Kincaid Grade Level does not granger cause Mail and Guardian Flesh-Kincaid Grade Level (p-value = 0.6768 > 0.05).

Set 2 Conclusion The results shows that Mail and Guardian Flesh-Kincaid Grade Level does not granger cause SARB Flesh-Kincaid Grade Level (p-value = 0.5000 > 0.05).

Thus, it is concluded that there is no granger causality between SARB's Flesch-Kincaid Grade Level and Mail and Guardian Flesch-Kincaid Grade Level.

Granger casualty test on the SARB Flesch Reading Ease Score with the M&G Flesch Reading Ease Score.

There are two sets of hypotheses to be tested.

Set 1:

HO: SARB Flesch Reading Ease Score does not granger cause Mail and Guardian Flesch Reading Ease Score

H1: SARB Flesch Reading Ease Score granger causes Mail and Guardian Flesch Reading Ease Score

Set 2:

HO: Mail and Guardian Flesch Reading Ease Score does not granger cause SARB Flesch Reading Ease Score

H1: Mail and Guardian Flesch Reading Ease Score causes SARB's Flesch Reading Ease Score granger

Lag estimation

```
. varsoc SARB_Flesch M_G_Flesch, maxlag(8)
```

Selection-order criteria

Sample: 72 - 130

Number of obs = 59

lag	LL	LR	df	p	FPE	AIC	HQIC	SBIC
0	-392.894				2231.66	13.3863	13.4137	13.4567
1	-351.663	82.462*	4	0.000	631.816*	12.1242*	12.2067*	12.3355*
2	-348.323	6.68	4	0.154	646.525	12.1466	12.284	12.4987
3	-346.765	3.1165	4	0.539	703.321	12.2293	12.4218	12.7223
4	-345.402	2.7261	4	0.605	771.053	12.3187	12.5661	12.9525
5	-341.338	8.1281	4	0.087	772.484	12.3165	12.6189	13.0912
6	-340.056	2.5638	4	0.633	852.026	12.4087	12.7661	13.3242
7	-339.917	.27727	4	0.991	979.086	12.5396	12.9519	13.5959
8	-337.893	4.0489	4	0.399	1058.25	12.6065	13.0739	13.8038

Endogenous: SARB_Flesch M_G_Flesch

Exogenous: _cons

All 5 criteria selected lag 1 and. Thus, lag 1 was used for testing for granger causality.

Vector autoregression

Sample: 65 - 130

Number of obs = 66

Log likelihood = -390.7597

AIC = 12.02302

FPE = 571.0013

HQIC = 12.10168

Det(Sigma_ml) = 476.0143

SBIC = 12.22208

Equation	Parms	RMSE	R-sq	F	P > F
SARB_Flesch	3	3.06176	0.6879	72.73553	0.0000
M_G_Flesch	3	7.46523	0.2100	8.773187	0.0004

	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
SARB_Flesch						
SARB_Flesch L1.	.8361178	.0694417	12.04	0.000	.6973497	.974886
M_G_Flesch L1.	.0085133	.0443028	0.19	0.848	-.0800188	.0970455
_cons	6.96767	3.736876	1.86	0.067	-.4998811	14.43522
M_G_Flesch						
SARB_Flesch L1.	.0324919	.1693135	0.19	0.848	-.3058541	.3708379
M_G_Flesch L1.	.4507144	.1080197	4.17	0.000	.2348543	.6665745
_cons	26.72349	9.111293	2.93	0.005	8.51602	44.93095

```
. vargranger
```

Granger causality Wald tests

Equation	Excluded	F	df	df_r	Prob > F
SARB_Flesch	M_G_Flesch	.03693	1	63	0.8482
SARB_Flesch	ALL	.03693	1	63	0.8482
M_G_Flesch	SARB_Flesch	.03683	1	63	0.8484
M_G_Flesch	ALL	.03683	1	63	0.8484

Set 1 Conclusion: The results shows that SARB's Flesch reading ease score does not granger cause Mail and Guardian Flesch reading ease score (p-value = 0.8484 > 0.05)

Set 2 Conclusion: The results shows that Mail and Guardian Flesch reading ease score does not granger cause SARB Flesch reading ease score (p-value = 0.8482 > 0.05).

DISCUSSIONS

The findings of this study clearly show that between 2010 and 2021, although there might appear to be a co-movement between SARB's MPC statements' Flesch-Kincaid Grade Level score and Flesch Reading Ease Score to Mail and Guardian's statements' Flesch-Kincaid Grade Level score and Flesch Reading Ease Score, the granger casualty test reveals that there is no causality between the two variables. However, there are clear instances where a spike in SARB's MPC statements' Flesch-Kincaid Grade Level score and Flesch Reading Ease Score is evidently reflected on Mail and Guardian's corresponding Flesch-Kincaid Grade Level score and Flesch Reading Ease Scores, as was the case for the 26th October 2010 SARB MPC statement which recorded a Flesch-Kincaid Grade Level score of 13.4. This was a standout score in the ten-year dataset, and interestingly the score is reciprocated with an even higher Mail and Guardian Flesch-Kincaid Grade Level score which registered at 14.2. This occurrence is repeated again on 22nd July 2010 where the SARB MPC statement scored 13.7 on the Flesch-Kincaid Grade Level score only for the Mail and Guardian score to also soar to 12.6.

An explanation for this occurrence is the direct quotation reporting style which is evident on both dates.

On 22nd July 2010, the SARB MPC statement read:

"The sovereign debt crisis in Europe appears to have had a short-term respite, but significant longer term risks and uncertainties persist."

In reciprocity, the Mail and Guardian article dated 22nd July 2010 reads:

"We see that global economic outlook remains uncertain. The sovereign debt crisis in Europe has had a short risk, but significant long-term risks and uncertainty persist."

The same direct reportage is repeated for the monetary policy stance which is a clear copy of the statement from the SARB MPC statement. The Mail and Guardian article reported that:

"The monetary policy committee assesses the risk to the inflation outlook as being evenly balanced and views the current monetary policy stance as appropriate."

This is the same statement from the 22nd July 2010 SARB MPC and in essence explains the co-movement between the two as direct reportage from the newspaper articles creates an 'artificial' co-movement. But as argued by Reid et al., (2019: 33) the media is often drawn towards "the real economic consequences of monetary policy and tends to over-simplify". This is a theme that emerges in the Mail and Guardian articles with headlines such as:

"Consumers have a little more money for Easter eggs"

Mail and Guardian, 2018.

In summation, if the Mail and Guardian is directly quoting a SARB MPC statement, then any spike or drop in SARB's readability will trickle down to the corresponding Mail and Guardian newspaper article.

CONCLUSION

While central banks communicate to a wide range of market participants, their interaction with the media has remained a complex facet to monetary policy transmission. While many studies have explored the media and monetary policy such as media coverage when central banks announce a ‘shock’ rate movement, there has been little to no literature on African central banks causality on media reportage; by far validating this study.

This paper employed Flesh-Kincaid Grade Level and Flesch Reading Ease Score textual analysis to SARB MPC statements and corresponding Mail and Guardian newspaper articles from January 2010 to January 2021. The study sought to examine the relationship between the SARB MPC statements and corresponding Mail and Guardian newspaper articles and examine the causality of SARB’s MPC statements’ Flesh-Kincaid Grade Level and Flesch Reading Ease Scores on Mail and Guardian’s Flesh-Kincaid Grade Level and Flesch Reading Ease Scores. The study was able to illustrate relying on the Granger casualty test that although there appears to be a co-movement on the computation analysis, SARB’s Flesh-Kincaid Grade Level and Flesch Reading Ease Scores has no Granger casualty on Mail and Guardian’s Flesh-Kincaid Grade Level and Flesch Reading Ease Scores.

In so doing, the study was able to add to the only emerging literature on African central bank communication literature while offering a wide time frame given the ten year span of MPC statements and corresponding newspaper articles examined.

As a policy recommendation, the author recommends a further simplification of SARB’s MPC statements. This submission is in line with Bholat et al., (2018) study on statements’ effectiveness on the UK population. Their study exposed how Bank of England’s summaries of the Inflation Report impact comprehension and trust in its policy messages and more so, the further ‘visual’ simplification of Bank of England’s Inflation Report further advanced comprehension of its main messages in a statistically significant way compared to the traditional executive summary. It should be noted that this trickles down to newspaper reports which are found of often reporting directly on macroeconomic matters beyond their comprehension. As a policy recommendation, the author recommends more visual aids from SARB in a bid to aid monetary comprehension.

In conclusion, the study contributes to the only emerging African central bank communication literature by firstly deploying the Flesch Reading Ease Score and the Flesh-Kincaid grade level index to 55 SARB MPC statements to gauge readability and hence SARB’s clarity and subsequently testing for granger casualty using a casualty of SARB’s MPC statements on Mail and Guardians’ newspaper articles. In so doing adding to the only emerging literature on African central bank clarity and the interaction with the media.

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EVALUATING THE OPERATIONAL STAFF'S UNDERSTANDING OF THE ORGANISATIONAL VISION STATEMENT: CASE OF COMPANY X

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ABSTRACT

Where there is no vision, people perish. This statement is from the Christian Bible, written millennia ago and it cannot be any truer, especially in the world of business. Formulating corporate vision is considered as the first critical step for effective strategic management process, be it in manufacturing or service providing organisations. This research paper intends to determine if employees of the organisation under study comprehend or believe in their company's vision. Organisational vision is what an organisation intends to achieve in the future, it can also be seen as where the organisation intends to be in the future. For the purpose of the study, a qualitative approach is used to explore the operational employees' understanding of the company's vision through the use of interviews with open-ended questions by enquiring on the nature and frequency of communication in the organization. Utilizing unstructured interviews enabled the researchers to explain, better understand, and explore the research subjects' opinions, behavior, experiences, and phenomenon. The results of the study indicate that the operational staff of the organization under-study do not comprehend the organization's strategic vision. Given the results of the study, the researchers recommend a conducive culture for strategy implementation, one characterized by clear communication lines and exposure of employees to strategic decision making. This is recommended for other organisations as well, to enable better vision comprehension by employees, this is as a result of the highlighted importance of organisational vision in this study. Future studies can focus on the understanding of company vision statement by managers in other industries.

Keywords: Corporate Vision, Operational Staff, Organisational Vision Statement. Strategic vision.

INTRODUCTION

Modern business leaders understand the value of organizational vision. However, it is not definitively known if the corporate vision and strategy are filtering effectively down the ranks. Structural and behavioral barriers to communication as well as a lack of belief in the vision by management could hinder the filtering of corporate vision down to employees (Lipton, 2004; Ordal, 2016). Moreover, if employees do not know what direction the company is headed, the less likely to create value for the organization (Ordal, 2016). Thus, this study intends to determine if employees of the organization under study fully recognize the corporate vision of their company. A corporate vision is an imperative strategic management tool for each organization, it is a dream and aspiration of the organization regarding its future. It provides a vibrant direction for organizational strategies and varies from one organization to the next, according to expectations of the owners, investment levels and the nature of operations (Suranga and Rahman, 2014). Haque, TitiAmayah and Liu (2016) highlight that organizational vision is the essence of work, an all-encompassing concept that includes organizational values and guiding philosophies that are engaging and inspiring an idealized future goal, an idea and a set of core values and essential tasks, among others.

A vision has to be clear and specific because it helps interested parties to have clear objectives, sense of direction, priority, holistic consideration and coordinated actions (Suranga and Rahman, 2014). It is characterized by attributes such as brevity, clarity, stability, abstractness, future orientation, desirability, and ability to inspire, and

containing customer and staff satisfaction imagery (Suranga and Rahman, 2014). Furthermore, a vision can be considered as the primary corporate motivator, for both profit and organisational growth.

This study aims at determining if the operational staff of a Natural Gas Company based in Johannesburg understand the company's vision (strategic direction). The company services more than 8500 Domestic, Central-Water heating, Hospitality, Industrial and Power Generation businesses in the Johannesburg area and offer environmentally friendly, safe, reliable, and energy-efficient Piped Natural Gas. The study will determine if the operational staff understand the organization's vision. The Rationale of the study accentuates that distribution of corporate vision amongst subordinates plays a noteworthy role in attaining organisational change (Kivunja, 2010). On the other hand, Potjanajaruwit (2019) imperatively indicated that corporate vision is utilized to provide organizational clarity and direction, which will ultimately lead to higher performance level and an improved bottom line. It has been widely utilized as a management tool over the past 20 years to stimulate employees by showing them how their jobs fit into the grand vision and directions of the organization (Potjanajaruwit, 2019).

LITERATURE REVIEW

This section of the study will discuss corporate vision, strategic management, and the implementation of the vision. Additionally, vision formulation and implementation process which involves communication will also be analyzed.

Corporate Vision

Strategic vision, according to Gamble, Thompson and Peteraf (2017), describes the strategic direction and the product-customer-market-technology the organisation will emphasize in the future. It is therefore, elucidated as "a dream of the organisation" (Venter 2015). Moreover, Kirkpatrick (2017) points out that a vision is a positive outcome that the organisation wants to have and describes it as the organization's desired long-term future state. Ordal (2016) articulates that "a vision describes the organisational destination". As the study evaluates operational staff's understanding of the corporate vision, it is imperative to have a strong, focused, flexible, feasible, and desirable Vision. According to Ordal (2016), Corporate Vision proves to be imperative for providing a base for an organizational strategy which in return affords a competitive edge. Ground rules are established by which organisational triumph will be attained. Moreover, it contributes to corporate citizenship which is defined as 'contribution that a company makes to the society through its core business activities, its social investment and philanthropy programmes and its engagement in public policy'. Corporate philosophy determines the way a company succeeds its economic, social, and environmental impacts and good relationships with different stakeholders, in particular; investors, employees, customers, business partners, government and communities (Ordal 2016).

The Corporate vision is periodically re-examined by top leadership to ensure unremitting reflection of the organization's current state and remains clear to employees (Kirkpatrick 2017). When a company realizes its vision, it has arrived at the desired state it had predetermined prior (Gamble et al., 2017). Under such circumstances, the organization will need a new vision which help the organisation to progress into new heights. Material conditions change internally and externally, this will require modification of the vision statement. Suranga and Rahman (2014) points out that corporate visions within small, medium enterprises and larger organizations must evolve as businesses themselves change. Without such evolution, it is thought that gaps quickly emerge between the vision and operational reality. Aside from constructing a virtuous vision, communicating the vision to employees is arguably the most important phase (Perkins, Lean and Newbery, 2017). Additionally, companies should have a precise corporate vision for survival and growth (Suranga and Rahman, 2014). The leadership of an organization in terms of communicating and cascading the corporate vision is therefore of critically imperative in ensuring effective filtering of the vision down the ranks of the company.

According to Dermol and Sachakamol (2016), researchers stresses that some companies set clear organizational values and an eye-catching corporate vision and use internal communication channels and human resource management practices to encourage employees' involvement in practice and implementation of the corporate vision. Statements on organizational values, mission, and vision statements, are significant management tools by which company management communicates to direct the behavior of employees and company activities. Nevertheless,

the written forms of organisational statements might just be useless documents when used without involving employees in the processes of the development and internal communication of the statements (Dermol and Sachakamol, 2016). Such are vital to ensure fulfillment of the corporate vision.

Strategic level

According to Ordal (2016), a vision is formulated at the strategic level of any organization and it guides strategy formulation. Strategic level is the uppermost management of business units or geographical units (Alexander, Campbell, Goold and Whitehead, 2014). The essence of this level of management is to make strategic decisions and provide a framework for which those decisions will be implemented. It focuses on the long-term targets of an organisation (Alexander et al., 2014). Decisions made at this level are not reversible within a short period (Carver, 2011). Such decisions, for example, could be about growth; new target markets or product diversification for existing markets, they may require the organization to commit resources for periods longer than twelve months. Leading at the strategic level requires leaders with a bird's eye view for the firm and a virtuous understanding of the external environment (Norzailan, Yusof, and Othman, 2016). Strategic leaders must be able to mutually read the external environment and the internal capabilities of their firm. At discrete level, it is a prerequisite for strategic leaders to habitually think outside the box as their role requires having strategic thinking competencies, this involves creative thinking and the ability to see discontinuities in the environment as well as emerging opportunities.

The ability to develop a strategy is often a political process that involves understanding and managing dominant coalitions involved in the strategizing process (Norzailan et al., 2016). According to Walecka-Jankowska and Zimmer (2019), a strategy is the determinant of the future, survival, and development of the enterprise, especially in the context of the unstable and turbulent nature of business surroundings. Ignoring the imperativeness of business strategy can create resistance to implementation. As such, strategic leaders need political skills to deal with the key coalitions and stakeholders in the organization (Norzailan et al., 2016).

Strategic management

Organisational Management's role is to take charge or care for the organization employing specific skills, processes, and knowledge of key business practices. On the other hand, strategy means defining the goals of the organization after determining the methods and resources to be employed (Dogan and Simsek 2017). Strategic management involves what the business will do to realise its vision (Ordal, 2016). Morden (2016), states that strategic management is concerned with the character and direction of the enterprise, current affairs of the business and what it is like to be in the future. It proves to be imperative for anticipating and establishing a vision or view of how the organisation should develop into the future (Morden, 2016). The traditions in which the organization will attain its objectives and its vision will be described in the strategy (Gamble et al., 2017). Ordal (2016) further highlights that it must be understood clearly to be carried out effectively. Employees must understand the company's strategy and vision to take part in recognizing and effective implementation (Pucek and Spucek, 2014). It purely means that employees must understand the fundamental purpose of the organization and share the vision which will enable them to be fully invested working towards the desired future state of the organization.

Good strategic management can provide a sustainable competitive edge. For competitive advantage to be achieved, the entire organisation must operate as a unit, a single system, that is, if the vision is understood (Ordal, 2014; Pucek and Spucek, 2014). Managers make use of tools to analyze the internal and external environments of their companies to make decisions. All business decisions, plans, and activities should be directed toward the fulfilment of the company's vision (Gulati, Mikhail, Morgan and Sittig 2016). In strategic management, Abosede, Obasan and Alese (2016) articulates that managers are responsible for formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of the owner, considering the resources and an assessment of the internal and external environments in which the organization competes. More importantly, strategic management provides overall direction for the enterprise and involves specifying the organisation's objectives, developing long-term policies and plans, ultimately allocating resources to implement the plans (Abosede et al., 2016).

Strategic planning

Strategic planning is simply defined as a top management process of setting goals, knowing the capacity, and determining methods to be followed to reach the goals after examining the environmental factors (Dogan and Simsek 2017). It is vital for organisations to know what they want to achieve and the space in which they wish to achieve their goals. Ultimately, planning involves making decisions regarding how to allocate resources and the methods to be used in realizing the goals, objectives, and the vision. According to Jalala and Murray (2019), strategic planning is imperative to progress quality, resolve problems, and overcome shared challenges which may ascend amongst the operational staff and the business itself. Furthermore, it is described as a process applied by organizations to progress strategies and provide the right atmosphere for making meaningful future decisions which build a strategic position for the organization in the marketplace and ensure future viability (Jalala and Murray, 2019). The methods employed to reach the future vary (Dogan and Simsek, 2017). Strategic planning is deliberative and disciplined in its approach to fabricate fundamental decisions and actions that outline and guide what an organisation or entity is, what it does, and why” (Campbell, Ernst, Gonzalez, Stafford, Walsh and Watson, 2017). It is a necessary organizational compass, but not the same thing as a strategy (Ordal, 2016). Good strategic planning requires leadership to support the process and identification of organizational champions who will facilitate the implementation of the plan (Campbell et al., 2017). The plans born from the strategic planning processes must, at the end of it all, be implemented by operational staff.

Corporate vision implementation

Managers strategize but realize diminutive changes in results (Grover and Kohli, 2013). This comes to pass because people that need to implement strategies are unable or unwilling to. Vicissitudes in the business environment are no longer incremental as they once were, in today’s world, they are sudden and very disruptive (Grover and Kohli, 2013). The changes in the business environment are occurring constantly (Prodius and Bogoslovov, 2014). This requires adaptive changes in the way the organisation operates. It is for this reason that an understanding of organizational vision by a company’s staff is of paramount importance.

Solely having a good strategy is insufficient, an excellent implementation must be after a high-quality developed strategy. Implementation is the most crucial phase; a good vision alone is insufficient (Gamble et al., 2017). Ceptureanu, Ceptureanu, Popescu and Vlad (2017) suggest that one might consider having agents in the organisation that champion the implementation of the vision. It supports advocacy of other authors about vision, disseminating the vision to the masses. No employee will communicate with the upper levels of the organisation to find out about the organisation’s vision, it remains the responsibility of top management to disseminate the vision down the ranks. Management must further ensure that the necessary infrastructure is in place to implement the vision. It will be ineffective to have a brilliant vision while the organisation cannot fulfil it. This point is vital because even if brilliant vision is communicated but the demands of this vision are beyond the company's capacity, it is all a futile exercise. The main problem that stifles vision implementation, many authors agree, is a lack of communication (Florea, 2014; Coetzee et al., 2016; Grover and Kohli, 2013; Angelopoulos and Barker, 2013). Prodius and Bogoslovov (2014), claim that the poor awareness of members and differing interests within teams or groups, among other things is also problematic.

Communication

Communicating organizational vision, mission, and values to operational staff is an imperative aspect of strengthening internal awareness of corporate identity and its external dissemination. Exposure to organizational values, company mission and objectives leads to greater detected attraction and gives employees a feeling and assurance of being part of the organisation (Dermol and Sachakamol, 2016). Communication improves the insight of employees in business philosophy and company strategic directions and certifies the comprehension of company vision and objectives. Moreover, employees will be motivated, committed, and identified with the company (Dermol and Sachakamol, 2016).

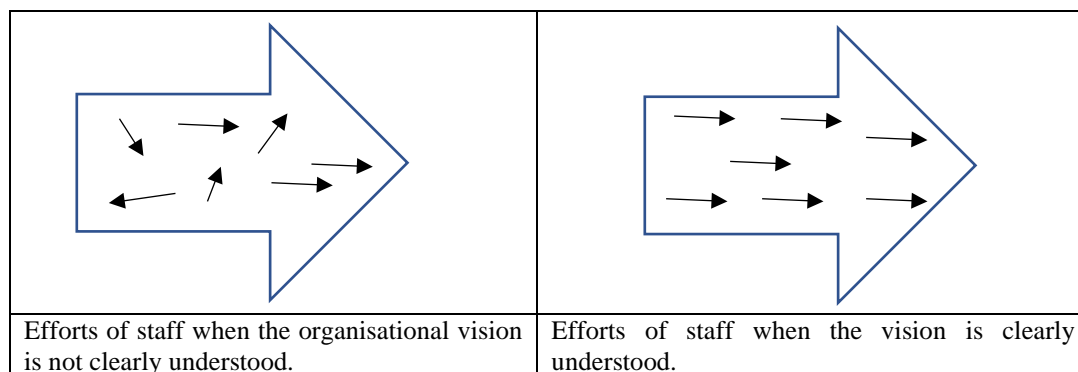
Leaders' ability to communicate has a direct impact on the triumph of the organisation. It is of such paramount importance that it contributes to the success or failure of an organisation (Roebuck, 2012). The responsibility of strategic managers is to communicate plans and clarify the charted direction of the organisation. Ordal (2016) stresses the vitality of a vision communicated by those who participate in strategic planning on the strategic level of the organisation. Gonzalez (2017) says that communicating what is expected is imperative for successful leadership. According to Florea (2014), communication:

- Represents the art of conveying information, ideas, and attitudes from one person to another.
- Is a basic life skill that determines the state of contentment and to achieve objectives; when an organization communicates effectively, it attracts new candidates, keep them for a long period, motivate them, and people develop trust in the organization.
- Is the process by which people share thoughts, ideas and feelings frequently and easily understood.

Strategic management needs to develop a vision and make necessary decisions on how to realise and communicate the vision effectively down the ranks of the organisation (Pucek and Spucek, 2014). For effective strategy implementation, it must be understood by those who are expected to execute it (Ordal, 2014). It is also important for the organisation to develop an upright organisational communication culture. Thus, to ensure free flow communication down the ranks of the organisation. Grover and Kohli (2013) further highlight that good communication of the vision by management gives the workforce a sense of purpose.

The consulted literature stresses the importance of clear communication to ensure clarity as to what is expected. Coetzee, van der Merwe and van Dyk (2016) says employees must be exposed to more communication to successfully implement the vision. If there is ample communication in the organisation, employees feel valued and more importantly, their efforts are in sync.

Figure 1: The effect of a clearly defined strategic direction. Adapted from; Practicing strategy: a Southern African context. (Venter, 2015)



Preparing staff for the vision

Grover and Kohli (2013) commends that for a vision to settle well, there must be a culture of learning that is fostered in the organisation to cater for potential change due to the unpredictable nature of the business environment. Ceptureanu, et al., (2017) further stresses that it requires management to incorporate learning and play. In other words, whatever that is communicated to the employees will be easily understood. The responsibility of management is immense as the organization must have fostered supportive culture so that those within the organisation will have an easier time adjusting to the vision.

In conclusion, Ceptureanu et al., (2017) and Venter (2015) indicate that management must allocate resources to support the vision of the organisation. Infrastructure and resource allocation alone will not do, the organizational structure as well must be in alignment with the vision. This will take care of, among other things, the communication issues and it will enable people to perform at their level best.

METHODOLOGY

This research paper follows a case study-based approach, conducted at Company X, an energy company that sells natural gas to private and commercial customers. The company has six administrative departments, each led by a manager who reports to the managing director. For this study, the focus was on operational staff. A qualitative method was preferred to explore the operational employees' understanding of the company's vision by collecting primary data through face-to-face interviews using open-ended questions. The interview questions attempt to determine if the vision of the organization is understood by enquiring on the nature and frequency of communication. Interviews were conducted with both managerial and operational staff. A total of five individuals were interviewed, two management staff, and three operational staff. The operational manager was selected because of the potential vast knowledge of the organization as he links the organization's vision and its implementation. The HR manager was selected to prepare the workforce for strategy implementation, by way of recruiting and training. The customer supervisor was selected because he could provide a measure of whether the company is on track as far as realizing their strategic vision is concerned. The management staff will give a perspective from management, their attitudes towards the strategic vision, communication, and their subordinates. Two artisans were selected as they conduct the daily operations of the company. A purposive sampling strategy was utilized as a preferred strategy to get the most relevant information as possible from the people who were involved in the study. This provided a better chance to realize the objectives of the study and subsequently ensure the provision of effective and well-informed recommendations of this paper.

RESULTS

The results are divided into two parts, responses from managerial staff and operational staff, respectively. They were recorded from the following set of questions; management staff responded to the following: (1) what is the relationship between employees and organizational strategy? (2) How do you communicate the strategic vision to your staff? Why? (3) How can you tell if your staff understand the strategic vision of your organization? (4) How do you monitor strategy implementation? On the other hand, operational staff responded to the following questions: (1) Does management communicate the vision of the organisation with you/employees? (2) Do you know your organisation's strategic direction? If yes, what do you understand about it? (3) How important is it for you to understand your organisation's strategic vision? (4) How would you describe your working relationship with your superiors?

Responses to the above-mentioned questions are presented below and subsequently discussed. Management staff's responses will be presented first and followed by the Operational staff's responses as per the sequence of the presentation above.

Management staff's responses

Responses to: **What is the relationship between employees and organizational vision?**

Respondent 1: "from my outlook, I'd like to believe that only 30% of the employees recognize and fully understand the vision of the organization, this is because of how poorly some employees conduct their tasks and themselves in nature"

Respondent 2: "I do not think people understand what the vision of the business is, where it's heading, and how it's getting there. Most people are just doing what they are instructed to do without knowing the direction of the organisation."

Responses to: **How do you communicate the strategic vision to your staff? Why?**

Respondent 1: "I think in the last four months we've communicated more." "Uhm... so what I've started now are monthly departmental meetings which alone is not enough...Uhm and for them to communicate things like that."

Respondent 2: “Probably sort of gets communicated once a year if that was the sort of vision is.”

Responses to: **How can you tell if your staff understand the strategic vision of your organisation?**

Respondent 1: That is a good question, well, I would not be able to tell you that because I honestly have no idea, the reason being the vision is hardly communicated or shared amongst the employees”

Respondent 2: “It’s all a bit muddled and confused.”

Responses to: **How do you monitor strategy implementation?**

Respondent 1: "So at the local level we have exco meetings every second week, where you must come up with the agenda, you must say this is what you want to talk about, sales, volumes, issues about organization wellness, but the focus is cost-saving, and sales, and unaccounted for gas (UAG).

Respondent 2: “I don’t know what the vision is, I don’t know intimate details... what the targets are for this year. They haven’t been communicated to us so if I don’t know my staff certainly don’t know, because I’ve got nothing to tell them.”

From the above responses outlined by the two managerial staff members, it is indicated that most employees undoubtedly have no clue what the corporate vision entails. Their affiliation with the organisational vision is negative. As highlighted by respondent 1 “Only 30% of the employees recognize and fully understand the vision of the organization.” Both respondents further substantiated their initial responses by adding that ‘communication of corporate vision across the organisation is quite nominal’ and this further supports the inferences that most operational staff members do not know the corporate vision. Besides, both respondents (Management staff) had no idea if the operational staff comprehend the corporate vision, which sums up how poorly the vision is communicated and implemented.

In line with the objectives of the study, it is worth noting that both respondents did not mention many positives concerning the corporate vision while emphasizing that operational staff do not know the strategic vision of the organisation. They both expressed that the communication of this vision was not emphasized in the organization. This corroborates what was said by the first respondent that communication is seldom in the organisation. Lack of communication of strategic vision in the organisation renders the vision statement non-existent. The vision could well be an unstated vision statement.

Operational staff’s responses

Responses to: **Does management communicate the vision of the organisation with you/employees?**

Respondent 3: “Every time, all the time. We have meetings once a month, every month on a Friday, no one goes out before we are done with the meeting.”

Respondent 4: “Here at Company X we usually have the face-to-face which usually comes every three months. Of which they are giving us the feedback in terms of financial plans, technical plans, sales, and all that in the manner that we should not get lost and see where the company’s going and how the company’s doing from January till December.”

Respondent 5: “Some they do, some it is just some surprises. So, like Uhm... we only meet them each three months. They come with a laptop and a projector and then they put it up there and state that ‘these are the low lights these are the highlights, it’s, it’s, it’s like they take their own decisions.’”

Responses to: **Do you know your organisation’s strategic direction? If yes, what do you understand about it?**

Respondent 3: Yes, we all know where we are going. You know our pipeline is... it is old, very old, and they are running at this moment a very big line. We're going far already; they want to push it even further."

Respondent 4: "To what is expected of everyone is for everyone to sell gas even when you're not in the sales department so we gain those coins that we need, so we can expand from here to there."

Respondent 5: "Ja like, like now most they concentrate on high industrial businesses where they can be able to sell more gas, so...yes, I do understand about that, ja."

Responses to: **How important is it for you to understand your organisation's strategic vision?**

Respondent 3: In our company, it is a very big thing, because if you do not understand which direction you are going, you will roam around and do nothing."

Respondent 4: "Just to achieve one goal, go one direction. So that we cannot be pulling each other than the other one says we are going north so the other one says no we are going south, you know. It is just having one goal, one drive, one mission, one plan. All in all, as they get together, they will go one direction."

Responses to: **How would you describe your working relationship with your superiors?**

Respondent 3: "We have good relations because we're together every morning. And if you are going to have a problem with your... let us, say, direct manager, you are going to have problems everywhere"

Respondent 4: "well, I can't say much from your question, but I would like to tell you that the relationship is good."

Respondent 5: No like for us it's okay. Business as usual."

Inferences drawn from responses provided by the three operational staff members indicates a high probability that they do not know what corporate vision means. Failure to understand corporate language can mean more than just failing to know what is happening in the organisation. Most of the operational staff members have portrayed a lack of understanding and recognition of corporate vision in which confliction arose between their work (operational goals) and the corporate vision. They misinterpret the work assigned to them with the corporate vision. This points out the catastrophe of strategic management to manage the operational staff decisively and effectively. Communication is imperative for the success of any organisation.

DISCUSSION

The literature describes the vision of an organisation as a "desired future state", as precisely stated by Gamble, et al. (2017). However, the respondents of the organisation under study have undoubtedly demonstrated that the relationship between them and the organisational vision is adversely affecting the general functioning of the organisation. As Ordal (2016) indicated that positive relationship with corporate vision is imperative for providing a base for organizational strategy, this narrates that the organisation under study is far from their desired future. The respondents' understanding of the corporate vision was questioned, their interpretations of what the vision is, and in comparison, to how a vision is defined in the literature indicates a clear disparity. With no clear understanding of what a vision is, Pucek and Spucek, (2014) says it could only mean that the operational staff will not take part in realizing the vision. In response to the aim of the study, the understanding of the organisation's vision is inadequate.

Two of the respondents, managerial staff members, had a congruent view regarding the operational staff's understanding of the organisation's vision. One believed that only a minority of the staff understood the vision, while the other believed that the vision was not understood at all. From the consulted literature, employees are probable to be motivated and feel more valued if they understand the organisation's vision and Prodius and Bogoslovov (2014)

says that the understanding of the organisation's vision improves synergy in the organisation. This proves how imperative it is to ensure that, as a manager, your employees comprehend the corporate vision. In this study, a lack of understanding of the concept is demonstrated. Interpretations differ from one respondent to the next, and the vision is confused with the organisation's business focus.

Most researchers stress the importance of clear communication to ensure clarity as to what is expected of employees and what the values of the organisation are. Coetzee, van der Merwe and van Dyk (2016) highlighted that employees must be exposed to more communication to successfully realise and effectively implement the organisation's vision. With no sign of understanding the organisational vision, communication of the vision across the organisation under study seem to be limited and consequently result in a lack of understanding and effective implementation. It was apparent across the respondents that top management does not communicate the strategic vision in the organisation. Most respondents reflected that the only communication in the organisation occurring is when giving feedback and information on new developments rather than the communication of the organisation's vision nor strategy. This is one of the reasons why operational staff have different interpretations of the vision.

The inference on the lack of understanding of the organisational vision is reinforced by the two managerial staff members who stated that 'the organisational vision was not communicated by management, which could only mean that employees have no clear understanding of what the corporate vision is. The focal problem is that everyone will create their own interpretation of what the vision is, and this will result in a lack of cohesion in the organisation. Moreover, conflict may arise between managerial staff due to lack of cohesion and poor communication. One respondent expressed that this conflict between managerial staff members harms the subordinates. Another participant expressed grievances with the communication line in the organisation indicating that it is not effective enough. Further claiming that if there was a clear communication line, the vision would be understood by everyone in the organisation.

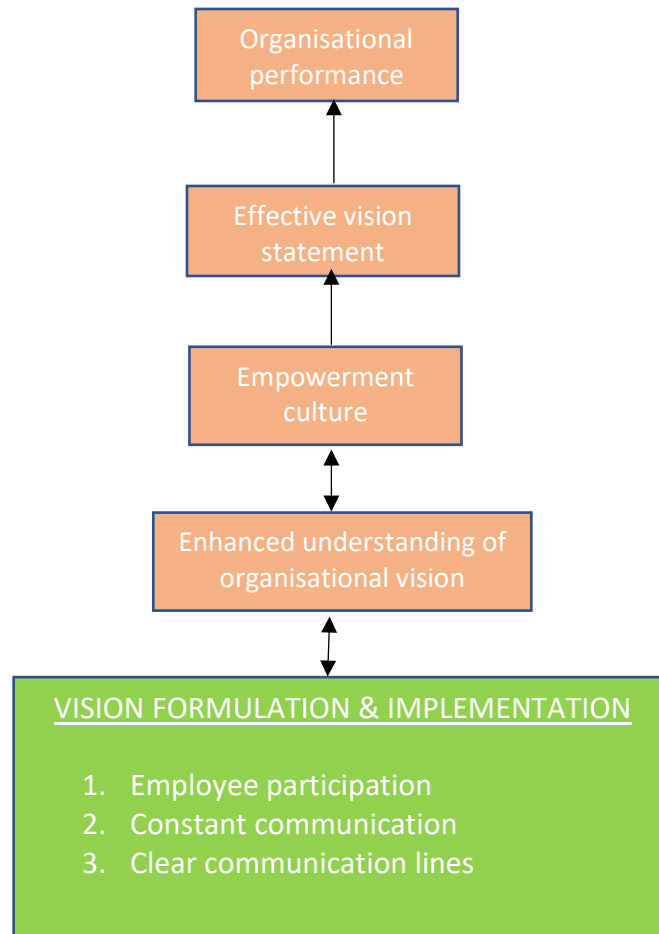
Referring to the literature, it is indicated that some organisations do not have an explicitly stated vision statement and yet implement it, this is a result of having effective leaders who fully apprehend the vision whilst they do not even communicate it (Kirkpatrick, 2017). Except for having a well-constructed vision, as already mentioned by Perkins (2017), communicating the vision to employees is arguably the most important part of the entire process. Organisations can have exceptionally well-written forms of organisational statements which might be useless documents when used without involving the employees in the processes of development and implementation within the organisation (Dermol and Sachakamol, 2016). Putting the vision into practice is the most critical process in the organisation because a virtuous vision unaccompanied is insufficient (Gamble et al., 2017). The organisation can resort to external services to ensure proper implementation of the corporate vision through agents which can champion the implementation of the vision (Ceptureanu et al., 2017). Gamble et al., (2017) lastly indicated that it is imperative to ensure that management keeps track of how well the vision is being received by the employees and intervene when necessary.

RECOMMENDATIONS

With clear evidence that the organisation under study had communication problems which in return harmed employees' understanding of the organisational vision, the organisation can consider several approaches to overcome the problem; (1) The organisation can develop a culture that is conducive for strategy implementation which includes having positive interpersonal relationships between colleagues, subordinates, and their managers. (2) Employees should be exposed to organizational values, company mission and objectives which lead to greater detected attraction and give employees a feeling and assurance of acceptance and appreciation in the organisation (Dermol and Sachakamol, 2016). Employees should be involved in the formulation of the vision to ensure ownership. A sense of ownership makes understanding and implementation easier. Ownership enhances successful implantation. (3) Development of a clear communication line to help everyone in the organisation acknowledge their line of authority. (4) Involvement of employees in all organisational communications and activities to help the employees develop the feeling of acceptance and being valued by the organisation. (5) Constant communication with the employees and ensuring that they fully understand and acknowledge all organisational statements and ensure the involvement of employees through the implementation process.

Studies by Gamble et al., (2017), Kirkpatrick (2017) and Ordal (2016) highlighted that a firm with an effectively communicated vision will perform better because everyone in the organisation has a common goal. It aids the organisation to keep its employees and other relevant parties' content, and this helps to build and maintain a reputable brand. Not to say the organisation under study has no reputable brand, but it is mentioned as a consideration that should be made because it could improve their brand and reputation if the organisation's vision is communicated with all their stakeholders. In conclusion, the organisation must use a common language to communicate the vision. A language that can be clearly understood by everyone and have in place some form of reporting and monitoring system. The findings and recommendations of the study are summarized in Figure 2.

Figure 2: Framework of the study



Key implications reached in this study is that lack of communication in the organisation is believed to be the major barrier towards employees' understanding of the organisational vision. Having employee participation in vision formulation and improved organisational communication will possibly enhance employees' understanding of the organisational vision. A well understood vision more likely results in its effective implementation and therefore better organizational performance.

CONCLUSION

The results of the study indicate that majority of the employees of the organisation under study do not fully comprehend the corporate vision, however, some participants claimed to understand the organisation's vision. Their

interpretation of what the vision is, was incorrect, as they confused the vision with organizational goals. If the vision of the organisation is to be understood by all staff members in the company, there must be a change in the communication culture of the organisation. It is recommended that common language be used to communicate the vision. The study was limited to the aspect of “employee communication” in understanding what the organisational vision is. A further study can be conducted to find out more potential reasons behind the lack of understanding of corporate vision by organisational staff members. Moreover, the same study can still be conducted in other different industries.

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US NATIONAL DEBT CHALLENGES AND RISKS FOR THE US ECONOMY

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ABSTRACT

The purpose of this paper is to analyze the impact of the rising national debt levels and its impact on the US economy. It has been argued that there are benefits and costs for this course of action in light of the Covid-19 pandemic and the need to provide the necessary infrastructure to meet the challenges of the future. The risks from following this course of action are the uncertainties associated with impact on the US economy as well the risk of inaction.

Keywords: US national debt, economic risks and uncertainties.

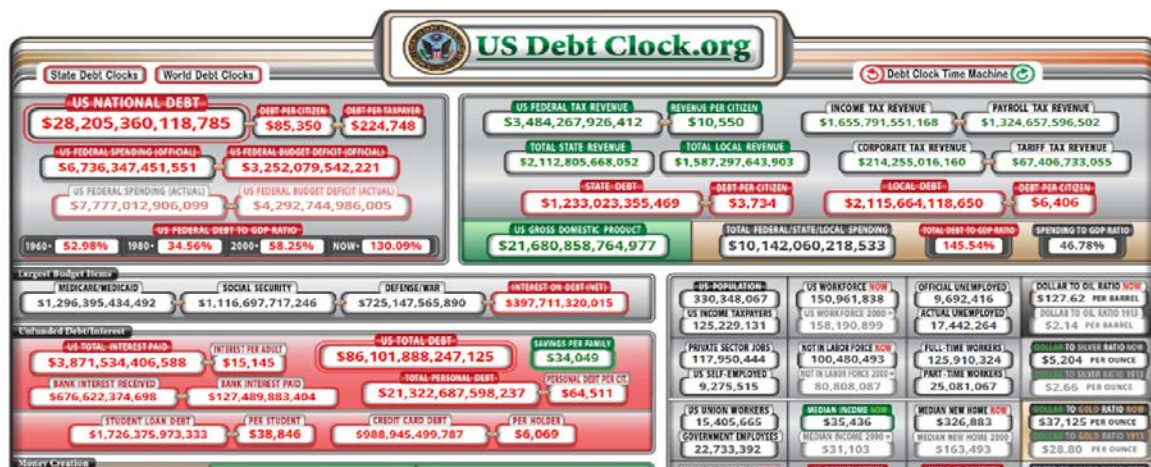
INTRODUCTION

The US federal deficit has continued to rise and along with it the national debt has continued to increase since the year 2000. It is projected to rise. As a matter of fact, prior to Covid-19, the federal deficits have been large. The economic disruption by the pandemic created a deep recession. As a means to support the economy, the Congress and the President approved large spending increases without any tax increases to offset these expenditures. As a result, the deficits and the national debt increased dramatically. The sharp recession and the spending increases that Congress and the president approved in response has made the deficit even bigger. The national debt has reached levels not seen since World War II. For the moment, interest rates have been very low, which has permitted the US to carry such a high debt load. The major concern is that this trajectory is unsustainable. It is so large that the government will not be able to depend on fiscal policy to deal with economic downturns in the future or with another pandemic.

BACKGROUND

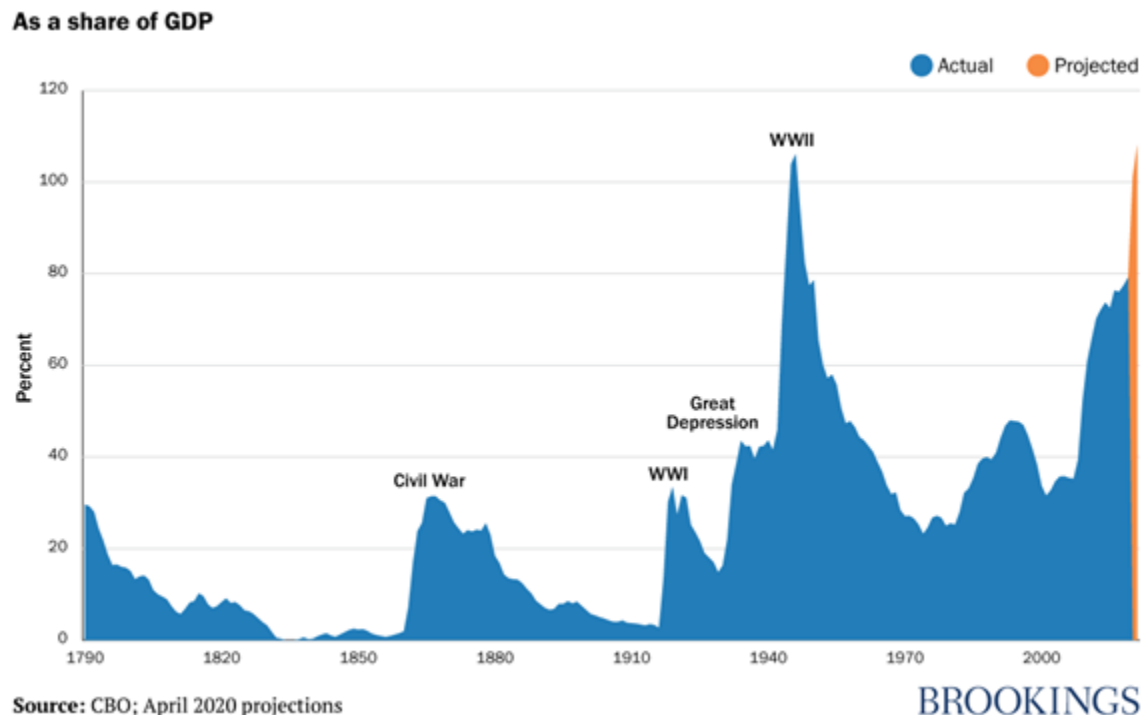
In this section it is important to present a brief overview of the state of the US national debt. According to the website <https://www.usdebtclock.org/>, the US national debt in the year 2000 the US federal debt to GDP ratio was 58.25% and as of April 25, 2021 it stands at 130% and rising (See Figure 1 below).

Figure 1: US National Debt Clock



As it can be seen that US Federal tax revenue at the time of this writing was \$3.4 trillion and US Federal spending was \$6.7 trillion, with a Federal deficit of \$3.5 trillion. It has been estimated that it will continue to rise. See Figure 2 below.

Figure 2: Federal debt held by the public



According to Wessel (2020), the main cause of the sharp rise in the deficit was the lockdown resulting from the Covid-19 pandemic. This resulted in a sharp recession which decrease tax revenues and Congress' response with increased spending resulted and increase in the deficit. This deficit could even grow larger as a result of more relief packages and Biden's proposed infrastructure project to Build Back Better, which is around \$3.8 trillion, which may or not be fully paid for by tax revenues and further add to the national debt. There is a concern among economists as to how much debt the US can handle. The main concern is that the growth of the debt could reach a point where the government's flexibility to deal with another financial crisis or a pandemic may be limited. At the present time, it is uncertain as to what level of debt the economy will be hurt. It is this issue that the paper will attempt to explore and analyze.

CONSEQUENCES OF RISING NATIONAL DEBT

According to the CBO (2020), there are significant risks presented to both the fiscal and economic outlook with persistent rising debt levels as a percentage of GDP. At present this concern has not yet been demonstrated these concerns. More specifically, the financial and economic impact such as:

To begin with, the risk of a fiscal crisis. In this situation, there could be a loss of confidence in the nation's ability to pay or service the debt. The result would be rising interest rates, and an abrupt increase inflation, other effects. Second, the probability of other negative effects, such as difficulty in public and private borrowing in international markets, as well as the specter of higher inflation rates. Also concerning is that rising debt levels make government financing more susceptible to rising interest rates since the cost to service the debt will increase more at higher debt levels than lower debt levels. Rising and high debt levels may also be a constraint on policymakers,

limiting their ability to undertake deficit financing to deal with unexpected events, or economic policies and defense spending.

It should be pointed out that not all the effects are negative. At the present time, these short term increases in debt and expenditures are providing important economic support to the economy. Also, higher interest rates can serve as an incentive for increased savings and providing the Federal Reserve the ability to implement monetary policy.

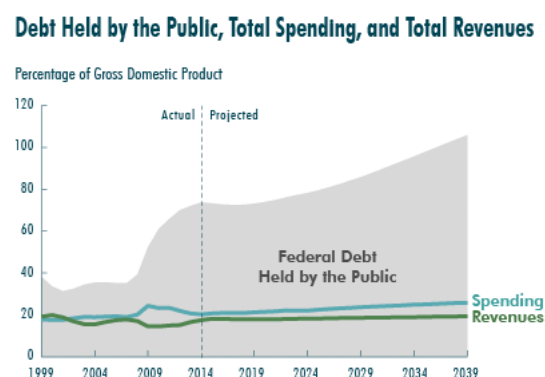
Understanding the potential effects of high and rising debt puts policymakers in the position of weighing the potential effects of changing fiscal policy, should it be sooner or later. For example, reducing budget deficits translates to lower debt accumulation. By lowering the accumulated debt, the risk to long-term growth and stability is ameliorated. By doing so, long-term objectives can be achieved with “smaller policy changes would be required to achieve long-term objectives, and it means that households and businesses would have less uncertainty about the effectiveness of policies that lawmakers would adopt. (CBO, 2020, p.11)

There is a risk in attempting to reduce rising deficits too soon is that increasing taxes or cutting expenditures these actions might create a disruption in the financial markets or the economy as there may not be sufficient time for planning and adjusting to these disruptions. Time, however, is not on the side of policymakers. The consequences of delaying actions that cuts expenditures or raises taxes increases result in additional debt accumulation. This increasing national debt will have a negative impact on long-term income and output growth. This will eventually necessitate the implementation of significant changes policy in order to achieve selected target levels (CBO, 2020, p.12). Whichever course of actions that policymakers undertake, the burden as to who will bear the brunt of these actions does have as to who benefits or loses. Postponement of fiscal restraint or an increasing share of the debt as a percent of GDP will mean that this burden will be passed on to future generations. According to the CBO (2020), the four main consequences of a large and growing national debt are:

- Lower national savings and income
- Higher interest payments, leading to larger spending cuts and tax increases.
- Decreased ability to address problems.
- Greater risk of a fiscal crisis.

According to this report, public debt will increase dramatically in future decades, reaching 106% of GDP by 2039. The table below shows the CBO’s projected increase of the federal debt held by the public:

Figure 3: Debt held by the public, total spending, and total revenues



As indicated above, these rising debt levels will have negative consequences for policymakers and the economy. If this trend continues it cannot be maintained indefinitely. Under its projections interest rates are not expected to increase in the short term, eventually rates will increase as well as the along with the increased debt generating larger interest payments. As a result, if these rising interest cost, private investment would be crowded out, resulting in diminished economic growth. Also, the increased interest payments mean that domestic income would be affected as foreign investor would also be receiving larger interest payments.

ANALYSIS

The purpose of this paper is to analyze the consequences of the rising US national debt and explore challenges and risk facing the US economy and the possible steps to remedy this looming crisis.

According to the CBO (2020), even in the without the presence of an abrupt fiscal crisis, there would be persistent negative effects on the economy greater than those incorporated in the projections by the CBO because of the high and rising debt levels. This would also be reflected in a declining value of Treasury securities and other domestic assets. Rising debt could also lead to moderate but ongoing increases in inflation expectations, highs.

Confidence in the US dollar as an international reserve currency would be eroded as a result of the increase federal borrowing. Among other effects, such developments would make it more difficult to finance public and private activity. Moreover, the increased dependence on foreign investors—who would hold larger and larger amounts of that high and rising debt—could pose other challenges, such as making U.S. financial markets more vulnerable to a change in the valuation of U.S. assets by participants in global markets.

The projected amount of debt increases the risk that interest costs would be substantially greater than projected—even without a fiscal crisis—if interest rates were higher than those underlying CBO’s (2020) extended baseline projections. For example, if the average borrowing rate was 1 percentage point higher every year than the rate underlying the agency’s extended baseline projections, but all other aspects of the economy were unaffected, then the government’s net interest costs would amount to about 15 percent of GDP 30 years from now, which is 7 percentage points more than in CBO’s extended baseline projections. That amount is equal to about four fifths of federal revenues projected for 2050. Moreover, under those circumstances, federal debt would be over 260 percent of GDP, which is about 70 percentage points higher than in the extended baseline projections.

If interest rates jumped, investors could become concerned about the government’s fiscal position over the long term as they tried to determine whether the uptick in rates was temporary or signaled a long-run trend. Alternatively, a lower borrowing rate would result in smaller interest costs than those in CBO’s extended baseline projections.

Risks also arise from the interaction of fiscal and monetary policy in response to higher debt. For example, the Federal Reserve’s large-scale purchases of Treasury securities and other financial assets in response to the pandemic pose risks to the outlook for interest rates. The CBO (2020) expects the Federal Reserve’s holdings of Treasury securities, measured as a share of GDP, to begin declining after 2024, which would put modest upward pressure on long-term interest rates. There is some risk, however, that participants in financial markets could react adversely to the Federal Reserve’s efforts to taper its holdings of such assets by sharply reducing their demand for Treasury securities, which would cause long-term interest rates to rise rapidly. There is also a possibility that concern about such an adverse reaction by financial market participants could cause the Federal Reserve to delay reducing its holdings of Treasury securities, which would result in lower long-term interest rates for longer than CBO projects in its baseline.

In light of the challenges and risks facing the US economy, unless the US takes serious steps in dealing with its budgetary imbalances, the future looks bleak. This is highly concerning as the present US Federal Debt ratio stands at around 130%.

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THE STATUTORY FRAMEWORK APPLICABLE TO LOCAL GOVERNMENTS IN SOUTH AFRICA TO PROMOTE SUSTAINABLE TOURISM

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ABSTRACT

This paper focusses on an overview of the foundation and development of local governments in South Africa. Municipalities have direct duties and responsibilities in accordance with the Constitution of the Republic of South Africa, 1996 (hereafter, the Constitution) as seen in Schedule 4(B) and 5(B). This mandate enables local governments to protect, achieve, respect and promote the Bill of Rights in respect of given powers and functions by the Constitution. However, confusion is created with the role of municipalities, where they fit in and which sphere is liable in performing the functions to achieve sustainable tourism in South Africa. An investigation of the developing legislation, case laws, developments and processes regarding sustainable tourism that shaped local government dispensation in South Africa is addressed. This paper examines the advances for sustainable tourism and application of local governments legislation in South Africa. The paper further presents a detailed argument of the current legislation and case law, in addressing the position as it is presently, as well as the relevant protections as outlined in the Constitution. This study involves a qualitative approach and involves an interpretation of South African national legislation. This literature review was conducted to understand the aspects of law and policies to support the discussion undertaken of addressing sustainable tourism on local level.

Keywords: Constitution, government, principle of subsidiarity, schedules, sustainable tourism.

INTRODUCTION

The Constitution of South Africa distinguishes and makes provision for three levels of government that derive their sovereignty from the Constitution of the Republic of South Africa, 1996 (hence the Constitution). The three levels of government in South African, after democratisation in 1994, strives in ensuring economic growth through legislation and regulations within the three spheres of government, namely national, provincial, and local. Each sphere has its own constitutional powers, duties and responsibilities that must be exercised in accordance with the Constitution (Bekink, 2008). The progress in achieving economic growth is a challenging process, due to corruption, mismanagement, and maladministration (Madumo, 2015). South Africa have a unitary system of government, which includes federal elements of self-governance in municipalities, which derives from Schedules 4(B) and 5(B) of the Constitution. Municipalities in a unitary system is important in the promotion of the development of the national government and this can be achieved through the development of sustainable tourism. This paper will discuss the important role that a local government should play, irrespective of difficulties that some spheres face, when trying to achieve intended aims to promote sustainable tourism development in South Africa. The paper, furthermore, intends to provide suggestions for improvement in local governments to deal with the developmental and local challenges to promote tourism in South Africa.

BACKGROUND OF LOCAL GOVERNMENTS

The institutional framework for governance in South Africa was established in 1996 when the country adopted its first democratic Constitution. National government, provincial government and local government were established as three

elected spheres of government, each with distinctive functional responsibilities. The Constitution requires the three spheres of government to function as a single system of cooperative government for the benefit of the country. The new constitutional system elevated local government to a new status of a constitutionally entrenched sphere of government, notionally on a par with the national and provincial spheres (Venter, 2000). The Republic of South Africa is a sovereign and democratic state and the three spheres of government in section 152(1)(section 152(1) of the Constitution) states that local government is co-responsible with other government spheres (which are distinctive, interdependent and interrelated) (Section 40(1) of the Constitution) for fulfilling the duties of local government as entrenched in *inter alia* section 156 of the Constitution (Section 40(1) of the Constitution). This means that the three spheres of government must support each other in creating an environment where each sphere individually regulates itself and exists within its own right (Madumo, 2015). The constitutional provisions regulate the interplay between these spheres of government. Section 156(4) of the Constitution provides for the concept of the division of functions and powers between the spheres of governments and states that:

The national government and provincial government must assign to a municipality, by agreement, and subject to any condition, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessarily relates to local government, if- (a) that matter would most effectively be administered locally; and (b) the municipality has the capacity to administer it.

Since the 1994 democratic elections, municipalities have been structured to be people-centred, accountable and democratic to achieve the objective of delivering services in a sustainable manner (Madumo, 2015). To achieve this objective, municipalities were divided into three categories as per the Constitution. The Local Government: Municipal Structures Act 117 of 1998 (hence the Structures Act) contains the criteria for the determination of a category-A municipality (metropolitan municipality), category-B municipality (local municipality) and category-C municipality (district municipality). The structures and institutions of all three spheres are such that local governments are the closest government body to the local population. Therefore, local governments are considered the first line of response and defence to all matters, including tourism matters. The Constitution, therefore, makes it clear that the local governments have functional areas and that the functional scope of institutional subsidiarity is limited. This limitation is found in the scope of Schedule 4(A) and Schedule 5(A) matters.

THE APPLICATION OF FUNCTIONS (AS SEEN IN THE SCHEDULES) TO TOURISM

Municipalities in South Africa have been assigned extensive functions and powers to recognise local governments in their own sense. Municipalities have functions and powers assigned in the Constitution and include, *inter alia*:

- The administration of local government matters in Schedule 4(B) and 5(B) of the Constitution;
- The authority to make and administer by-laws in order to effectively administer of matters that are assigned to local governments. This includes imposing rates, taxes and surcharges for services that are provided on behalf of municipalities;
- The adoption and developing of policies, plans and strategies to promote development. This further includes the implementation of national and provincial legislation; and
- To provide for matters that fall within the ambit of its legislative and executive competence (Thornhill, 2008:503).

Municipalities find executive authority in section 156(1) of the Constitution and have the right to administer matters listed in Schedule 4(B) and Schedule 5(B) as well as any other matter that is assigned by national or provincial legislation. The primary source of power for local governments is constituted in Schedule 4(B) and 5(B) of the Constitution. The significance of these powers listed in Schedule 4(B) and 5(B) is that it is the original powers of municipalities and it cannot be removed or amended by ordinary statutes of other provincial legislation. These functions stay at the core of municipalities and can only be amended by an amendment to the Constitution (De Visser, 2002). As seen above, municipalities can legislate on Schedule 4(B) and 5(B) matters, however, national, and provincial government can also regulate the matters in 4(B) and 5(B). This means that national and provincial

government can interfere in matters in Schedule 4(B) and 5(B) if the local governments do not perform these matters adequately or if there is an oversight from municipalities in performance of these matters (De Visser, 2002).

Secondary assignment of local government powers is seen, in section 156(4) of the Constitution, as:

The national government and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessarily relates to local government, if (a) that matter would most effectively be administered locally; and (b) the municipality has the capacity to administer it.

Local governments require considerable skills and resources to meet the various legislative prescripts. The deficiency of the legislative framework is that it applies uniformly to all municipalities. Huge gaps exist in respect of human and financial resources in municipalities, especially in deep rural areas when compared to urban areas, in applying the duties as seen in Schedule 4(A). Challenges remain huge and some of these can be attributed to institutional fault lines. These include challenges that come with large, inclusive municipalities, new executive systems, and the political appointment of senior officials. The courts may be reluctant in deciding the governance and technical merits of Schedule 4(A) matters. The courts, in deciding whether to give a matter to a local government in Schedule 4(A), must consider the efficiencies that are generated by municipal performance of their functions, intergovernmental fiscal ramification of the transfer from provincial to local economic imperatives and even capacity assessments. In the assignment of Schedule 4(A) matters, it must be done "by agreement" in terms of section 156(4) of the Constitution. Therefore, it will be left to the parties to formulate the agreement. Another issue to address is the obligation to assign the Schedule 4(A) matters. This is seen as concurrent national and provincial matter; therefore, national, and provincial executives have the authority to assign a Schedule 4(A) matter to a municipality in their jurisdiction.

THE PROBLEMS THAT EXIST

The current insistence on comprehensive intergovernmental alignment of policies and budgets is questioned. The new local government system offers great potential for the realisation of a better life for all citizens, facilitated by a new generation of municipalities. The Constitution protects the institutional and functional integrity of local government (section 41(1)(e) - (g) and 151(4)). The Constitution also entrusts regulatory, supervisory, and monitoring powers over local government by national government. In *Executive Council of the Province of the Western Cape v Minister for Provincial Affairs and Constitutional Development and Another, Executive Council of KwaZulu-Natal v President of the Republic of South Africa and Others* it was stated that local government is subjected to supervision by national and provincial governments and that national and provincial legislation has precedence over municipal legislation. Therefore, national government will now extensively regulate the exercise by municipalities of their constitutional authorities that are listed in Schedule 4B and Schedule 5B of the Constitution (De Visser, 2010).

The Constitutional Court adopted an approach to the interpretation of competencies, which are functional to local or provincial governments. In the case of *DVB Behuising (PTY) Limited v North West Provincial Government* (2000 4 BCLR 347 (CC) para 17) the Constitutional Court, in dealing with the division of powers and functions between national and provincial levels remarked that:

[i]n the interpretation of those schedules there is no presumption in favour of either the national legislature or the provincial legislatures. The functional areas must be purposively interpreted in a manner which will enable the national parliament and the provincial legislatures to exercise their respective legislative powers fully and effectively.

This decision was delivered over the dispute over provincial powers and there is no room for presumption of automatic bias in favour of the provincial spheres. However, De Visser (2010) is of the opinion that subsidiarity has more recognition with respect to local government than compared to the provincial government and, therefore, in deciding matters of Schedule 4(A) local governments can adopt to implement the matters. This can be seen in the *Johannesburg Metropolitan Municipality v Gauteng Development Tribunal*, the Constitutional Court dealt with a dispute between municipalities and provincial authorities, where powers related to the establishment of townships and the re-zoning of land in a municipal area of the city was disputed. It was agreed that certain functions were

unconstitutionally awarded to the provincial sphere and that the decision should reside with the municipal sphere of government.

The Constitution requires national government to consult with municipalities prior to the enactment of legislation that could impact on the latter's status, powers, or functions (Section 154(2) of the Constitution). Local government's autonomy, however, is limited. The duty to consult local government has been incorporated into the *Intergovernmental Relations Framework Act* 13 of 2005 and the *Organised Local Government Act* 52 of 1997. National government must consult with local government directly or through intergovernmental forums. These acts themselves could also add to the overregulation of local government, for example, reports dealing with the performance of municipalities. In this act, the implementation protocol did not address the reporting and compliance burden confronting local government.

There is also a duplication of work, for example, the municipalities received questionnaires from provincial governments for information that is also asked for and provided by the national government, which constitutes duplication. The municipalities did not complete all forms due to a lack of adequate resources. The legislative process is steered politically and political instincts, especially in young democracies, tend to sacrifice constitutionalism for expediency. The judgement delivered by the Constitutional Court in *Fedsure Life Assurance and Others v Greater Johannesburg Transitional Metropolitan Council and Others* forms the bedrock of any analyses of local government's powers (1999 (1) SA 374 (CC)). In this case, the Constitutional Court made an unequivocal statement as to the status of local government in the post 1994 constitutional framework (De Visser, 2002). In *Executive Council of the Province of the Western Cape v Minister for Provincial Affairs and Constitutional Development and Another, Executive Council of KwaZulu-Natal v President of the Republic of South Africa and Others* it was confirmed that local government is the closest government can get to the people, therefore, this is where delivery must take place (2000(1) SA 661 (CC)).

A matter specifically addressed in the application of Schedule 4(A) matters are in the case of *Wary Holdings (Pty) Ltd v Stalwol (Pty) Ltd* 2008 11 BCLR 1123 (CC). This case dealt with the right of the Minister of Agriculture, Forestry and Fisheries to approve the subdivisions of agricultural land, a matter in Schedule 4(A). The Constitutional Court considered the matter of "Agriculture" a Schedule 4(A) competency that can be enhanced on a local government level in its own constitutional status. The majority interpretation of agriculture included the direct control over individual municipal land use in matters of decision of agricultural land. The majority interpretation based the decision of the court which is based on a purposive interpretation of the national authority and responsibility where the agriculture creates food production. Yacoob J, for the minority judgment, held that the "municipal planning" competency gives a rise over land use planning both on national and provincial level. Yacoob, J for the minority judgement held further that the national and provincial spheres of government have the regulatory machinery at their disposal to protect agriculture and food production.

As alluded to, the competencies of municipalities create somewhat of an uncertainty, therefore, these must be tested in the court to determine, which spheres should perform the functions. It is, however, seen that the court, in deciding the sphere and competency, will give more functions to the local government to perform in order to promote the *principle of subsidiarity*. The following paragraph gives rise to the deficiencies and impact that the statutory framework creates.

INITIATIVES AND THE EFFECT ON TOURISM

According to the Municipal Systems Act, municipalities were enabled to create Regional Tourism Offices to provide marketing and information services. Within the regulatory environment, local governments have undertaken many different projects and actions as critical factors to create opportunities for a sustainable impact. Within government, uncertainty exists as to where the different sphere's responsibilities end and where another begin. All spheres of government have a constitutional mandate to address tourism, but the difficulty is that they do not work together. One of the critical factors is to align tourism plans of government. Political stability and party politics influence local government functioning. There must be stability in the political changes within municipalities. Local government has the primary role of ensuring that the environment that both locals and visitors encounter is clean, safe, healthy, accessible, and stimulating. Local government must facilitate new partnerships and investments and ensure that growth benefits the poor and is accepted by the wider community (South African Law Reform Commission, 2019).

Globally, growing recognition in the current management practices may lead to impacts that may be undesirable on the environment and society and can have an impact on the tourism development of a local economy. This created the acknowledgement of sustainable development, in particular, sustainable tourism (Brokai, 2014). The drive in achieving sustainable tourism should be focussed on achieving the objectives of sustainable development. The drive for sustainable development was first seen in the report of the World Commission on Environment and Development, or more commonly known as the Brundtland Commission, 1987 which states, “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (WCED, 1987)”. The definition of sustainable tourism is derived from the definition of sustainable development. The United Nations World Tourism Organisation (UNWTO, 1996:21) defined sustainable tourism as “tourism, which meets the needs of present visitors and host regions while protecting and enhancing opportunity for the future”.

The UNWTO specifically indicated that the sustainable goals; decent work and economic growth, responsible consumption and reduction and life below water will have an inclusive impact on tourism. While sustainable tourism is positioned in the 2030 Agenda, it will however require a clear implementation framework, adequate financing and investment in technology, infrastructure and human resources (UNWTO, 2015). Spenceley (2008) states that responsible tourism is central in the achievement of sustainable tourism development in sub-Saharan Africa. The concept of responsible tourism is embedded in sustainable tourism which will have an impact on a community being economically sustainable tourism and the maximisation of social benefits that tourism creates. This being said, tourism directly impact the local-economic development and poverty alleviation, a responsibility that should be addressed by the local governments in South Africa. Economic, environmental and social imperatives underpin the innovation towards responsible and sustainable tourism, the pillars of sustainable development.

Local government has become an important arena for discussion about the interpretation and implementation of sustainable development (UNEP, 2003). The best way to achieve sustainable tourism is to establish and implement a set of policies for tourism development and management. These policies should be placed within a supportive national policy framework. Very often local governments assume much of these responsibilities as they are closest to many of the problems associated with tourism development and they control most of the development planning aspects associated with tourism (Dredge & Jenkins, 2007). Local governments also get information fast from the communities, as seen in the *principle of subsidiarity* and these municipalities know about the details with regards to natural resources, human capital and infrastructures and will be able to apply this knowledge to achieve sustainable tourism (Brokai 2014).

The Constitution also emphasises that the municipalities must structure and manage the administration, budgets and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community, while participating in national and provincial development programmes (section 152 of the Constitution). A list of Schedules 4(B) and 5(B) matters have been identified, which fall within the ambit of local government in order to promote sustainable tourism. These include the following:

Table 1: Roles and Responsibilities of Municipalities in Schedule 4B and 5B

Municipalities roles and responsibilities (Schedule 4B)	Potential influence on tourism
Local tourism	Encourages a community supportive of tourism activity and enterprise. Encourages synergetic economic activity, the development of appropriate tourism businesses and support services.
Municipal airports	Transport infrastructure may shape the access to the destinations and travel patterns within the destination. The basic infrastructure capacity may shape the destination capacity in order to absorb tourists and may limit development.
Municipal public transport	Transport infrastructure may shape the access to the destinations and travel patterns within the destination. The basic infrastructure capacity may shape the destination capacity in order to absorb tourist and may limit development.

Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Transport infrastructure may shape the access to the destinations and travel patterns within the destination. The basic infrastructure capacity may shape the destination capacity in order to absorb tourists and may limit development.
Municipalities roles and responsibilities (Schedule 5B)	Potential influence on tourism
Beaches and amusement facilities	Protect and preserve the unique environmental features of a destination and manage visitor pressures on the natural resources. Encourage a community supportive of tourism activity and enterprise. Encourage synergetic economic activity, the development of appropriate tourism businesses and support services.
Local amenities	Encourage a community supportive of tourism activity and enterprise. Encourage synergetic economic activity, the development of appropriate tourism businesses and support services.
Markets	Encourage a community supportive of tourism activity and enterprise. Encourage synergetic economic activity, the development of appropriate tourism businesses and support services.
Municipal parks and recreation	Protect and preserve the unique environmental features of a destination and manages visitor pressures of the natural resources. Encourage a community supportive of tourism activity and enterprise. Encourage synergetic economic activity, the development of appropriate tourism businesses and support services.
Street trading	Encourages a community supportive of tourism activity and enterprise. Encourages synergetic economic activity, the development of appropriate tourism business and support services.

(Adopted from Meyer & Meyer 2016:155)

Tourism development is one of the important branches of sustainable tourism. Economic evaluation of the natural resources and exploitation by the developing of plans and procedures brings opportunities for local development. As seen above, most of the functions assigned in Schedule 4(B) and 5(B) have an impact on the tourism industry, therefore, local governments play an important role in the development and maintenance of sustainable tourism.

CONCLUSION

This research attempts to demarcate local government's powers over the tourism industry as indicated in Schedule 4(B) and 5(B) matters. However, as local governments find their feet and assess their constitutional status, disputes arise in terms of powers and allocation of duties, which find their way to court.

The national and provincial spheres of government have the authority to assign matters to local governments in addition to the original powers of local governments in terms of section 156(1) of the Constitution and Schedule 4B and 5B. It is also established that section 156(4) of the Constitution established a preference for Schedule 4A matters and it should not be biased to be provide the matter to be performed by a local government. Local government should have a role not only in setting the direction for, but also in promoting sustainable tourism objectives within the destination.

Local government has a long and difficult road in delivering sustainable tourism and the road is often faced by barriers to transform the tourism sector into one of sustainable tourism. Sustainable tourism is seen as the future for economic development in South Africa, however, it requires that all three levels of government must work together in order to achieve the development thereof.

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AN ASSESSMENT OF PERCEIVED VERSUS ACTUAL RETIREMENT LITERACY

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ABSTRACT

Numerous studies have documented the financial literacy of South Africans, but little is known about individuals' retirement literacy. This research empirically investigated individuals' perceived retirement literacy, where the respondents self-assessed their retirement knowledge, retirement skills, retirement confidence, retirement planning intentions, and retirement behaviour. A retirement literacy test was also applied to measure the respondents' actual retirement literacy. Based on the results of the retirement literacy test, 59% of the respondents failed the test. Recommendations are presented on improving individuals' levels of retirement education, as the application of these strategies may lead to fewer individuals reaching retirement destitute.

Keywords: Retirement, planning, literacy, intentions, behaviour.

INTRODUCTION

For most adult individuals, the savings phase commences with the start of the individual's work career. However, during this phase, savings are often made for other purposes, such as buying a home or family-building expenses (Gythfeldt, 2008; Modigliani, 1986). As individuals grow older, they become workers that earn a regular income and accumulate wealth while repaying debts and saving for retirement. Later in life, they retire and start to dissave, living off their retirement savings and accumulated wealth. (Hsu and Leech, 2013:3). Gythfeldt (2008:5) states that the reason that individuals save their disposable income is reflected by the incentive of retirement. In other words, savings occur as a result of the desire to be financially secure during one's retirement years (Bazhenova and Krytsun, 2013:73).

Retirement pertains to a transitional process that involves planning and preparation (Harkonmaki, Martikainen, Lahelma, Pitkaniemi, Halmeenmaki, Silventoinen and Rahkonen, 2009:253). During this time, individuals will permanently leave employment and access their social security retirement benefits, and/or other forms of financial support, such as voluntary retirement savings, to financially support themselves (Peila-Shuster, 2011:11). These financial resources are necessary to ensure that individuals can sustain themselves during retirement. In South Africa, a small fraction of the population reaches retirement age financially independent (Botha, Rossini, Geach, Goodall, Du Preez and Rabenowitz, 2014:951-953). However, Lusardi and Mitchell (2011:8) state that, despite the importance of retirement planning, individuals fail to plan for their retirement, because they are financially unsophisticated.

Previous research asserts that financial concepts are sufficiently complex to create psychological barriers to saving. Those with little or no understanding of financial concepts will struggle to accumulate savings (Lusardi and Mitchell, 2011:8). However, as financial literacy is established, the option of saving for retirement becomes more feasible and more likely (Stiles, 2010:1-2). Huston (2010:306) conceptualises financial literacy according to two dimensions. Firstly, financial literacy requires the understanding of finance knowledge and secondly, the use of the application of this knowledge into behaviours that will result in good financial outcomes. However, retirement literacy can be considered a more advanced form of financial literacy, as it requires individuals to possess the knowledge of the fundamental financial concepts of retirement planning that are necessary to reduce and prevent poor financial decisions. Concepts such as compound interest, knowledge about the various modes of saving, and overarching

concepts such as expected life span and the impact of tax policy all form part of the retirement knowledge of individuals (Stiles, 2010:12).

Previous studies have applied subjective measures to assess the extent to which individuals are planning for retirement and determine whether individuals believe that they are saving enough for retirement (Brucker and Leppel, 2013; Hershey, Henkens and Van Dalen, 2007). Reyers (2018:346) contends that there is growing recognition that studies that consider subjective assessments are as important as studies of actual savings because perceptions have the ability to drive decisions and behaviour (Allgood and Walstad, 2016; Joo and Pauwels, 2002). As such, this research applies a two-part assessment of individuals' retirement literacy. A subjective assessment of retirement literacy will be based on individuals' perceptions of their retirement knowledge, retirement skills and retirement confidence. These three aspects of retirement literacy will be used to assess their influence on individuals' retirement planning intentions and retirement behaviour. An objective assessment will measure individuals' actual retirement literacy by means of a multiple-choice test (Allgood and Walstad, 2016).

PROBLEM INVESTIGATED AND RESEARCH QUESTION

Henager and Cude (2016) allude to financial literacy as "objective financial knowledge as well as subjective financial knowledge or confidence and subjective financial management ability" (p. 6). Although subjective measures highlight what people think they know, objective assessments provide the benefit of examining what people actually know. As individuals are required to be involved in financial transactions, manage financial accounts and save for future events such as a retirement (Allgood and Walstad, 2016), little is known about the retirement literacy of individuals. It is imperative to review retirement literacy, as Stiles (2010) contends that retirement literacy "is the foundation from which informed retirement savings intentions grow:" (p. 1-2). Prior studies show that individuals that fail to understand how financial instruments operate generally score poorly on finance-related literacy assessments (Lusardi and Mitchell, 2011:107). Therefore, the contribution of this study is to investigate the perceived and actual retirement literacy of pre-retired individuals. On this premise, the study explores the following research questions: To what extent do individuals perceive themselves to be retirement literate? How does the perceived retirement literacy of individuals compare to their actual retirement literacy?

LITERATURE REVIEW AND RESEARCH HYPOTHESES

One of the main determinants of literacy is knowledge, yet most people do not possess the necessary knowledge to make optimal savings and investment decisions (Topa, Lunceford and Boyatzis, 2018). Individuals that are illiterate about finances are unable to answer simple questions on inflation and compound interest. (Meier and Sprenger, 2013:160). A study conducted by Van Rooij, Lusardi and Alessie (2011) established that most households lack knowledge of fundamental financial concepts and those that are financially knowledgeable are more likely to plan for retirement. Therefore, it can be said that individuals that possess knowledge relating to retirement are more likely to have the intention to engage in the retirement planning process. Consequently, in this research it is hypothesised that: H¹: There is a significant positive relationship between *Retirement knowledge* and *Retirement planning intentions*.

Financial skills enable individuals to apply knowledge and to understand financial matters across their personal situations and in their day-to-day financial transactions (Van Rooij et al., 2011). As such, these financial skills allow individuals to plan, monitor and manage financial opportunities, or resolve any financial difficulties (Kempson, Collard and Moore, 2006). Within the context of retirement planning, individual that possess retirement skills can understand financial products and make informed choices about planning for one's retirement, through information and/or objective financial advice. Thus, this research hypothesises that:

H²: There is a significant positive relationship between *Retirement skills* and *Retirement planning intentions*.

The ability to make independent and informed financial decisions may lead to individuals becoming more confident in handling their financial affairs. Retirement confidence can be viewed as a measure of belief or the level of confidence about one's retirement income prospects. This encompasses confidence about the ability to live comfortably in retirement, as well being confident in the financial preparations that they are engaging in as pre-retirees, such as planning for retirement (Joo and Pauwels, 2002). Although retirement confidence is an important trait to possess in planning for retirement, Reyers (2018:354) cautions against overconfidence, as individuals that are overly optimistic about their ability to retire comfortably, may not take the necessary steps to save adequately for retirement. However, individuals that are confident about the preparations they have made for retirement will most likely have greater intentions to plan for retirement. As a result, it is hypothesised that:

H³: There is a significant positive relationship between *Retirement confidence* and *Retirement planning intentions*.

Stiles (2010) proposes that one's retirement intention refers to plans to save for retirement and subsequent patterns of dissaving in once in the retirement period. Intentions-based models such as the theory of planned behaviour (TPB) (Ajzen, 1991) have been used to determine what encourages or discourages the performance of a behaviour, such as planning for retirement. The decision of individuals to engage in a behaviour is linked to their attitudes and intentions to perform that behaviour. This study suggests that individuals that intend to plan for their retirement are more likely to actively engage in the retirement planning process. Therefore, this research hypothesises that:

H⁴: There is a significant positive relationship between *Retirement planning intentions* and *Retirement behaviour*.

RESEARCH DESIGN AND METHODOLOGY

Data collection

A quantitative approach was undertaken to gather respondents' perceptions of their retirement literacy from a convenience sample of 125 pre-retired individuals residing in the Eastern Cape, South Africa. The primary data in this research was collected by means of a self-constructed and self-administered questionnaire, comprising of four sections. The cover letter of the questionnaire explained the purpose of the research, along with the rights of the respondents (i.e. the maintenance of the confidentiality of their responses, voluntary participation and the option to opt out). Section A gathered data on the demographic data of the respondents. Section B collected data relating to the retirement plans of respondents. Closed-ended and randomised statements on *Retirement knowledge* (8 items), *Retirement skills* (7 items), *Retirement confidence* (7 items), *Retirement planning intentions* (8 items) and *Retirement behaviour* (7 items) were provided in Section C. A five-point Likert-type scale was applied to gather the respondents' perceptions whereby the responses ranged from 'strongly disagree' (1) to 'strongly agree' (5). Finally, Section D comprised of 10 multiple choice questions to ascertain individuals' actual retirement literacy. The questions in the test related to three main areas: general financial knowledge; retirement related investments and advanced retirement knowledge.

Data analysis

To analyse the collected data, descriptive statistics were calculated to summarise the characteristics of the data. In this study, measures of central tendency such as means and measures of dispersion such as standard deviations were determined. An Exploratory Factor Analysis (EFA) was applied to ascertain the construct validity of the measuring instrument. Factor loadings of 0.30 are considered to meet the minimal standard for significance in a study (Hair, Anderson, Tatham and Black, 1998:111). To determine the reliability of the measuring instrument, Cronbach's Alpha Coefficients were calculated, whereby Alpha's of 0.7 or more were deemed acceptable (Wiid and Diggines, 2013:238). Pearson's Product Moment Correlations were assessed to establish the correlations of the variables under investigation in this research. To conclude the data analysis procedure, a multiple regression analysis was used to test the formulated hypotheses (Gravetter and Forzano, 2012:415).

RESULTS

Demographic information and retirement characteristics of the sample

Most of the respondents were males (52%) between the ages of 20 and 29 years (47%), and have never been married (55%). The majority of the respondents indicated that they are black South Africans (62%) and the highest level of education is a bachelor's degree (32%).

Regarding the respondents' retirement plans, most of the respondents plan on retiring between the age of 56 and 60 years (30%) and belong to an employment-based retirement fund (78%). Less than half of the respondent contribute towards a voluntary retirement fund (47%). However, the respondents also indicated that they had spent less than 5 years contributing towards their retirement fund (75%). At the time the data was collected, the majority of the respondents did not have a documented retirement plan (62%) and were not certain whether they would have adequate funds for their retirement (46%).

Results of the validity and reliability analyses

To assess the suitability of the data for factor analysis, Bartlett's Test of Sphericity was significant ($p < 0.001$) and a Kaiser-Meyer-Olkin value of 0.881 was returned for the variables. The results of the EFA revealed that 4 of the 8 items that were intended to measure *Retirement Knowledge* loaded as expected. For the construct *Retirement Skills*, 3 of the 7 items loaded together. Most of the items intended to measure *Retirement Planning Intentions* (7 of the 8 items) loaded together as expected. However, items that were intended to measure *Retirement Confidence* (5 items) and *Retirement Behaviour* (5 items) loaded together to form the factor *Retirement Planning Activities*. Items that did not load as expected from conducting the EFAs were consequently eliminated from further analyses. As a result of the EFA, the hypotheses were reformulated whereby:

H¹: There is a significant positive relationship between *Retirement Knowledge* and *Retirement Planning Intentions*.

H²: There is a significant positive relationship between *Retirement Skills* and *Retirement Planning Intentions*.

H³: There is a significant positive relationship between *Retirement Planning Intentions* and *Retirement Planning Activities*.

The results of the EFA on the variables, as well as the variables' Cronbach's alpha correlation coefficients (CA) are presented in Table 1.

Table 1: Validity and reliability results

Variables	Items	Maximum and minimum factor loadings	Cronbach Alphas
Retirement Knowledge	4	0.85 – 0.69	0.86
Retirement Skills	3	0.70 – 0.32	0.81
Retirement Planning Intentions	7	0.77 – 0.37	0.79
Retirement Planning Activities	10	0.82 – 0.41	0.90

Source: Researcher's own construction

Based on the validity and reliability results of the research, the operational definitions of the factors are presented in Table 2.

Table 2: Operational definitions

Factors	Operationalisation
Retirement Knowledge	Refers to the understanding of how retirement savings vehicles operate.
Retirement Skills	Refers to the ability to understand retirement-related concepts and their application thereof.
Retirement Planning Intentions	Refers to the intention to make financial plans for retirement, including contributing towards a retirement fund and consulting a financial planner for retirement-related advice.
Retirement Planning Activities	Refers to the preparations undertaken to reach retirement financially secure.

Source: Researcher's own construction

Results of the descriptive statistics and correlations analyses

The highest means score of 3.698 was returned for *Retirement Planning Intentions* with most of the respondents (65.60 per cent) agreeing that they intend to plan for their retirement by making contributions towards a retirement fund and acquiring professional financial advice relating to their retirement plans. A mean score of 3.54 was calculated for *Retirement Knowledge*, where 43.20 per cent of the respondents agreeing with statements pertaining to their understanding of retirement funds and the way in which they operate. *Retirement Skills* returned a mean score of 3.026, with most of the respondents (53.60 per cent) agreeing that they understand concepts relating to retirement and can apply their knowledge in order to improve their financial welfare. *Retirement Planning Activities* returned a mean score of 3.360, with 52.80 per cent of the respondents agreeing with statements relating to preparing for a financially secure retirement. As seen in Table 3, the standard deviations ranged from 0.789 for *Retirement Planning Intentions* to 1.108 for *Retirement Skills*, implying that the respondents' responses varied the least for *Retirement Planning Intentions* and the most for *Retirement Skills*.

Table 3: Pearson's correlations coefficients

Factors		Mean	Std. Dev.	Correlations			
				1	2	3	4
1	Retirement Knowledge	3.54	1.020	1.000			
2	Retirement Skills	3.026	1.108	0.453**	1.000		
3	Retirement Planning Intentions	3.698	0.789	0.359**	0.565***	1.000	
4	Retirement Planning Activities	3.360	0.936	0.502***	0.853***	0.558***	1.000

Source: Researcher's own construction

(*weak correlation; **moderate correlation; ***strong correlation)

The Pearson's Product Correlation Coefficients that were calculated indicated positive correlations among all the variables under investigation in the research. These correlations ranged from moderate to strong positive correlations. In particular, the correlations between *Retirement Skills* and *Retirement Planning Activities* were slightly concerning. Out of caution that multicollinearity would not violate the results of the regression analysis, the researcher decided to omit *Retirement Skills* from further statistical analyses, as *Retirement Skills* returned the highest standard deviation, and had the highest correlations with *Retirement Planning Activities*.

Results of the regression analyses

A multiple regression analysis was undertaken to test for significant relationships in the research as well as to test for mediation. This study followed the procedure applied by Baron and Kenny (1986) who state that “the general test for mediation is to examine the relation between the predictor and the criterion variables, the relation between the predictor and the mediator variables, and the relation between the mediator and criterion variables. All these correlations should be significant. The relation between predictor and criterion should be reduced (to zero in the case of total mediation) after controlling the relation between the mediator and criterion variables.” (Baron and Kenny, 1986:1176).

Table 4 indicates that there is a statistically significant relationship between the independent variables *Retirement Knowledge* ($b = 0.502$; $p < 0.001$) with the dependent variable *Retirement Planning Activities*. This suggests that individuals that possess knowledge relating to the operations of retirement funding instruments are more likely to actively plan for retirement.

Table 4: Influence of the independent variables on Retirement Planning Activities

Dependent variable: Retirement Planning Activities		R-Square = 0.252	
Independent variables	Beta	t-value	Sig.(p)
Retirement Knowledge	0.502	6.446	0.000***

(* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$)

Source: Compiled from statistical results

Based on the prescriptions of Baron and Kenny (1986), a multiple regression analysis was conducted to test for the mediating effect of *Retirement Planning Intentions*. Table 5 highlights the results of a multiple regression analysis that assessed extent to which *Retirement Planning Intentions* mediates the relationship between the independent and the dependent variable.

Table 5: Influence of the independent and the mediating variable on Retirement Planning Activities

Dependent variable: Retirement Planning Activities		R-Square = 0.42	
Independent variables	Beta	t-value	Sig.(p)
Retirement Knowledge	0.347	4.683	0.000***
Retirement Planning Intentions	0.433	5.847	0.000***

(* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$)

Source: Compiled from statistical results

With the inclusion of the mediating variable in the multiple regression analysis results presented in Table 5, the beta coefficient for *Retirement Knowledge* decreases, indicating that the strength of the effect of the variable declines when the mediating variable is introduced into the regression analysis. Furthermore, the mediating variable *Retirement Planning Intentions* ($t\text{-value} = 5.847$) exerts the greatest influence on *Retirement Planning Activities*. Consequently, the following hypotheses have been accepted:

H¹: There is a significant positive relationship between *Retirement Knowledge* and *Retirement Planning Intentions*.

H³: There is a significant positive relationship between *Retirement Planning Intentions* and *Retirement Planning Activities*.

As *Retirement Skills* was excluded from further analysis due to strong correlations with the dependent variable, support was not found for the following hypothesis:

H²: There is a significant positive relationship between *Retirement Skills* and *Retirement Planning Intentions*.

Results of the retirement literacy test

To assess individuals' actual knowledge on retirement-related concepts and principles, the researcher tested the respondents' knowledge by means of a multiple-choice test. The respondents scored 75% for the general finance-related questions, 38% for the investments-related questions and 30% for the advanced retirement-related questions. For the sake of brevity, only three questions from the retirement literacy test are extracted and reported on. The full retirement literacy test is available upon request from the researcher.

With regards to the general finance-related concepts, most of the respondents (75%) were able to identify the correct answer to: **Suppose that the interest rate on your savings account was 2% per year and inflation was 4% per year. After one year, would you be able to buy more than, exactly the same as, or less than today with the money in this account? (a) More than today (b) Exactly the same as today (c) Less than today [CORRECT] (d) All of the above. (e) Don't know.*

As the level of difficulty of the finance-related questions increased, less than half of the respondents (47%) knew the correct answer to: **A high-risk and high-return investment strategy would be most suitable for (a) an elderly retired couple living on a fixed income (b) A middle-aged couple needing funds for their children's education in 2 years (c) A young married couple without children [CORRECT] (d) All of the above (e) Don't know.*

When a more advance retirement-related concept was presented to the respondents, only 10% correct scored the correct answer to: **A single 24-year-old with no dependents, who is just beginning to invest for retirement should adopt an investment strategy of (a) 20% in certificates of deposit, 60% in money market funds and 20% in bonds (b) 80% in equities and 20% in bonds [CORRECT] (c) 33.33% in equities, 33.33 in bonds and 33.33% in treasury bills (d) 50% in bonds and 50% treasury bills (e) Don't know.*

CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

The results of the research indicate that retirement knowledge has a significant influence on individuals' intentions to plan for retirement and consequently engage in retirement planning activities. However, upon assessing individuals' actual knowledge on retirement-related concepts, most of the respondents only possessed knowledge on basic financial concepts and struggled to grasp more advanced retirement-related principles. This indicates the discrepancy between perceived and actual retirement knowledge. This implies that more retirement-related education is required to assist individuals in successfully planning and saving for retirement. As most South Africans reach retirement with inadequate financial preparations, it is important that individuals possess retirement-specific knowledge as a means of addressing this issue. Despite the contribution of the research, the convenience sample proved to be a limitation in this research. Future studies should consider attaining a sampling list in which a probability sample can be drawn. Additional variables, such as money attitudes, should be included in future research, to gain a broader view on factors that could influence intentions to plan for retirement and actively engage in the retirement planning process.

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EFFECT OF COVID-19 PANDEMIC ON GOVERNMENT FISCUS: A CONCEPTUAL DISCOURSE

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ABSTRACT

This article provides a conceptual discourse on the consequences of the COVID-19 Epidemic on South African Government Revenue. The approach is conceptual with a view to developing a framework for research discourse and a pragmatic approach to national disease disaster revenue management. Materials were drawn from a review of literature on government disaster revenue management and from related theories. Under this emergency situation, some literature argues for alternative approaches that can assist government revenue during a pandemic. This discussion is ongoing in the literature with no conclusive end as yet. Hence this article contributes to the literature by applying a combination of the model of planned behaviour and the new public management theory to develop an integrated framework for managing government revenue during a disease pandemic such as COVID-19. Amongst the major tenets of the suggested framework is the need for advanced pre-emptive emergency revenue reserve and the pre-emptive management of such revenue through specialised skills. It includes public sensitisation that instils the principle of shared responsibility among the citizenry, which should function to draw revenue support from the citizens to government during a pandemic. The suggested integrated framework for government revenue during a pandemic creates an agenda for future research and academic discourse.

Keywords: Fiscus, COVID-19 revenue, behaviour, governance, pre-emptive integrated framework.

INTRODUCTION

South Africa's (SA) joblessness climbed to 30.1% in March 2020, an increase in the nation's joblessness. SA's first case of Coronavirus was confirmed on 5 March 2020 by the nation-wide Association for Infectious Illnesses. On 15 March, the Head of state of South Africa declared a national state of disaster, and published procedures such as movement limitations and the closure of educational institutions from 18 March. On 17 March, the Countrywide Epidemic Proficiency Assembly was convened, to discuss the country's strategy to comprehend and allay the harmful influence of the coronavirus. On 23 March, a nation-wide lockdown stage 5 was announced, to begin on 27 March, and on 21 April, R500 billion was made available to deal with the pandemic (South African Government, 2020).

There was an announcement on 1 May 2020, that there would be a move to a level 4 lockdown and on 1 June this moved to level 3, with fewer restrictions and then on 17 August to level 3. On 21 September it was finally moved to level 1. By this time, the average age of individuals who had succumbed to the disease was sixty-one years with more men than women having died. By December, South Africa had the highest number of infections in Africa and was the eighteenth highest in the world, although with a comparatively low death rate (South African Government, 2020).

On 12 July, the government announced that an upswing in the number of infections had occurred. The state of emergency was prolonged until 15 July and the liquor prohibition was reinstated alongside a curfew from nine o'clock in the evening until four in the morning. The resumption of liquor sales led to a burden on hospitals from road accidents, trauma and violence, which occurred typically at night (Talk, 2020). The South African Medical Research Council (SAMRC) and the University of Cape Town's Centre for Actuarial Investigation declared that 17 090 additional ordinary deaths had occurred between 6 June and 14 July. These signified a 59% growth in the death rate compared to the similar period in the previous year when 11 175 had died, a 65% increase in the usual death rate were

in individuals beyond era sixty. Supplementary ordinary demises continued Coronavirus associated either unswervingly or tortuously through overdue analysis and treatment of additional circumstances. Unusual deaths, from car accidents and murders, were 20% less than usual. Educational institutions remained closed for some weeks from 27 July to 24 August (Mhlanga & Moloi, 2020).

The problem that warranted this article is that the foregoing upsurge in South African COVID-19 cases with the attendant health equipment and human resources needs has already stretched the revenue of the national government to its limit (Dramowski, Zunza, Dube, Parker & Slogrove, 2020). Unbudgeted expenditure brought by COVID-19 has already been incurred and has pushed the national fiscus to a budget deficit (Dzinamarira, Dzobo & Chitungo, 2020). Given the limited funding to reduce the effect of COVID-19 and the pressure on government resources, it has become necessary to formulate an additional framework to existing public administration principles in order to help in expanding and managing the pandemic revenue during this crisis. This is important because COVID-19 is a complete new challenge to public administration with no similar prior event of such a massive catastrophe, which needs an improved administrative approach (Ansell, Sørensen, & Torfing, 2020). This therefore requires a research contribution that can formulate a framework that matches this public administration emergency. This article therefore is focused on a brief review of how the current COVID-19 pandemic has impacted on the government fiscus. A combination of three theories is used to propose a framework for managing the current and future pandemic revenue. The objective of this article is to contribute to the ongoing discussion on the role of public administration in the COVID-19 pandemic by developing a novel framework for managing pandemic revenue in order to assist the government's limited resources. Therefore, this article makes a new contribution as no current article in public administration has proposed any model based on the intersection of three theories toward the management of COVID-19 pandemic revenue. This article makes such first contribution for the current period of the pandemic, which thus adds to practical and policy management of pandemic revenue.

This article proceeds as follows. After this introduction, the next section provides a conceptual review on COVID-19 as a public management emergency; it then progresses to consider the government fiscus effects on social grant relief, labour and employment, the exceptional allowance and health infrastructures. The next section discusses the theoretical foundation of this article, closely followed by the presentation of the article's proposed framework, integrated framework for pandemic revenue management. Thereafter, the final section presents the conclusion of the article.

OVERVIEW OF THE COVID-19 CORONAVIRUS

The inventive coronavirus eruption, which started in Wuhan, China, in the December 2019, has extended to every corner of the world. Masses of people everywhere have been appalled have been infected and hundreds of thousands of them have died from it (Word Health Organisation, 2020).

The WHO has affirmed the infection as a worldwide well-being disaster and regarded COVID-19 it worldwide risk of blowout and influence as extraordinary, the most solemn description the association provides. On 31 December 2019, health authorities in China announced that in Wuhan, China, many cases pneumonia from a strange cause were detected. Many of the people who had picked up the virus had visited a live animal market in Wuhan, but authorities said there was no evidence of the virus having originated there. The unusual epidemic has reasonably triggered a proportion of persons to concern. Others, though, nonchalantly testimony a sensation of déjà vu. It appears as if they were despondent to that path previously with Sever Acute Respiratory Syndrome, Middle East respiratory syndrome-related coronavirus and the pig's flu. So in what way ensures that the epidemic really heap active in contradiction of the then disease-causing waves? Sever Acute Respiratory Syndrome; Middle East respiratory syndrome-related coronavirus and epidemic itself are all respirational infections that are triggered by the similar outsized household of diseases called coronavirus. Coronaviruses are essentially rather shared. They are the basis of numerous of the collective frosts that individuals get and improve from each time (WHO, 2020).

Coronaviruses remain shared in various dissimilar instinctive types. Irregularly, the disease from an instinctive can contaminate individuals and then quickly blowout amongst individuals. This remained the case for Middle East respiratory syndrome-related coronavirus, Severe Acute Respiratory Syndrome, and COVID-19, which are completely assumed to have instigated in paddles. Likewise, the pandemic H1N1/09 bug is a brute cause flu A virus subtype tension that was ...HA, Hemagglutinin, swine (H1), North America. NA, Neuraminidase, swine (N1), Europe. PA, RNA polymerase subunit PA, avian, North America. H1N1 Infection disease that instigated the hogs flu is alleged to partake emanate from pigs. The first circumstances of severe acute respiratory syndrome were stated in Asia in the year two thousand and three. In the eleventh month of the year two thousand and two to the seventh month of the year two thousand and, more than eight thousand likely S Severe acute respiratory syndrome infected individuals were conveyed to the WHO from twenty-nine countries. Only eight-test site established infections in the United States. The unusual coronavirus has reasonably triggered many individuals to apprehension. Others, nevertheless, dispassionately account a sense of déjà vu. It appears as if they were despondent that path before with Severe Acute Respiratory Syndrome, Middle East respiratory syndrome-related, Middle East respiratory syndrome and the swine flu. COVID-19 fundamentally masses up in contradiction of the new epidemiologic spates. SARS, Middle East respiratory syndrome and COVID-19 remain wholly respirational diseases that are triggered by the similar enormous personal of infections called coronavirus. Coronaviruses are essentially fairly shared. They are the basis of numerous of the shared frosts that individuals develop and recuperate from each time institutions tale 2nd coronavirus demise in U.S. Coronaviruses are similarly collective in countless diverse subconscious types. Intermittently, the disease since a visceral can pollute individuals and then speedily blowout amid individuals. This was the case for Middle East respiratory syndrome, SARS, and COVID-19, which remain entirely presumed to consume instigated in paddles. Likewise, the H1N1 Influenza bug that triggered the hogs' infection was understood to be found from pigs. The initial cases of severe acute respiratory syndrome) were reported in Asia in 2003. Since November 2002 to July 2003, more than 8,000 probable SARS gears remained testified to the WHO 29 countries. There were only eight laboratory confirmed cases in the U.S.

COVID-19 AND GOVERNMENT SOCIAL RELIEF SPENDING

As early as on twenty first of the fourth month, the year twenty-twenty, the Head of State spoke to the country about an added fiscal and societal respite processes to be placed because of the novel coronavirus epidemic. These originated in subsequently with the avowed countrywide lockdown towards the end of the third month of year, trailed by portrayal of guidelines to the Disaster Management Act, 2002, a COVID-19 Chunk Release for the Retail sector, a Coronavirus Temporary Employee/ Employer Relief Scheme and a Current Tragedy Administration Levy Release Bill and supplementary. The procedures remained intended to support South African industries in enduring the disadvantageous possessions of Coronavirus remained denoted to as the primary stage of the Regime's commercial reaction to coronavirus. Meanwhile, the Administration has boarded on the next stage and has added that there would be a third stage instigated to determine the salvage of the economy.

Head of state, Cyril Ramaphosa, declared procedures engaged by the South African Government, on communal liberation and economic backing set comprised of Five hundred thousand million, a lot of money as it has been mentioned which was ten percent of the Growth Development (SA, 2020).

LABOUR AND EMPLOYMENT

In terms of the Coronavirus Impermanent Worker / Business Reprieve Arrangement (C19 TERS), the year twenty-twenty as modified, as an owner would as undeviating outcome of the Coronavirus epidemic have to adjacent its procedures for at least three months or less, workers of the corporates were to succeed for a Coronavirus assistance. The remuneration to be reserved into justification in conniving the reimbursements remained coated at a supreme sum of seventeen thousand, seven hundred and twelve monthly, each worker and a worker remained to be remunerated in relations with the income additional amount descending measure as delivered in the Unemployment Insurance Act 63 of 2001.

The South African Government has executed numerous respite methods which, concentration on discharging provision to Small Medium Macro Entrepreneur as well as in providing levy release, joblessness provision, and

sustenance for black businesspersons who produce and stream a variety of medicinal goods and numerous finance subsidy to aid backing susceptible South African industries as a consequence of the epidemic (South African government, 2020)

The completion of the undersized-period Exceptional Release Agony allowance was to be on provisionally funding for the individuals deprived of salary. An extra one million five hundred individuals have had received already. Subsidiary susceptible families a supplementary provision of twenty-five billion to the Social Development department was suggested, for entire release array of forty-one million.

According to the South African Government (2020), additional to twelve million, eight thousand caretakers were going to get the kid provision allowance standard of four hundred and forty-five and the uppermost of three hundred each child for the initial month and five hundred apiece caregiver for the rest of the period. Whereas above three million six hundred senior societies have remained given addition of two hundred and fifty in gathering to the combined issue stipend of three hundred which was estimated to assist eight recipients.

THE EXCEPTIONAL ALLOWANCES TO BE ON HOLD IN THE TENTH MONTH OF THE YEAR

Treasuries conveyed coffers destined substructure promotions in primary infancy growth contribution which was to for utilisation toward wellbeing and cleanliness procedures provision for reviving of around seven thousand primary infancy growth areas. Other coffers in the sector of public growth were reprioritised to pay the employment almost one thousand, eight hundred societal employees in order to afford psychosocial amenities to individuals affected throughout the epidemic (South African Government, 2020).

COVID-19 AND HEALTH INFRASTRUCTURE SPENDING

According to the Conversation, Search analysis, research, academics. Academic rigour, journalistic flair South Africa arrays separately additional coffers for epidemic but there was no expenditure approach. At an overwhelming budget to the economy, South Africa's rigorous lockdown has credited the healthcare organization stretch to get prepare for rise in cases.

In Health –E News two thousand and two, minister of funding's financial plan in reaction to Covid19 epidemic, proclaimed a recommended twenty-one, billion twenty ne thousand several -related well-being upkeep expenditure programme an additional distribution of billion to amenities struggling the epidemic. The distributions had been well versed by epidemiological modelling from the national health sector Coronavirus and the country's capabilities above the then previous 100 days. The share of the finances will go in the direction of augmented screening and testing.

In groundwork of the then predictable upsurge in contagions, covid-19 bed volume has been augmented and were then amounted to additional than twenty-seven thousand bedsteads in healthcare accommodations. Government have branded four hundred quarantine localities with a competence of about thirty-six thousand beds transversely the state and positioned almost 50 000 public healthcare employees for screening. Then it was over one million, three hundred individuals who have been tried for Covid-19.

According to the supplemental commercial strategy document, of the twenty-one billion, five hundred reprioritised to communal well-being amenities, about sixteen billion have been dispersed to countryside's and five billion, five hundred to the nationwide Sector of Wellbeing. A new three billion, five hundred Covid-19 apparatuses has been supplementary to the Human Immune Virus, Tuberculosis, malaria and community outreach donation. The Minister said government have permitted lesser burdens with reserved sickbays to provision the community sector's volume (South African Government, 2020).

METHODOLOGY

This article is based on a conceptual review and framework development approach. It began, from the foregoing with a review approach of current COVID-19 appraisal and the review implication on the national government of South Africa. The framework development is inclined on three key theories namely the new public management theory, the theory of shared responsibility and the theory of planned behaviour. The next section discusses the theoretical basis; this is followed by the presentation of the proposed framework for managing pandemic revenue.

THEORETICAL FRAMEWORK

This article is inclined on the intersection of three different theories, namely the theory of planned behaviour (PB), the new public management (NPM) theory, and the theory of shared responsibility (SR). The author weaves these theories together in order to open an avenue to suggest a new framework, which the author has titled “integrated framework for pandemic revenue management”. The effort to draw synergy from the three different theories draw from the fact that no single model may prove to be sufficient in boosting the required revenue girth for managing pandemic such as COVID-19. Based on this idea, the theory of shared responsibility comes into consideration as the first theory to be highlighted here (though not in any order or ranking).

The theory of shared responsibility especially during disease pandemic requires that both the government and society share the responsibility for avoiding and mitigating the risk of pandemic. Hence, in their article on sharing responsibility during disaster, XXX outlined four guiding principles that may assist in establishing shared disaster responsibility and cushion disaster risk. These are: “understanding disaster risk, strengthening disaster risk governance to manage disaster risk; investing in disaster risk reduction for resilience; and, enhancing disaster preparedness for effective response” (Atkinson & Curnin, 2020). Based on the principle of shared responsibility, experts on disaster argues that given that disasters such the current pandemic often stretch existing limits of national government capacity and emergency services, it becomes veritable that usage of shared-responsibility is the last hope for bringing all the actors within the society to contribute to building resilience in the midst of disasters (Lukasiewicz, Dovers and Eburn, 2017). Another theory that lends credence to the formulation of proposed framework of this article is the new public management theory (NPM) (Hood & Jackson, 1992). Amongst the many tenets of new public management theory is the central philosophy of efficiency, accountability and quantitative appraisal on targets and proposed expenses rather than on mere reliance on human process approval of policies. In addition, the NPM requires autonomous government units able to sustain themselves financially and providing services to one another at a user pay principle as this will instil accountability and conservation of government resources. In addition, the new public management (NPM) advocates strongly for cost cutting of government expenditure rather than allowing bureaucratic influence to inflate costs. It advocates for expertise and professionalism in the government sector – a bit closer to what obtains in the private sector to maximise the usage of limited public resources (Hood & Jackson, 1992). The third theory in this article that suffuses the formulation of this article’s framework for pandemic revenue management is the theory of planned behaviour (PB) (Ajzen, 1991; Ross, Laing & Parle, 2015). It is considered suitable to blend with the NPM and Shared behaviour theories. Simply put, the theory of planned behaviour indicates that individual behaviour is influenced by planned action (Ross, et al, 2015). Individuals’ behaviour in the planned action is further influenced by existing norms for controlling the behaviour over such intentions. Again, individuals’ behaviour is further influenced by their perception of the level of difficulty. The theory of PB brings to fore the operation and function of government budgets and this can play out during crisis such as pandemic. The budgeting style, the operations of the budget and the control system does play a huge role in determining the successful implementation government budgets to actualise service delivery – especially during pandemic.

Figure 1: Planned Behaviour

Source: LaMorte, 2019

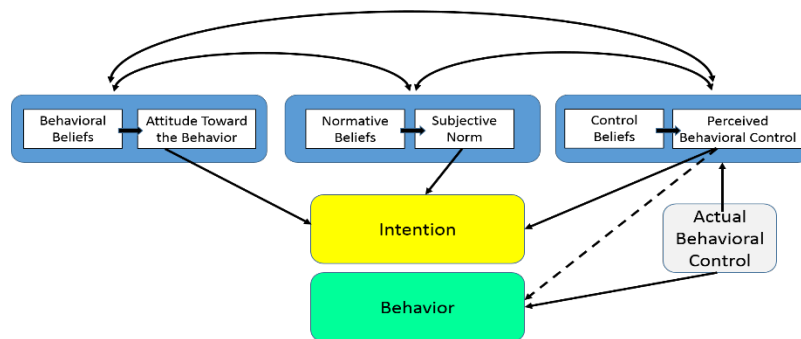


Table 1: Drivers of New Public Management

Source: Aucoin, 1990

Drivers of New Public Management

Contextual driving forces	Theoretical driving forces
<ul style="list-style-type: none"> • Fiscal crisis faced by governments • Plethora of public institutions and agencies • Inefficiencies • Non accountable system • Innovation in technology and information • Globalization and market competition • Demand for quality in public service delivery 	<ul style="list-style-type: none"> • Neo-liberal view (Von Hayek, • Public choice theory • Transaction costs theory • Principal-agent theory • Thatcherism

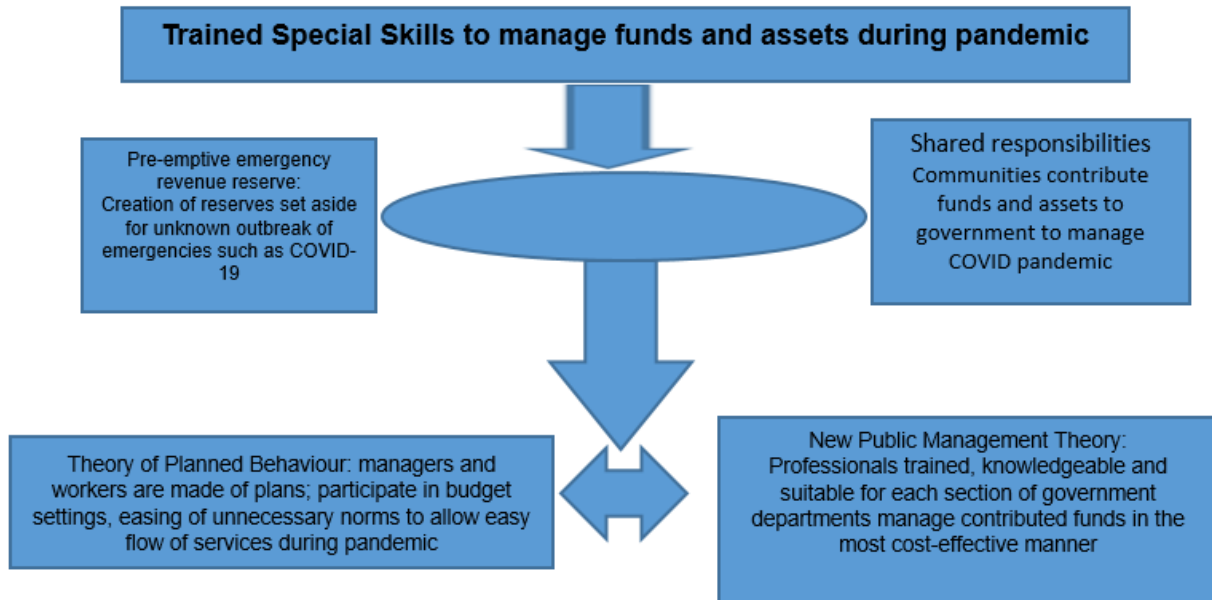
According to Ajzen (1991), the theory of Planned Behaviour (TPB) states that behavioural accomplishment rest on both eagerness (determination) and capability (behavioural regulator). It differentiates amongst three types of theories - behavioural, normative, and control. The TPB is encompassed of six concepts that cooperatively characterize an individual's authentic control above the behaviour. NPM is intended to improve the quality of public services, save public expenditure, improve the efficiency of governmental operations and make policy implementation more effective (Mongkol, 2011).

PROPOSED INTEGRATED FRAMEWORK FOR PANDEMIC REVENUE MANAGEMENT

Based on the foregoing description of the three theories, this article suggests the following integrated framework for pandemic revenue management. With the articulation of this proposed *integrated framework for pandemic revenue management*, this article makes a new contribution as no current article in public administration either prior or within this contemporary period of disease pandemic has projected any framework, which relies on the intersection of three theories for the management of COVID-19 pandemic revenue. This article bridges this gap in the literature and makes one of the first contribution with the current period of pandemic, which thus adds to practical and policy management of pandemic revenue.

Figure 2: Integrated Framework for Pandemic Revenue Management (IFPRM)

Source: Author



Discussion of results of the Suggestion Framework (Figure 1)

Figure 2 presents the author's proposed integrated framework for pandemic revenue management (IFPRM). Given the lean government revenue, the pressure becomes even beyond limit on the outbreak of pandemic such as COVID-19. The existing principles of public revenue management needs support at this time of pandemic, hence Figure 2 presents the author's proposal which aims to expand pandemic revenue sources by not relying solely on government lean resources but by adopting the tenets of shared responsibility to involve all members of the society to share the responsibility of pandemic management. This involves government information dissemination to make the communities become aware that emergencies such as COVID-19 requires the effort of all in the society either by fund contribution or by skills donation and volunteering. So Figure 2 highlights that the shared responsibility dimension will require communities to contribute funds, skills and assets to government to help in managing the COVID pandemic. However, the community needs sensitization to this effect. Linked in Figure is the application of some elements of the new public management. The new public management tenets require that contributed funds be managed in the most cost-effective manner by professionals trained, knowledgeable and suitable for each section of government departments to enhance the actualisation of targeted service delivery during COVID-19 pandemic. Furthermore, planned behaviour philosophy is factored into the framework; managers and workers should be made aware of budget plans, allowed to participate in budget settings, easing of unnecessary norms to allow easy flow of services during pandemic. Planned behaviour philosophy holds that managers react negatively plans that are too difficult to understand and which requires too much time for the processes or operations to flow. This thus requires clear crisis tailored plan to motivate managers to follow during pandemic to avoid service bottlenecks experienced during COVID-19. In the final loops of proposed framework (Figure 2) is the integration of pre-emptive budgeting system, which serves to provide some revenue reserve for unforeseen emergency.

CONCLUSION

This article set out to achieve an important objective, which is to contribute to the ongoing discussion on the role of public administration's on COVID-19 pandemic. In order to achieve this aim, the article inclined on three main theories namely, the new public management theory, the theory of shared responsibility and the theory of planned behaviour. Using the tenets from each of these theories, this article proposed a new framework for improving the management government revenue during pandemic, which is the author, has titled "*Integrated Framework for Pandemic Revenue Management*" (Figure 2). This proposed framework for expanding and managing pandemic revenue will assist the government's limited resources during current and future emergencies. To the best of author's knowledge, no previous public administration framework exists that combines three theories of NPM, PB and SR to blend the proposed integrated framework for pandemic revenue management. Therefore, this article makes the first contribution with the current period of pandemic, which thus adds to practical and policy management of pandemic revenue. In addition, the article opens an avenue for future research to expand this framework and apply it in empirical research.

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