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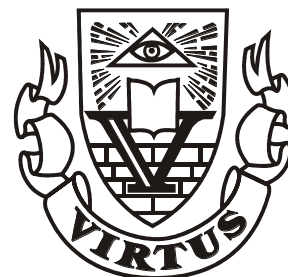
COMMUNICATING TRANSFORMATION, BLACK ECONOMIC EMPOWERMENT, AND SOCIAL INTERVENTIONS AMONGST SOUTH AFRICAN BUSINESS

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Abstract

This paper illustrates the strategic responses of South African companies that have been challenged with corporate transformation due to Black Economic Empowerment (BEE). In this study we investigate the approach used by BEE compliant businesses in formulating and implementing communication strategies to ensure an informed workforce. This paper reports on findings which reveal that communication strategies have been put in place since the implementation of BEE and highlights that there is a moral obligation for the company to ensure that employees are made aware of their rights. Respondents agreed that the initial BEE implementation stages involved numerous misconceptions by staff, which placed a barrier on the effective implementation of BEE in the workplace.

Keywords: Black Economic Empowerment, Transformation, Strategic Communication, Social Change

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Introduction

After the African National Congress came into power in 1994, one of their first mandates was to redress the inequalities created by apartheid in the political, social and economic sphere (Department of Trade and Industry [DTI], 2003). Many enterprises began emerging with the abolishment of discriminatory laws and the voluntary transfer of equity to black individuals or groups (Engdahl & Hauki, 2001). This necessitated the setting up of a comprehensive black economic empowerment (BEE) framework, after the 1998 stock market crash (DTI, 2003) and re-aligning business with national priorities such as the Reconstruction and Development and Black Economic Empowerment Programmes.

BEE was intended to transform the economy to be representative of the demographic make-up of the country. The main objective of the policy was to transfer economic power from the previously advantaged, mainly white people, to the previously disadvantaged, mainly black people. The concept of the policy itself is important to South Africa's redistribution of wealth. (Selaelo, 2007).

Black Economic Empowerment (BEE), or the narrow-based approach, came into existence in 1994, when South Africa elected its first democratic government. This was followed by the establishment of the Broad-Based Black Economic Empowerment (BBBEE) Commission in 1999 and the subsequent strategies and policies to increase black ownership of businesses and to accelerate black representation in management (Booysen, 2007). While in 1990 black people occupied 3% of the corporate management positions, in 1995 they owned only 1% of the total market value of the Johannesburg Stock Exchange (Cargill, 1999).

The government of South Africa implemented Broad Bbased Black Economic Empowerment (BBBEE) as a nation building strategy. The act intends to empower 'all blacks' listed as Africans, Coloureds and Indians. The strategy is based on the Broad-Based Black Economic Empowerment Act No. 53 of 2003 in conjunction with its Associated Charters, the Codes of Good Practice and various Scorecards (Grobler, 2006).

Although BBBEE is not affirmative action as such, employment equity forms part of it (Republic of South Africa, 2007a). BEE was introduced not only to redress the imbalances of the past, but also to implement a growth strategy aimed at realising the country's full economic potential, increasing the skills

levels, creating more jobs, and reducing poverty in a short period of time without redistribution of existing wealth (Republic of South Africa, 2007b).

Such change in the South African Corporate Sector necessitated that corporations revaluate their business strategy. This dictated that managers in a transforming economy needed to significantly alter organisational strategies to meet the required guidelines. Several changes were effected to the internal environment to meet new targets. However it became evident that the ability to communicate change internally and externally became a difficult task for the corporate communications division. Building reputation during a change period was not as difficult as communicating the reorganisation of the company and ensuring that everyone remained focussed on the company's goals. This application has shown that corporate communications teams are now facing new and complex business and communication challenges in an unpredictable environment.

Transforming the Private Sector

Because the legacy of apartheid prohibited black workers access to trades and skills, this resulted in an underskilled workforce (Horwitz, Browning, Jain and Steenkamp, 2002). Further to this, the establishment of a democratic society and political changes in the business environment in South Africa were prompted.

Socioeconomic transformation aimed at elevating the educational and economic position of black people formed the major thrust of the South African government's original policies, such as the Employment Equity Act 1998, Skills Development Act 1998, Promotion of Equality and Prevention of Unfair Discrimination Act 2000, and Promotion of Access to Information Act 2000. The BEE Act of 2003 referred to elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership, and control of enterprises, as areas requiring organizational attention (BEECom 2001).

A highpoint of transformation is that the Private Sector in South Africa has committed itself to supporting and fast-tracking transformational developments. Companies have recognised the need for the implementation of a BEE strategy as an essential mechanism to meet the objectives as set out in the BEE Act, vis a vis, the achievement of sustainable and inclusive economic development, social stability and labour-absorbing economic growth (Ramaphosa, 2002, as cited by Bawa, 2005).

The King Report on Corporate Governance controls the South African Corporate Sector. In terms of the core principles of the King III report, social injustice has to be eradicated. Further, social transformation and redress is important and needs to be integrated within the broader transition to sustainability (Pwc, 2011). King III therefore directs companies to "proactively manage the relationship with its stakeholders" and strive to achieve the correct balance between its various stakeholder groupings, in order to advance the interests of the company (Olson, 2010, p. 222-3). Such change has enforced the corporate sector to take into account the interests of previously disadvantaged South Africans and as far as government policy is concerned the BEE Act promotes economic transformation to enable meaningful participation of black people in the economy and to achieve a substantial change in the racial composition of ownership and management structures (Venter, Levy, Conradie and Holtzhausen, 2009). The Act forces the corporate sector to recognise the reality of the country within which they operate, and to use legislation effectively to control their corporate integrity.

According to Arya, Bassi and Phiyega (2008) South Africa represents a unique context to examine the strategies of domestic firms in an emerging economy for three reasons. Firstly, since the 1994 democratic elections, fundamental institutional changes were introduced in South Africa. Secondly, this upheaval brought social issues to the forefront in an economy characterized by social and racial inequalities resulting from over four decades of the apartheid regime, augmenting institutional pressures for businesses to adopt comprehensive socially responsive strategies. Thirdly, the lack of finalization of regulatory transformation frameworks led several industries in this economy to adopt transformation charters or voluntary codes of conduct to self-regulate their social conduct and contribute to transformation in the country.

This paper assesses communication initiatives in a transformed society and explores social challenges experienced by the corporate sector. This paper is organised as follows, the next section presents an overview of BEE in South Africa. Subsequent sections focus on transformation in the private sector and identify challenges and successes in strategy implementation.

The BEE Setting in South Africa

BEE according to the South African Department of Trade and Industry (DTI: 2007) is defined BEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities.

A central objective of BEE is to promote the redistribution of wealth in South Africa by attempting to transform the ownership of companies within the constraints of a free market system (Ritchken, 2004).

BEE Verification Agencies and the scorecard

Verification Agencies are accredited representatives of the true BEE policy. These agencies serve as watchdogs to monitor corporate South African businesses that claim to be BEE compliant. To control and measure these processes, a scorecard system is utilised. Such agencies have emerged as watchdogs to measure, verify and certify the BEE status of companies objectively and independently. BEE codes have many direct and indirect fronting risk indicators that need to be independently checked or verified and therefore verification agencies are vital for the proper implementation and control of the BEE processes in South Africa (Siko, 2008: 62).

Many elements in the BEE charters allow points to be scored for gender representation. Points can be earned under the preferential procurement section if the company does business with black women-owned enterprises. On the other hand strong female representation can place a company strongly up the curve in the BEE Charters, especially if these women are at senior levels within the company. Greater gender diversity among corporate leaders is becoming a strategic imperative rather than a legislative requirement; however there is still only minority representation of women in decision making roles (Harris, 2010: 23).

In order to calculate a company's BEE status, a 'scorecard' has been developed to quantify these seven elements. Each one is allocated a weighting out of 100. Ownership counts 20 points, management control 10 points, employment equity 10 points, skills development 20 points, preferential procurement 20 points, enterprise development 10 points and the residual elements 10 points. The score for the ownership element is influenced by the voting rights of blacks in a company and their degree of economic interest. Further and as discussed above, points are awarded for voting rights and economic interest of black women. The total score for the BEE ownership element is calculated by adding up all the ownership weighting points and cannot exceed 20 points (Sartorius & Botha, 2008).

Implementing a successful BEE programme has become an unavoidable imperative for many South African companies if they wish to maintain long-term profitability and retain their customer base (BusinessMap, 2005). Communicating change and implementation calls for a well-structured communication strategy in order to secure buy-in from employees.

Strategic communication and transformation

Buck, Filatochev, Demina and Wright (2003) indicate that managers in an emerging economy have to significantly transform organisational strategies to meet the new guidelines set out by a dramatically altered institutional environment.

Strategy in this context and as viewed by the management philosopher Drucker is an indication of the organisation's positioning for the future, the 'what' rather than the 'how'. It is more important to do the right thing (improving effectiveness) than to do things right (improving efficiency) (Steyn, 2004). A strategy is seen by Grunig and Repper (1992) as an approach, design, scheme or system that directs the course of action in a specific situation it is the means to achieve the ends. The strategic direction in any company is the thinking and the logic behind the actions.

An organisation undergoing transformation relies on its ability to attract enough individuals to co-operate in mutually beneficial exchange. The focus is on desired relationships, symbolic actions and communication.

A communication strategy is a pattern in the communication function's important decisions and actions regarding relationships with strategic stakeholders. It is regarded as emergent rather than deliberate strategy since communication goals are not defined at the beginning of the strategy, but emerges through the process of identifying key strategic issues and their implications for the stakeholders. As an emergent strategy, it is continuously adapting to stakeholder needs (Steyn, 2004). A good illustration of this is the case of ABSA in communicating transformation interventions to their stakeholders. A number of initiatives were launched to communicate the details of transformation interventions with ABSA executives and employees. The communication strategy was multi-pronged and used a mix of the ABSA channel (TV broadcasts to all 34,000 employees in the Group), the ABSA in-house magazine (*ABACUS*), and sessions conducted by Group BEE. A sample article reflecting transformation related communication strategy appeared in the ABSA in-house magazine. External communications included use of the media, industry review surveys, and presentations at external industry conferences. Furthermore, the ABSA procurement division developed a series of training programs for its suppliers to promote understanding of the importance of and the need to implement black economic empowerment initiatives within their own organizations as this would have a direct bearing on ABSA Group's ability to meet performance targets on the procurement perspective (Arya, Bassi and Phiyega, 2008).

South Africa's transformation challenges can only be addressed within the context of a growing economy. However, economic growth, whilst being a necessary condition to raise the living standards of the people, is unlikely to reduce the racial and income inequalities of society (Khumalo, 2008: 9). For transformation to be effective and sustainable, a holistic and balanced approach needs to be taken.

BEE cannot be the sole consideration in the decision making process of companies, but it should be one of the most important factors. Therefore, effective communication is required for good human relations and a successful business (Thomson, 2007).

The BBC, being the "black voice", was recognised as a communicator in the workplace. The BBC as a representative of black staff, experienced challenges and communicated messages on behalf of staff. This bears testimony that there was a lack of communication in the form of "the black voice" from employers, hence the efforts of the BBC to enact this role.

One of the essential elements in the introduction of BEE in the workplace was to ensure that the corporate sector was prepared for change. Therefore the most important step was to ensure that an organizational assessment was carried out, this entailed conducting a change readiness review to ascertain whether the organization was ready to embark on such a journey.

Makakane (2008: 22) is of the view that there is a misconception that once a balanced scorecard is built and implemented, there will be automatic transformation and buy-in. Therefore, for the scorecard to be successful and for the change process to occur, the scorecard must be embedded in the management system. Although the concept of "change" is easily targeted as an excuse for communication challenges within the organization, there are many other communication barriers that surface.

Communication challenges are evident in the South African corporate sector due to the diversity of the various race groups. With the introduction of the BEE policy, evidence of challenges has surfaced among employees, employers, stakeholders and other representatives.

Such changes have stemmed from the lack of proper communication *via* internal and external channels, particularly the use of the media as a powerful medium of communication. The lack of education and training amongst employees shows evidence that employees are not being consulted with before preparing and implementing BEE plans. Further challenges such as misunderstanding and racism shows evidence that there is a lack of the 'Black voice' in the boardroom. This evidently means that there is a lack of Black management positions in decision making levels in the corporate sector.

In order to get staff buy-in, the quality of information flowing to them, regarding BEE deals, is vital. In modern times, BEE requires employee communication to be more transparent and frequent so that employees know what is happening.

Corporate South Africa is increasingly prioritizing communication efforts. They are working on ensuring that staff are adequately informed and that open channels of communication exist, this yields a more efficient and productive organisation. The discussion that follows complements this process (Vuyo, 2008).

Methodology

A survey of BEE compliant businesses in KwaZulu Natal from the Empowerdex list (the first and largest verification agency to be accredited) was selected to collect data. This empirical study tested the approach used by BEE compliant businesses in formulating and implementing communication strategies to ensure an informed workforce. A non-probability sampling technique of judgmental sampling was utilized in the selection of the population, based on the judgment of the researcher. Judgmental sampling is a form of convenience sampling in which the selected population elements are based on the judgment of the researcher (Malhotra, 1996: 359- 380). Thus, judgment was exercised in determining the size of the business; the level of BEE ratings; and the location of the business.

Determining the most adequate size of a sample is crucial. Bless and Smith (1995: 96) highlight that a large sample is more representative but very costly. On the other hand, a small sample is much less accurate but more convenient. A sample of seven BEE compliant companies was included from sectors such as retail, property, financial, industrial and agricultural. Top management and communication managers were selected as respondents

Results

The study assessed the approach used by BEE compliant businesses in formulating and implementing communication strategies. The following themes emerged and were investigated:

Theme One: Internal employee reaction to BEE implementation; Theme Two: Communication about compliancy internally and externally; Theme Three: Communication strategies focused on BEE; Theme Four: Mediums and barriers of communication; and Theme five: Top management's involvement in the process.

In the discussion that follows, results are drawn from the analysed data to illustrate and support the discussion.

Theme One: Internal/employee reaction to BEE implementation

While two companies revealed that their employees reacted well to the changes of BEE implementation, three other companies indicated a negative response. They experienced retaliation from a minor group of employees, which predominantly consisted of white employees, due to the communication barriers/factors that existed among the various race groups at both a professional and societal level. Two companies explained that the majority of their employees were

accepting of the BEE policy and its changes and benefits. It is evident that employees now view BEE as a holistic approach in developing South Africa.

Figure one indicates the factors that result in communication barriers.

Figure 1. Factors affecting the organizations
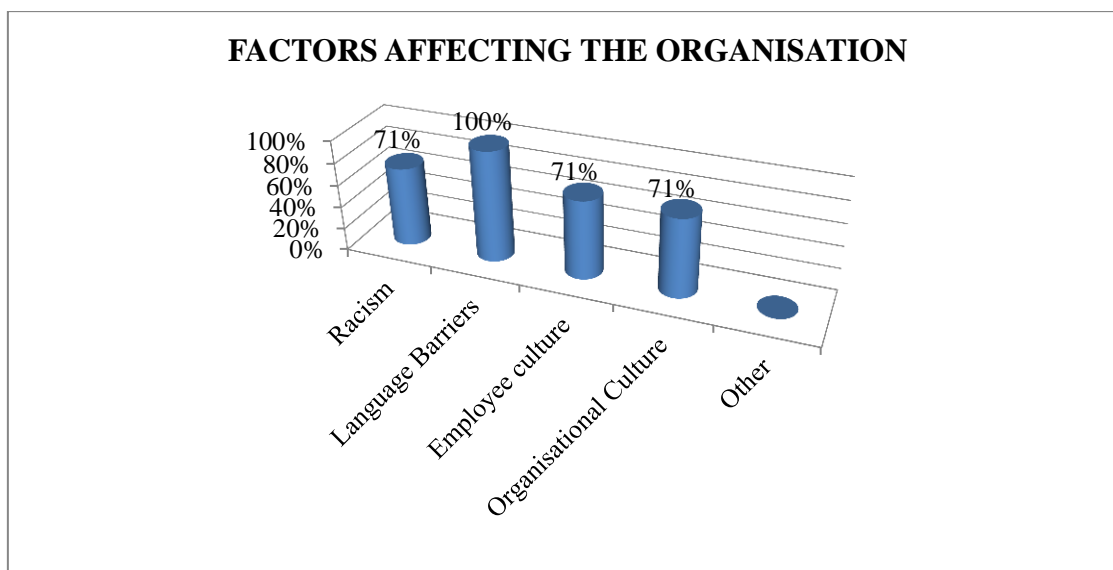
Figure 1 indicates that five companies were affected by racism; seven were affected by language barriers; five, by employee culture; and five by organisational culture.

The South African corporate sector has a range of values, cultures and languages. Such factors will assist organisations in selecting and tailoring their programs and policies to meet the specific needs of their employees.

Theme Two: Communication about compliancy internally and externally

All companies agree that they are frequently questioned about their BEE ratings and are of the shared opinion that clients/suppliers are keen to do business with companies who have high BEE ratings as this further enhances their own BEE ratings. Respondents further indicated that their BEE compliancy is rated with the utmost importance to their clients. Four companies are strong supporters of effective communication. All companies agreed that their BEE compliancy was communicated effectively both internally and externally. Employees were given priority to information, followed by suppliers and clients. A common pattern noted was that employees were informed by heads of departments or regional managers, in meetings about the company's BEE compliancy. An open forum was popularly used by most of the companies which allowed for all questions from employees to be answered and discussed further. Developments and progress were further communicated to clients by emails, personal letters, in house journals and newsletters.

Theme Three: Communication strategies focused on BEE

Evidence suggests that the following communication strategies were in place to communicate BEE related information to employees.

–   The use of a top-down strategy, with open channels for feedback and easily accessible communication with staff;
–   The use of a cyclical effect strategy, whereby information is constantly flowing between employees and employers. There is always feedback and evaluation involved in the processes of communication. There is continuous input and involvement from both employers and employees;
–   The use of open communication practiced at every level. This strategy is used to ensure the information flowed from top management to the lowest levels of staff. All levels of employees are kept informed at all times in various languages via the most appropriate mediums applicable or accessible to them;
–   Diversity management workshops are hosted every three months during which all levels of employees within each region/province meet to discuss various issues including BEE. This was initiated with the implementation of BEE and serves as a platform for employees to air their views and discuss any challenges. Information is also strictly confidential as one-on-one opportunities are offered to employees for sensitive discussions;

During information disseminated from employer to employee, a specific communication strategy is used based on the levels of employees who will be communicated to. Different mediums are used to communicate the same messages to different employees, e.g. those with language differences. One company indicated that it did not have a formal strategy, and utilised a basic communication strategy applicable and adjusted according to each scenario. A different strategy was implemented when updates about the BEE status, benefit to employees or shares, were communicated.

Communication filters from top management to employees only (from directors and board members to managers and employees). Findings indicate that the current communication challenges in corporate South Africa prove to be more prevalent since BEE was implemented.

Communication Media utilised in the communication of BEE

Figure 2 shows evidence that three companies strongly believe that frequent employee communication using various mediums is necessary for effective communication.

Figure 2. Media used to ensure the flow of information
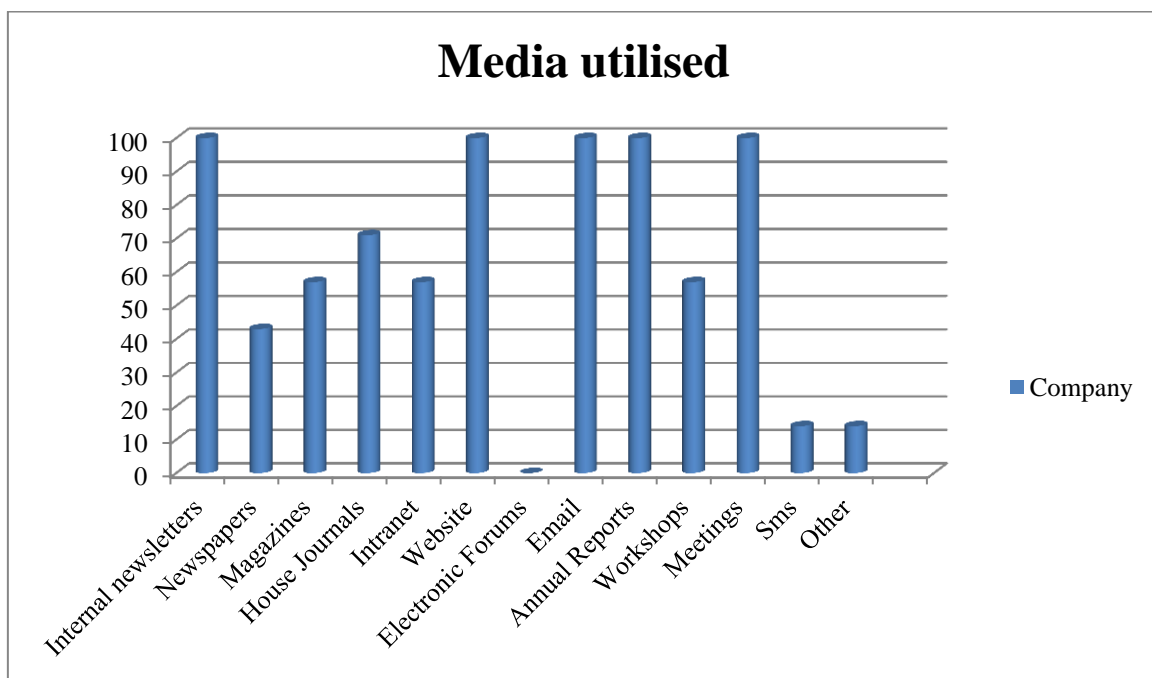
Seven companies use internal newsletters, website, email, annual reports and meetings to communicate with their employees. Three companies use the print media (newspapers); while four companies use magazines. Five companies use house journals; four companies use the intranet; four companies use workshops; and one company uses an SMS system.

Theme Four: Mediums and barriers of communication

Some respondents reported that there were evident misconceptions from staff about BEE. Although most reported minor misconceptions, they agree that there were misconceptions at the initial BEE implementation stages. This confirmed that in a transforming organisation resistance to change is expected. Communication barriers that surfaced after the implementation of the organisation's BEE policy were as follows:

One company indicated that language barriers posed a serious communication problem. Another highlighted the lack of respect and lack of understanding of colleagues, culture and the diversity in the workplace. Another company indicated that they experienced hostility between old and new employees. Although they did not encounter any major problems, it was evident that older employees felt threatened and in-secure because of the newly appointed staff. Language and cultural barriers served as another communication barrier, after BEE was implemented employees felt insecure and lacked self-confidence with the inability to communicate in English. Customer service was not as excellent as the company's management would have liked, however, offering English courses certainly assisted in developing staff confidence and improving their customer service levels. Resistance to teamwork

among races, especially between long-term employed white employees and newly appointed black staff was clearly evident. It is suggestive that race groups tend to work better with their own people, however, diversity management courses; team work efforts from management have drastically reduced such racial segregation.

Theme Five: Top Management's involvement in the process

To ensure a moral and legal obligation by the company, management have undertaken and implemented training workshops, which will assist in the efficiency of the business as well as communicate internal policies thus aligning employer and employee interest. Legal effects have become a BBBEE necessity, and the moral obligation relates to empowering employees, making them better employees by assisting in productivity and personal growth and ensuring commitment and building morale. Diversity management and skills training have become a priority and workshops have been run as solutions to eliminate barriers that exist and improve employee performance.

Conclusion

The BEE Act illustrates that social change (in this case the correction of racial imbalances and unfair practices in the corporate sector) has brought about unwarranted communication issues.

The BEE Act has further illustrated how the South African corporate sector has conformed to regulations, due to national awareness surrounding Black Economic Empowerment. Findings from this study indicate that certain practices are consistent with the literature reviewed while other practices lack a strategic communication approach and implementation of effective communication strategies.

A quality driven organisational culture can only produce effective productivity among staff if all employees work together and put the effects of apartheid behind them. A commitment from top management is a necessity to drive this process in ensuring that all employees are given proper mediums and processes for effective communication and feedback on an on-going basis.

There is little evidence to show that organisations have implemented formal communication models although partial strategies have been implemented within the corporate sector. The results of this study further indicate that, in certain cases necessary tools and mediums were implemented, catering mostly for the minimum requirements of effective communication in the workplace. Due to the sensitivity of BEE, there is much more that can be implemented by the employer

to ensure effective implementation and understanding by employees.

Transforming the economy is an enormous task that cannot be tackled by government alone. With the global economy sitting on a 'knife edge', business should be doing everything possible to ensure not only its survival, but its successes too. There has to be a concerted effort by all stakeholders to ensure collective activism.

From the literature reviewed, the following trends relating to BEE are apparent. Only organizations which deal with state departments are legally required to comply with the BEE policy. Those that do not engage in business with state departments may choose to comply out of moral obligation.

Neither literature nor statistics have surfaced to quantify the success of BEE in South Africa. The implementation of BEE has brought some advantages to the workplace, for instance, direct black ownership on the Johannesburg Stock Exchange has increased. However, there is still a wide disparity in respect of management positions for black as compared to white people. There is also room for the growth of women, in particular, African women, to occupy management positions. The lack of a plan on the progress of BEE means that only a few companies have fully implemented BEE.

The challenges faced by employers included: aligning employer employee interest; building employee commitment and morale; and improving employee performance. The result in this change process necessitated a need for communication strategies to be introduced. This saw corporate South Africa increase their priority as far as communication efforts were concerned, and ensured that staff was adequately informed and that open channels of communication existed in the change process.

The following conclusions can be drawn from the empirical study.

– Although there was general acceptance of the BEE policy, some companies experienced retaliation from a minor group of employees.

– The initial BEE implementation stages involved numerous misconceptions by staff, which placed a barrier on the effective implementation of BEE in the workplace. Racism, language, organisational culture and employee culture were the most common barriers that prevailed.

– Communication strategies were seen as an essential step in the implementation of BEE within the organization. This necessitated a need for proper communication mediums to be put in place. The commitment from top management was seen as a necessity to drive the process in ensuring that all employees were sufficiently informed about the BEE process through the use of diverse mediums.

– The following recommendations can be made:

– The study emphasized how cultural differences, language barriers, racism, and discrimination gave rise to challenges encountered by employers in the workplace. It is crucial for employers to have a full understanding of all employees, their culture and languages and further to promote such support and programmes that filter this practice to each and every employee to form a fair and balanced organisational culture of the organisation.

– BEE is certain to remain a government initiative aimed at uplifting black employees in the workplace. It is therefore important for both employer and employees to be adequately communicated with and educated about the benefits of the BEE. This can be achieved through the media.

– It is imperative for organisations to closely evaluate their communication strategies, especially since there were barriers to proper implementation of BEE. Effective, honest, open communication can certainly lead to the success of BEE and the organisation's productivity at large.

– Achieving change requires working together on change communication and change management. Fulfilling this role according to McLaren (2009) will enable the corporate sector to build their change communication capability by:

• Restructuring the communication function, integrating internal and external communication expertise into a team structure that fits within the business structure.

• Maximising the role of leaders in change communication – at the corporate centre and within business units – by creating leadership communication plans designed to support transformation plans.

• Focusing communication investment on those who make change happen – management – and ensuring that they understand the context for change and their responsibilities.

• Building the change communication capability by sharing expertise.

• Putting in place communication channels that are rapid and flexible to the current pace of change.

Understanding the need for change is the first step in creating new behaviours within an organisation, behaviours that will represent values in the future state of the organisation. When business engages in initiatives for social transformation such as BEE, they must select proper strategies that will be used in the communication process, therefore communication is paramount when trying to raise the level of understanding of an organisation. The results from this survey of BEE compliant South African companies reveal that they are in the process of developing necessary capabilities to ensure successful change in an emerging market.

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AN INVESTIGATION INTO CONSUMERS' PERCEPTIONS OF ADVERTISED RETAIL BRANDS WITHIN BLACK URBAN AREAS OF SOUTH AFRICA

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Abstract

The main aim of this study was to investigate the perceptions consumers' of Black urban areas of Tshwane, South Africa hold in relation to advertised retail brands and branding. The importance of Black urban area consumers' perceptions in relation to advertised retail brands is that in the era before independence these communities were generally regarded as being lower income and not brand loyal due to financial constraints. The number of shopping malls and branded stores were limited in these areas but since 1994, when South Africa became a democracy, things have changed. The income in these communities has steadily risen thereby attracting the attention of retail developers (Ligthelm, 2008:37; Tustin & Strydom, 2006:48-49). With the increased retail development in these communities, consumers residing in these areas have become more exposed to branded merchandise and the advertising thereof. This has led to new perceptions towards brands being formed and in the process opening possible new opportunities for retailers. In order to satisfythe research objectivesof the study, a self-administered location based survey was distributed to the residents of Shoshanguve, Mamelodi and Attridgeville; Black urban areas within the Tshwane region of South Africa.

Keywords: Consumer Perceptions, Brands, Small Businesses, Black Urban Areas, Tshwane, South Africa

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1. Introduction

The economic crises world wide the past number of years have forced companies to be more focussed on the target markets they are targeting as well as how to spend their money on the most effective way in order to generate the most profit. It is also important for companies to increase their loyalty base amongst all customers and specifically in the markets where there is growth – and this requires an understanding of their customer base. By not understanding the needs and wants of their market, or their purchasing behaviour, marketers will not be able to establish and cultivate a relationship with their customers. (Knowledge resources, 2010). Therefore it becomes imperative that marketers look at how consumers perceive offerings in order to better understand and cater for their markets.

South Africa is a consuming population of an estimated 50,59 million individuals (Statssa, 2011:2) of which a large number live within informal settlements/ Black urban areas also referred to as townships. These so called townships have an estimated R307-R308 billion in consumer spend

(Dlamini, 2011; Forsite, 2011) .The importance of these communities to marketers lies not only in the fact thatthey account for a large segment of the consuming population of South Africa, but in the past these communities were only catered for by small informal businesses and were thus limited in choice (Ligthelm, 2008: 37), thereby exposure to branded merchandise was limited to outbound shopping, or brands that spaza shops or informal retailers had to offer.Today however following political change (Mathenjwa, 2007:1) individuals within these areas can be seen to be climbing the corporate ladder. This means that the incomes and expenditure of these communities have increased which in essence means that more of the country's gross domestic income is being located within these areas (Dlamini, 2011; Ligthelm, 2008: 37).With the shift in income and expenditure within these communities townships have thus attracted the attention of retail developers (Ligthelm, 2008: 37)and thus according to Dlamini (2011) many organisations are endeavouring to position their brands in order to cash in on the growth that is occurring within these communities.Even though this growth has taken place there is still a lack

of knowledge of the profile and expenditure patters of these township consumers(McCann World Group, 2008) van Eck, Grobler and Herbst (2004:2), Radebe (2005), Dlamini (2011) and Ismail (BusinessLIVE, 2011) supports Hummel (McCann World Group, 2008) in this statement and furtherstate that very limited knowledge has been gained regarding these consumers and research conducted over the past few years in relation to Black urban areas/ townships of South Africa, has been limited and restricted which in effect means a potentially profitable and lucrative market has been left unattended to. Hummel (McCann World Group, 2008) states that township areas not only present an immense portion of the South African economic and social setting they are thesector within the economy that will play an increasingly important role in the South African markets of tomorrow, therefore by understanding these markets organisations, can open up new and profitable segments which will offer benefits to the broader community and economy. Therefore the aim of this paperis to investigate the current perceptions consumers' of Black urban areas of Tshwane, South Africa hold in relation to advertised retail brands and branding.The subsequent section shall now delineate the research aim and objectives needing to be satisfied, followed by aliterary review of previous research. Thereafter a discussion as to the research methodology employed will follow. The paper will conclude with the research findings, limitations, recommendations and aconclusion.

2. Aim and objectives of the research

The aim of this study was to ascertain the perceptions that Black urban area consumers' that live in the Tshwane area ofSouth Africa hold in relation to advertised retail brands and branding.In order to attain the aim of this paper, the following objectives wereformulated:

− To investigate consumers' perceptions of advertised retail branded products within black urban areas of Tshwane, South Africa.

3. Literature review

Overview of branding and the importance thereof

Branding according to the American Marketing Association (AMA: 2012) is defined asan **"**...activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large". The concept of branding a product to show ownership of a producer's merchandise goes back many years, but its use and importance within business and the field of marketing is a lot more recent. The use of branding as a marketing tool offers many advantages and is not merely used to indicate quality of products and to identifya manufacturer. It is also used as a strategic tool around which the organisations total marketing campaign is build and a central message is send to the consumer regarding the product or service offering Blythe (2009: 163). Marketers use branding as a major tool to differentiate its offering from that of competitors Products are very similar in many ways and often the same suppliers or manufacturers are used by competitors and the only differentiating factor is the brand.

Consumers who identify with the brand as marketed by the organisation will support such a brand if it meets his or her needs and ideals and the consumer will most likely repurchase the product and would probably recommend it to others- in essence advocating its ideals (Blythe, 2009:163). van Eck, Grobler and Herbst (2004:2) state that brands create a form of trust between the organisation and the consumer, it takes away uncertainty or risk that a customer could feel is associated with the item and is more of a psychological promise than apalpableitem. van Eck *et al.* (2004:4) further go on to say that it is due to the psychological nature of purchasing a consumer goes through that producers of products need to become more aware of and should focus on the perceptions and attitudes held by consumers.

Black urban area consumers of Tshwane, retail development and branding

Tustin and Strydom (2006: 48) and Ligthelm (2008:37), state that black urban area consumers in South Africa in the past were mostly catered for by small informal businesses which provided these lower income consumers with basic necessities, however limiting purchase choice amongst inhabitants. Following political change within South Africa, township areas have emerged as a new market for national retailers (Ligthelm, 2008:42) as the inhabitants have seen a steady increase in household income and expenditure. This emerging black middle-class is noticeable in the LSM profile of the nation, which can be seen to be indicative that there is a higher demandand need for retail development within previously underdeveloped areas (SA property review, 2010:29). This increased demand has subsequently attracted the attention of retail developers to expand into these areas and thus the infiltration of brands to cash in on the lucrative black urban area markets, which can be seen tomark the last of the large retail development frontiersin South Africa (Dlamini, 2011; Ligthelm, 2004:37).

The developments within township areas according to Tustin and Strydom (2006:49) are a reflection of retailers wanting to create growth opportunities and build a sustainable competitive advantage. However one of the challenges that retail developers are facing in entering these markets is that they need to find a compromise between local or regional traders and national brands or traders. (SA

property review, 2010:29). According to van Loggerenberg and Herbst (2010:13) companies are not yet exploiting the potential different communities in South African with their brands and this is evident from the fact that their products and marketing efforts are not appealing to the township consumer tastes (Durham, 2011). Van Loggerenberg and Herbst (2010:13) state that marketers of organisations are failing to make use of creative marketing activities that would take advantage of the different psychographic profiles of township communities which could assist organisations in forming bonds or relationships with the particular targeted community.

A research study conducted by the McCann World Group SA entitled "Township stories" revealed that a large portion of South African companies have very limited interactions with township areas, thus their knowledge of these consumers is merely guesswork, and it is this guesswork that creates misunderstandings or misinterpretations as to the inhabitants and the market structure that resides within these areas (Marsland, 2007). Without an understanding as to this market and their needs or at least an investigation into the habits of these consumers, marketers will not be able to cater for these consumers. Foshizi (2012) indicated that township consumers tend to prefer to buy branded products when it comes to winter clothing as they are of the opinion that this clothing must last longer and they are prepared to pay more in such cases.

According to the McCann Worldgroup SA study (2008) and Kunene (Dlamini, 2011), one of the biggest problems organisations have when entering township areas is that these consumers are often seen as one homogenous group instead of a group that comprises of individuals that differ in terms of lifestyles perspectives, areas and mind sets. Kunene (Dlamini, 2011) further highlights that problemscompanies are experiencing in infiltrating these communities is that brand managers assume that residents within these areas are usually poor and thereby provide residents with smaller, and cheaper products. This is an immense misconception as these areas have many different types of individuals with different means and needs that need to be spoken to differently. Kunene (Dlamini, 2011) lastly stipulates that Black urban area consumers do not mind paying the additional rand for a branded product; they just need to understand as to why they should buy a certain brand.

Through the identification of all the challenges brand managers face, it becomes apparent that there is a mismatch between the township consumer, the organisation and their brands (Dlamini, 2011). This is a serious problem and due to this lack of knowledge and understanding of the township consumer it points to a need for this type of information (van Loggerenberg & Herbst, 2010: 13).

Black urban area consumer perceptions of branded products

Consumers that inhibit township areas within South Africa according to Knowledge resources (2010) do not necessarily have the biggest share of income distribution per household in the country but in totality have a large share of purchasing power and brand loyalty, thereby making township communities an important sector within the economy and for marketers to consider. But it is the consumers' perception towards a brand and its advertising that will ultimately determine its success and loyalty to which a consumer will ascribe to it.

Perception is an internal or individual factor that can influence consumer's decisions to purchase organisational brands and can be defined as the process by which consumers will select, organise and interpret information that is presented to them within the market environment (Schiffman & Kanuk, 2004: 158). Consumer's perception can also be described to be the way in which an individual views the world around them (Blythe, 2008: 91), and according to Majumdar (2010:57) the view that consumers have of the world around them is the result of two inputs: physical stimuli and a series of past experiences.

The process of consumer perception according to Cant *et al.* (2010:108) can be broken up into four elements viz; exposure, attention, interpretation and memory or recall. The ultimate goal for the marketer is to ensure that their products are remembered by the consumer and in so doing keep on purchasing the product and ultimately to ensure future profits over the long term. However in order for consumers to recall the brand consumers need to be exposed to the organisations products (Noel, 2009:93).

Consumers in the township areas according to van Eck *et al.* (2004:5) have a greater degree of education than their predecessors and are being exposed to new media to a greater extent due to technological advances and this is making this market more attractive to retailers. At the same time it also allows consumers to form perceptions as to merchandise on offer. Social media has played a major role in this increased exposure to organisational products by this segment. Township consumers according to Foshizi (2012) are becoming highly adept and active in the use of social media, as they can access almost anything from their devices from any location. This increases the potential exposure to products and brands of organisations. . Social media has changed the way in which marketers can be seen to operate in the market, yet is still an underutilised medium within township areas which needs to be evaluated (Foshizi, 2012). It is becoming more apparent that a brands success is really about how consumers perceive it to be (Lorette, 2011: 201), which is in essence related to the exposure a consumer has with a product, and a marketers promotional efforts.

Previous studies have been conducted in relation to adolescents' perceptions of branding in the clothing industry, whereby results indicated that general perceptions regarding branded clothing were positive, unbranded clothing was less positive and perceptual differences between genders did not present a significant difference (van Eck *et al.*, 2004:11). The study highlighted the fact that not much has been written or researched on township consumers and branded products. Therefore this study aimed to bring more light to the topic under investigation.

4. Methodology

In order to establish the perceptions that black urban area consumers of Tshwane, South Africa hold in relation to advertised retail brands and branding, the study utilised secondary and primary sources of data in order to conduct a quantitative analysis. Tustin, Ligthelm, Martins and van Wyk(2005:120) state that secondary data or otherwise known as "desk research" is defined as information that already exists in the market place, in other words data that can be reused by other researchers in solving new research problems. Sources of secondary data that were utilised were past research studies, journal articles, the internet as well as academic books. However, in order to adequately satisfy the research objective primary data needed to be collected directly from Black urban consumers by means of a survey which took the form of a self-administered location-based questionnaire.

The questionnaire that was utilised in the research contained three questions, of which all were structured close-ended questions.The question that was posed to measured consumers' perceptions was that of a seven item likert-type scale, ranging from *"strongly disagree"* to *"strongly agree"*. The main function of posing a likert-type scaled question was so that the researcher could ascertain the intensity of the respondent's feelings with regards to the particular statement being made (McDaniel & Gates, 2010: 297-299). The question posed five statements to respondents. The questionnaire was distributed to small business owners that reside in the Black urban

areas of Tshwane, South Africa whereby data was collected between the 25th April – 10th May 2012 by means of a non-probability convenience sample; this sampling method was deemed most appropriate as it allowed the researcher to collect data quickly and easily (Anderson, Sweeney & Williams, 2011: 318), whereby 40 comprehensive responses were received.

Once the data had been collected it was then cleaned, quantified and analysed by means of frequency occurrence with the assistance of the software programme, SPSS. Frequency occurrence or distribution analysis according to Gravetter and Wallinau (2009: 37) is when collected data is organised and tabulated to represent the number of respondents whose scores are the same and places them from highest to lowest. From the analysis of frequency counts, variables where tabulated to form an overall perception consumers of Black urban areas of Tshwane, South Africa hold in relation to advertised retail branded products.

5. Research findings

The previous section within the research paper dealt with the key concepts of the study and provided insight as to what has been investigated within the field of Black urban area consumers' perceptionstowards advertised retail branded merchandise. The preceding section then discussed the research methodology to be employed. This section shall now present and discuss the results that were obtained through the distribution of the questionnaire to respondents (n= 40).

Data on how consumers perceive advertised retail brands

This section included five statements that would measure consumer perception towards that of advertised retail branded products by means of a 7-itemLikert scale. Table 1 below depicts mean scores, standard error of mean and standard deviations of the way individuals perceive advertised retail branded products.

Table 1. Consumer perception towards advertised retail branded products

Statement	I only buy branded products	Brands that are regularly advertised are better	Brands that are advertised are of higher quality	Brands that are advertised are more reputable brands	Brands that are advertised are greater value for money.	Total
Mean	3.750	4.625	4.500	4.425	4.600	**4.380**
Std. Error of Mean	0.312	0.250	0.258	0.306	0.277	**0.280**
Std. Deviation	1.971	1.580	1.633	1.933	1.751	**1.774**

* Table 1 measurement was done on a 7-item Likert scale, whereby 1 = Strongly disagree and 7 = Strongly agree.

From table 1 it can be seen that highest degree of agreement was for statement 2, "Brands that are regularly advertised are better" (4.625) followed by statements 5 "Brands that are advertised are greater value for money" (4.6) 3 "Brands that are advertised are of higher quality" (4.5) and 4 "Brands that are advertised are more reputable brands". The lowest degree of agreement was found to have come from statement 1 (3.750) "I only buy branded products". Table 2 on the following page illustrates the percentage of agreement, disagreement and neither agreement nor disagreement respondents felt towards each statement that was posed:

Table 2. Consumer perception towards advertised retail branded products

Statement	Mean	% of agreement	% of disagreement	% of neither agreement or disagreement
1.1. I only buy branded products	3.75	40.00	52.50	7.50
1.2. Brands that are regularly advertised are better	4.63	56.80	27.90	15.30
1.3. Brands that are advertised are of higher quality.	4.50	56.10	25.60	18.30
1.4. Brands that are advertised are more reputable brands.	4.43	57.50	32.50	10.00
1.5. Brands that are advertised are greater value for money	4.60	48.60	23.10	28.30

* Table 2 measurement was done on a 7-item Likert scale, whereby 1 = Strongly disagree and 7 = Strongly agree.

From table 2 it is clear that respondents leaned either positively or negatively in terms of agreement towards the statements that were posed, however it can be observed from the results presented that even though respondents indicated for statement 1.5 that the majority agreed to the statement "Brands that are advertised are greater value for money" many indicated that they were impartial to the statement being made (28.30%). In light of this result, future research could probe as to why many individuals are impartial as to whether or not advertised brands are greater in value or not. For the purpose of the study however, the degree of agreement and disagreement was key to the fulfilment of the research objective. Figure 1 below is a graphicrepresentation as to the various percentages of agreement and disagreement respondents felt towards each statement that had been posed:

Figure 1. Consumer perception towards branded products
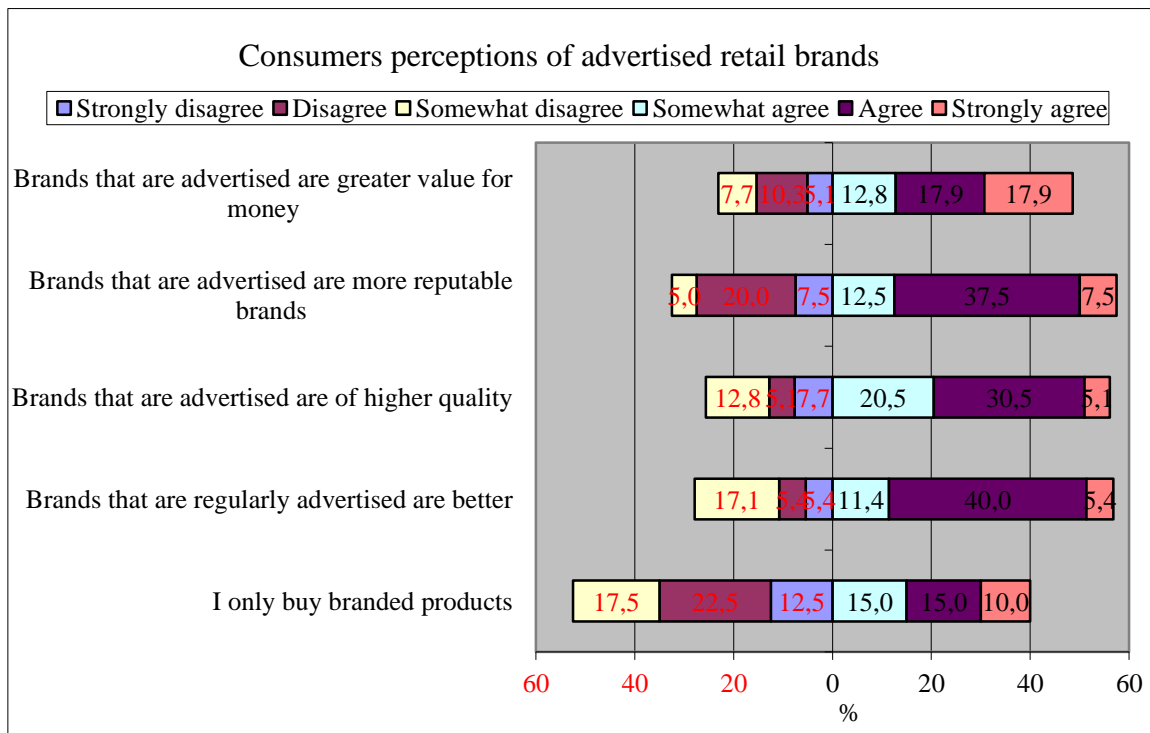
From figure 1 it can be seen that 52.5% of respondents disagreed with statement 1: "I only buy branded products". This could be either due to the fact that consumers within Black urban areas are still purchasing the majority of merchandise from spaza shops where products can sometimes be bought per item, for instance an apple, whereby apples in most retail outlets in malls are packaged and branded collectively. Another reason for this result could be that respondents do not associate no-name branded products or even store branded products as branded products, thereby misinterpreting the question. To alleviate such a misunderstanding a future researcher may perhaps provide a screening question to respondents to ascertain whether or not consumers understand the concept of a branded product or alternatively, provide consumers with a list of product categories whereby they could indicate which categories they purchase branded products in.

Statement 2 "Brands that are regularly advertised are better" showed high agreement from respondents (56.80%). This result could be due to the fact that through frequent and favourable advertisements, consumers gain more exposure to the brand and therefore consumers perceive the product to be better than products that are not advertised. Statement 3 yielded a relatively strong agreement to the statement that was posed "Brands that are advertised are of higher quality" with an agreement percentage of 56.10%. The result could be seen to confirm respondent's agreeability to statement 2 "Brands that are regularly advertised are better". With statement 4 "Brands that are advertised are more reputable brands" respondents showed the highest degree of agreeability in terms of percentile (57,5%),thereby once again confirmation as to statement 2 and 3 collectively.

Statement 5 "Brands that are advertised are greater value for money" proved to have the second lowest degree of agreement with 48.60% agreeing to the made statement. What is observable though is that 23.10%of respondents disagreed with this statement and 28.30% were impartial, which implies 51.40% of respondents showed no sign of agreeability. This could be due to the brand equity that branded products have attached to them - the more well known the brand the higher the brand equity, and therefore in many instances the branded product will be priced above that of a regular product which conducts the same function.

From the statements that were asked and the overall analysis thereof, it can be seen that the general perception consumers of Black urban areas hold towards that of advertised retail brands is positive in nature, thereby indicative that advertising plays an incredibly important role in the formation ofconsumers perception towards branded products being offered on the market. This may suggest that in order for marketers to succeed in having consumers view their brand in a positive light, advertising of the brand to the target market should be matched to the environment they are positioning the brand to cater for. The following section addresses the demographic make-up of the respondents.

Demographic data of respondents having answered the questionnaire

The demographic data on consumers' perceptions in the Tshwane area covered gender and age. Gender of respondents is therefore represented in figure 2:

Figure 2. Gender distribution of respondents
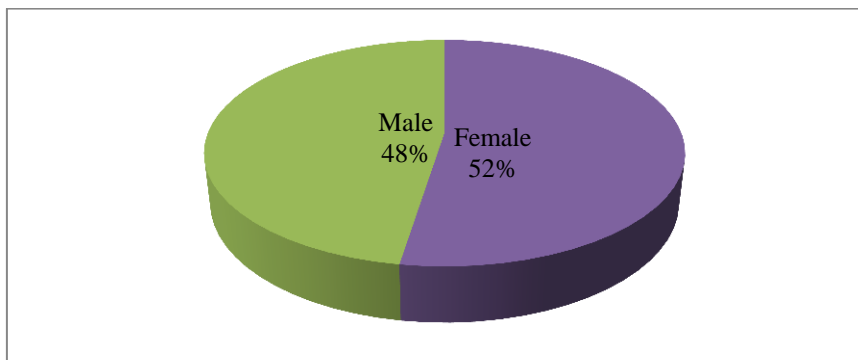
Of the consumers in the Tshwane area having participated in the research on consumer perceptions of advertised retail brands, it can be seen that 52% of respondents were female whereas the remainder 48% of respondents were male; this figure presented a relatively equal response from both genders and is in line with the national average.Once consumer gender had been asked the questionnaire requested to see what age group respondents fell into. Age range is represented in figure 3 below:

Figure 3. Age distribution of respondents
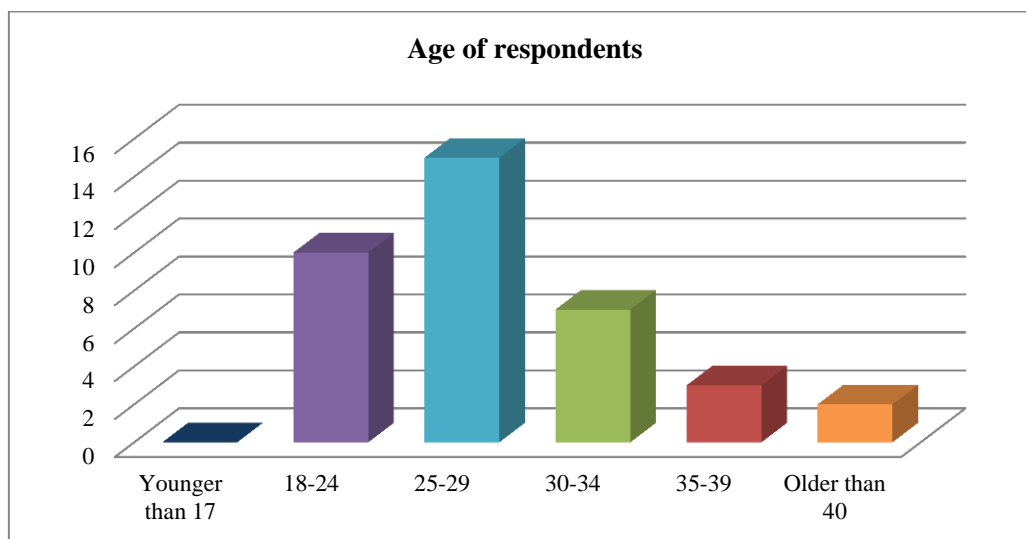
Of the consumers in the Tshwane area having participated in the research on consumer perceptions of advertised retail brands, as per figure 3, the researcher found that 24% were aged between 18-24, 40.5% were aged between 25-29, 18.9% were aged between 20-34, 8.1% were aged between 35-39 and 5.4% were aged 40 years old and older. The distribution of age proved to be favourable to consumers ranging from 25 to 29 years of age, representing 40.5% of the respondent total. Therefore the positive perception that consumers have could thus be because this age group has in particular been more exposed to branded merchandise in their lifetime than say the generations ranging from 30 to 40 years of age. With enhanced usage of media usage and prevalenceof brands in Black urban areas, consumers in this age group will most likely be more positive towards branded merchandise due to theenhanced exposure. This result might however be varied if age groups are targeted separately, whereby older respondents might perceive branded products in a negative light, due to their past experience or lack thereof. Therefore future research might wish to investigate perceptions held amongst various age groups.

6. Limitations

The research undertaken has some limitations that need to be addressed; firstly the sampling frame that was used was very small (n= 40), thereforedue to the small sample size, consumer perceptions towards advertised retail branded products cannot be generalised to represent the entire Black urban area community. Secondly, questionnaire respondents were selected through the use of a convenience sampling method; therefore once again, results received would not be able to be generalizable to the Black urban area communities. Thirdly, respondents that answered the questionnaires came from three

Black urban areas of Tshwane (Shoshanguve, Mamelodi and Attridgeville), whereas there are multiple other Black urban area communities within the Tshwane region that were not approached to answer the questionnaire, and therefore perceptions are thus restricted to the three stated areas.

7. Recommendations

Apart from the limitations mentioned in the previous section, several opportunities for future research exist. Firstly, due to the immensity and importance of consumption patterns within Black urban areas, future research could expand the study to include all Black urban areas countrywide when deciding to supply surveys to respondents or alternatively covering all Tshwane Black urban areas instead of a select few. Secondly, future research could conduct an analysis between older consumers' perceptions inrelation to the younger consumer as well as male and female correlations in relation to brand perceptions.

8. Conclusions

The main objective of this research was to investigate the perceptions consumers of Black urban areas of Tshwane hold in relation to advertised retail brands and branding. The investigation into consumers' perceptions of branded merchandise within black urban areas revealed that consumers generally have a positive perception towards advertised retail brands and branding, whereby consumers perceptions are highly influenced by the advertisements that marketers send out.

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SIMULTANEOUS IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT (SD) AND CORPORATE SOCIAL RESPONSIBILITY (CSR) WITHIN A GLOBAL BUSINESS CONTEXT

Marita Naudé*

Abstract

In the current rapidly changing, complex and multi-faceted business context companies face a diverse range of challenges on a daily basis such as financial performance pressures combined with the increasing expectations from societies that companies act more responsibly with relation to social and environmental aspects. Corporate social responsibility (CSR) and Sustainable development (SD) are not new concepts and are some of the most widely recognized and used business concepts today. It seems that the implementation of both CSR and SD is needed in a modern and global business context. Although CSR and SD are regarded as different concepts, there is a clear overlap, interrelationship and interconnectedness between these concepts. It seems advantageous to at a practical level implement CSR and SD simultaneously as the tridimensional view of SD mimics the tridimensional view of CSR. It is acknowledged that although SD and CSR both include a tridimensional view and they are closely connected, there are different conceptual nuances. This paper provides an overview of the differences and similarities between CSR and SD and describes practical guidelines to implement CSR and SD simultaneously.

Keywords: Sustainable Development, Corporate Social Responsibility, Changing Business Context

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1. Introduction

Within the current business environment companies continuously face a complex range of internal and external challenges which are shaping the business environment such as financial performance pressures combined with the increasing expectations from societies that companies act more responsibly with relation to social and environmental aspects (Brooks, 2005; Khandekar and Sharma, 2005; Daub and Scherrer, 2009). It is very important for companies to demonstrate both social and environmental responsible behaviour in addition to financial prosperity and security (Montiel, 2008).

There is evidence that CSR is no longer regarded as an unproductive cost or resource burden but a way to enhance reputation and credibility (Hediger, 2010; Holme and Watts, 2000). This implies that CSR could assist to improve corporate profits, guard against reputational risks and is positively related to the market value of the firm (Hediger, 2010; Heal, 2005; Beltratti, 2005).

In 2010 the Accenture and UN Global Compact surveyed 766 CEOs worldwide. Based on the feedback, 93% of the participants stated that sustainability is crucial to the long term success of the company. In addition, three quarters stated that they select sustainability strategies to build and protect the product, enhance corporate reputation and potentially to decrease cost and grow revenue (Boerner, 2010).

Corporate social responsibility (CSR) and Sustainable development (SD) are well-known concepts and are some of the most widely recognized and used business concepts today (Patra, 2008). It seems that the implementation of both CSR and SD is needed in a modern and global business context. Although CSR and SD are regarded as different concepts, there is a clear overlap, interrelationship and interconnectedness between these concepts (Hediger, 2010; Montiel, 2008).

These two concepts have become part of the business buzzwords of our time. Although CSR and SD seems to be part of the terminology within the current business context, one of the first challenges when wanting to implement strategies related to CSR and SD in the practical situation is that there are multiple and vastly different definitions for both CSR and SD. Furthermore, these concepts are broad, sometimes not well defined, and there seems to be a lack of applicable, tested and comprehensive frameworks with applicable guidelines for effective

implementation (Baumgartner and Korhonen, 2010; Becker, 2010; Jabbour and Santos, 2008).

For the purpose of this paper the author used the approach that CSR is more than philanthropy and compliance. This approach includes the motivating CSR principles (values, performance and stakeholders), processes (programs and activities) and a complex and diverse range of organisational efforts and activities to complement economical performance with acceptable levels of both social and environmental performance (Hediger, 2010; Maignan and Ralston, 2002; Fromartz, 2009). In addition the author uses the World Business Council for Sustainable Development (WBCSD) definition that CSR is the continuing commitment by business to behave ethically and contribute to economic development to improve the quality of life of the workforce and their families, the local community and society (Elijido-Ten, 2007; Gelbmann, 2010; Gao and Jhang, 2006). It is evident that a tridimensional (economic, social, environmental) view is advocated.

As there are numerous approaches to and definitions for SD, the author accepted a SD definition consistent with the Brundtland Commission Report's notion that growth, equity, and environmental maintenance are simultaneously possible (World Commission on Environment and Development, WCED, 1987). This definition was widely accepted after the 1992 Earth Summit (Dyllick and Hockerts, 2002) and is consistent with the opinions of Jabbour and Santos, 2009; Sharma, 2003; Hart and Milstein, 2003). This approach to SD also includes a tridimensional (economic, social, environmental) view (Valezquez, *et al.*, 2011; Byrch, *et al.*, 2007).

Following this line of thinking it seems from a theoretical perspective that a company could be able to implement CSR and SD simultaneously as the tridimensional view of SD mimics the tridimensional view of CSR. However, the practical reality raised the following question:

- Although both CSR and SD include a tridimensional view, what are the differences and similarities?
- How does a company implement both CSR and SD simultaneously and in an integrated way in the overall business plan and strategy to enhance outcomes?

The value added contribution of this paper is threefold. Firstly, it could raise awareness among directors, board members, practitioners and managers regarding the importance of an integrated and multi-dimensional approach to CSR and SD. Secondly, it offers suggestions for the simultaneous implementation of CSR and SD principles within a company. Lastly, it provides management and research implications.

The paper is presented in three parts. The first part focuses on the literature review that provides a basis for the arguments put forward in the paper. This first part answers to the question: Although both CSR and SD include a tridimensional view, what are the differences and similarities? The second part describes actions for practical implementation and answers the question: How does a company implement both CSR and SD simultaneously and in an integrated way in the overall business plan and strategy to enhance outcomes? The last part provides overall management and research implications to encourage further thinking.

2. Literature overview

Corporate Social Responsibility (CSR)

Definitions for CSR were formulated as early as 1953. Even in the early definitions the approach was that business policies, processes and procedures need to be multi-dimensional. This means that companies need to continuously consider overall strategies, activities and consequences and not only economic performance (Perrini, *et al.*, 2006).

There is a variety of different definitions for CSR (Longo, *et al.*, 2005; Perrini, *et al.*, 2006). CSR is an approach where companies use the principles to voluntarily contribute to a better society and cleaner environment in addition to their prime responsibility to generate profits. Companies can implement social and environmental objectives by integrating CSR as a strategic investment into their core business strategy and plan, management instruments and operations (Hediger, 2010; European Commission, 2001). CSR is regarded as actions that work towards the social good and are beyond the interests of the company and that which is required by law (Hediger, 2010; McWilliams and Siegel, 2001). Another view is a dynamic approach to CSR which implies that CSR is regarded as a gradual strategy and activity to assist companies (and the involved parties) to adapt to ongoing and new challenges, constantly address new topics and integrate new tasks. Within this view, CSR is not regarded as a once off task but an ongoing and adaptable strategy which adds to the long-term performance of a company (Gelbmann, 2010).

Although there is no generally accepted and unified definition it is evident that most interpretations of CSR include and integrate a business, social or ethical dimension. The economic dimension refers to the companies' responsibility to generate profits, preserve performance and profitability. The social dimension refers to the improvement of the quality of live and well-being for society as a whole, the fact that companies need to act in an ethical way towards society. This approach includes environmental objectives (WBCSD, 2002; Hopkins, 2004; Lyon and Maxwell, 2008; Malovics *et al.*, 2008; Reinhardt *et al.*, 2008; Perrini, *et al.*, 2006). It is clear that participation and activities are voluntary, participation and activities (linked to for example business ethics, sustainable development,

responsible corporate citizenship) go beyond the legal obligations of a company. CSR is not legally binding but it acts as a moral guideline (Jamali, *et al*., 2008).

In this author's approach CSR is more than philanthropy and compliance but it includes the motivating CSR principles. These CSR principles are driven by values, performance and processes such as relevant programs and activities to provide the desired outcomes. The key domains include the workplace, the marketplace, the community, the supply chain and society (Hediger, 2010; Maignan and Ralston, 2002).

There are many other approaches to CSR and one approach is to differentiate between internal and external parties. The internal parties will include the employees and the company has a responsibility to address aspects such as training, health and safety, acceptable labor rights and working conditions. External parties will include customers, local communities and suppliers and the company has a responsibility to act ethically towards these parties (Jamali, *et al*., 2008; Smith, 2007). Other approaches are that CSR forms an intrinsic part of the company character and processes, it is not ancillary to business, it involves discussion and engagement between the company decision makers, managers and the relevant parties, it will require different processes in different companies to ensure that these processes suit the particular context (Basu and Palazzo, 2008; Mittal, *et al*., 2008; Jamali, *et al.,* 2008; Bhattacharya, *et al*., 2008; Robins, 2008). All this means that companies need to address social equity, environmental integrity in addition to financial prosperity to be seen as a socially responsible company (Montiel, 2008).

CSR could be a potential and powerful source of competitive advantage, opportunity and innovation. When CSR is embedded in the core business and strategies and the company is doing business in a manner that lowers cost and/or improves the needs of the parties involved in the company, CSR can be a source of social progress (Porter and Kramer, 2006; Gyves and O'Higgins, 2008; Husted and de Jesus Salazar, 2006; Hillman and Keim, 2001).

The analysis of CSR is still in an early stage and critical aspects related to tested and validated frameworks; measurement and empirical methods must still be resolved (Hediger, 2010; Paton and Siegel, 2005). Table 1 summarises main ideas regarding CSR.

Table 1. Main ideas regarding CSR

CSR must be defined clearly within the particular company and community
CSR is more than philanthropy and compliance; includes motivating CSR principles, processes and a complex and diverse range of organisational efforts and activities
CSR is the continuing commitment by business to behave ethically and contribute to economic development of their local community
CSR focuses on the needs and demands of current involved parties
Use integrated tridimensional (economic, social, environmental) approach

Sustainable Development (SD)

SD as a concept has been used for many years and is widely applied in the current business environment (Baumgartner and Korhonen, 2010; Becker, 2010; Patra, 2009). In a survey conducted by the Accenture and UN Global Compact in 2010 where they included 766 CEOs globally, it was evident that CEOs select sustainability strategies to build and protect product, enhance corporate reputation, grow revenue and potentially decrease cost (Boerner, 2010).

There are multiple definitions for SD and this creates a degree of confusion within both theoretical discussions and practical implementations. From an economic theory view, SD includes a shift from a growth economy to a steady-state economy and from an environmental view; it means the long-term viability of resource usage and limitation to human impact on ecosystems. From a socio-biological view, SD usually incorporates cultural and social aspects in combination with respect for nature (Velazquez, *et al.,*2011; Edwards, 2005; Gallopin, 2003). Furthermore, some authors regard SD as a value judgment. It is also evident that SD means different things to different people and this difference is due to their knowledge, background, perception and values (Becker, 2010; Jabbour and Santos 2008; Wallis, *et al.,* 2010; Velazquez *et al.*, 2011; Prugh and Assadourian, 2003; Filho, 2000). Although there is no universal definition of SD due to different and sometimes incompatible interpretations (Esquer-Peralta, *et al.,* 2008) there is a growing consensus that an acceptable definition and understanding must contain economic, social and environmental dimensions (Valezquez, *et al*., 2011; Byrch, *et al*., 2007). This notion is also consistent with the view of the WCED (1987) and numerous other authors (Elkington, 2006; Jabbour and Santos, 2009; Bansal, 2005). One of the key challenges in a tridimensional approach is to find a balance among and achieve excellence in all these dimensions. Economic performance is usually more easily measurable while social and environmental impacts are more longer term and also not always so easily measurable. Although companies might have relevant and valid measures for improving the environmental and social dimensions it seems that these measures are not always linked to the economic dimension (Baumgartner and Korhonen, 2010; Hart and Milstein, 2003; Velazquez, *et al*., 2011; Jamali, 2006;

Epstein and Buhovac, 2010; Epstein, *et al.*, 2010). Companies are expected to integrate economic, social and environmental goals and draw on the economic, social and environmental information and data to ensure effective and relevant choices. This approach necessitates a wide range of relevant managerial, technological and institutional innovation (Laughland and Bansal, 2011; D'Amato and Roome, 2009).

Another key issue of SD is that companies need to fulfill both the needs and aspirations of the current generations without compromising the needs and aspirations of future generations (Steurer, *et al.*, 2005; Jabbour and Santos, 2008; Becker, 2010). Following this line of thinking, SD provides both short-term and long-term challenges and is crucial to create and maintain a competitive advantage. In rapidly changing internal and external environments, companies need resources and capabilities to survive and thrive over the short and long-term. There is a need to refine the practical implementation of SD strategies, policies, procedures and activities in the day-to-day functioning of companies (Baumgartner and Korhonen, 2010; Clulow, *et al.*, 2003). Although SD is an urgent long-term challenge at global, national and local levels and despite many efforts and implementation varying levels of progress were made. There is also significant difference in the levels of development and implementation of national, regional and international policies (Baumgartner and Korhonen, 2010; Hart and Milstein, 2003; Velazquez,

et al., 2011; Jamali, 2006; Epstein and Buhovac, 2010; Epstein, *et al.*, 2010).

There is evidence (Baumgartner and Korhonen, 2010; Hart and Milstein, 2003; Velazquez, *et al.*, 2011; Jamali, 2006; Epstein and Buhovac, 2010; Epstein, *et al.*, 2010) that over the longer-term sustainable companies:

– are resilient,
– create economic value, healthy ecosystems, stronger communities,
– are better equipped to survive external and internal change,
– are able maintain a dynamic equilibrium,
– are able to effectively balance the economic, social and environmental dimensions.

To accomplish the balance among all three dimensions, a company needs to make the shift from purely maximizing profitability and 'doing things better' to maximizing value, and 'doing better things' (Laughland and Bansal, 2011; D'Amato and Roome, 2009; Wals and Schwarzin, 2012; Sterling, 2004; McKibben, 2007). Many companies claim that they are actively engaged in SD but research evidence indicates that there sometimes is a misunderstanding about what is involved in SD. Some of the current accounting practices work against SD as efficiency is mainly demonstrated through cost cutting. SD efficiency should rather be demonstrated through recognizing value-creating activities (Aras and Crowther, 2009; Smith and Sharicz, 2011). Table 2 reflects the main ideas regarding SD.

Table 2. Main ideas regarding SD

SD must be defined clearly within the particular company and community
SD needs to fulfill the needs of current generations without impacting on needs of future generations
To create sustainable companies and communities
SD is a long-term challenge at global, national and local levels
Use integrated tridimensional (economic, social, environmental) approach

Differences, links and overlap between CSR and SD

Based on the current trends and pressures in the modern and global business context there is a need to implement both CSR and SD (Hediger, 2010; Montiel, 2008).

There are definite distinctions and paradigmatic differences between CSR and SD. CSR includes organisational obligations and responsibility, is regarded as a voluntary approach which focuses on the demands of the internal and external parties who are currently involved in the company. On the other hand, SD is regarded as a guiding model depending mainly on the interpretation by society, aims at longer term outcomes and focuses on needs of both current and future parties (de Bakker*, et al., 2005*; Owen, 2007). In some companies sustainability is becoming the new face of CSR (Clarke, 2007; Garriga and

Melé, 2004; Lueneburger and Goleman, 2010; Strugatch, 2011).

Although there are clear differences between CSR and SD, there are definite overlaps and these concepts are interconnected and interrelated. There seems to be evidence in the literature that CSR and SD are converging to similar concepts. This convergence is also evident in the practical situation as some companies use SD and CSR interchangeably (Montiel, 2008; Hediger, 2010; van Marrewijk, 2003) and therefore use very similar variables to monitor CSR and SD impact and outcomes although others use vastly different variables (Hahn, *et al.*, 2010). This convergence appears to be resulting from the growing trend to consider both CSR and SD from a tridimensional approach with both CSR and SD containing economic, social and environmental dimensions with the overall aim to find an equal balance between these three dimensions (Bansal, 2005; Elkington, 2006; Montiel, 2008; Hart and

Milstein, 2003; Steurer, *et al.*, 2005; Husted and de Jesus Salazar, 2006). However, it must be acknowledged that although SD and CSR both include a tridimensional view and are closely connected, there are different conceptual nuances (Steurer, *et al.*, 2005). In some companies, SD is interpreted as one strategy within a range of approaches and activities to conceptualize CSR within that company while CSR is interpreted as the realization of business contribution to SD goals. Some companies equate SD to and focus on environmental sustainability while others include numerous economic and societal aspects (Sharma and Henriques, 2005; Berns, *et al.*, 2009). Based on all the overlap and similarities it is feasible to implement CSR and SD simultaneously. Figure 1 summarises the main ideas regarding the links between CSR and SD.

Figure 1. Links between CSR and SD
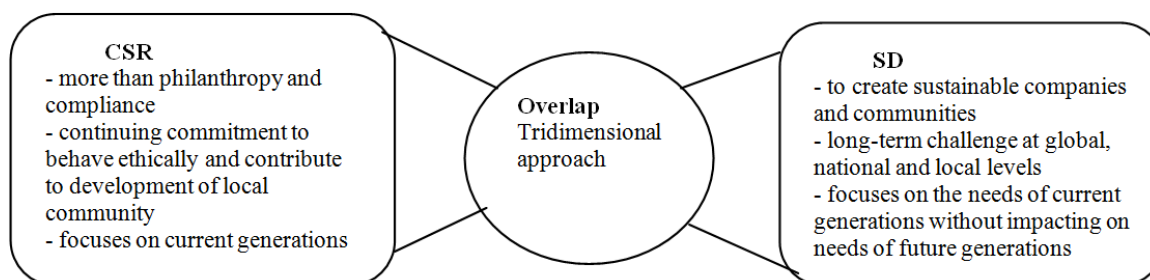
3. Guidelines for implementation

To simultaneously implement CSR and SD the company needs a combination of different and integrated approaches, strategies and activities to maximize impact and value for the company, its practitioners and the community wherein it operates. For practical and structural reasons of this paper the author described these approaches and strategies separately and in a linear format but advocates that each company is unique and managers need to decide which of these guidelines are suitable to the particular company and in which order they want to implement these guidelines (and add other relevant aspects). However, she advocates that these need to be implemented in an integrated and interconnected way. Additionally, the author acknowledges that other authors, directors, managers and practitioners might group some of the discussed material under different headings. Although the author advocates a flexible and company specific approach, it is highly advisable that the company defines the concepts of CSR and SD as these are relevant to that particular company to provide a consistent and clear basis and common understanding to work from.

Senior management support

Company directors and managers need to provide the vision for CSR and SD. After directors and managers have chosen CSR and SD as an area of focus or a core value, the relevant systems and processes need to be put in place to support this focus (Liebowitz, 2010).

Definitions

As there are numerous definitions for both CSR and SD it is crucial that companies and community members (such as policy makers) develop well-defined, commonly agreed upon and clearly bounded definitions for each of these concepts and then implemented these concepts consistently throughout the company (Montiel, 2008; Bansal 2005; Daub and Scherrer, 2009). The author of this article advocates that the definition for both CSR and SD includes the tridimensional approach. Within this approach the economic, social and environmental are regarded as having equal value.

Simultaneous implementation

Based on the literature discussion within this article, it is clear that CSR and SD are interdependent and with many overlapping constructs. Therefore, it seems logical that CSR and SD should be implemented simultaneously to maximize the outcomes and the value for all involved parties. Furthermore, a multidimensional and integrated approach encourages and motivates both managers and employees to work across functional boundaries (Chuang and Liao, 2010).

Core business

Societal demands and expectations regarding more social and environmental responsibility has and will increase over time leading to increased support for CSR and SD (Daub and Scherrer, 2009; Steurer, *et al.*, 2005). For CSR and SD to be effective it is important that the principles and processes to support the needed outcomes form part of the core business, management decisions, systems and daily activities of the company (Hazlett, *et al.*, 2010; Samy, *et al.*, 2010; Epstein, *et al.*, 2010).

Employee recruitment and selection

One option is to recruit internally before looking externally. This necessitates the need for career plans for all employees. In addition, there needs to be enough time to train and develop current employees towards transition into new roles (either lateral transfers or vertical promotions). Another option is to recruit externally when there are no internal employees suitable to take on a position. When

recruiting for positions it must be ensured that the recruits (either internal or external) are supporting a CSR and SD approach (Goleman, 2010; Johansson, 2006; Liebowitz, 2010).

New employee orientation

Once recruits are on board, it must be explained to them clearly how CSR and SD are integrated in the business plan, systems and processes. These processes might include performance appraisal and compensation systems (Liebowitz, 2010).

Staff development

Staff development occurs through both informal and formal training and there needs to be a particular focus to increase the understanding and implementation of the three-dimensional approach to CSR and SD, the meaning of concepts, environmental stewardship, CSR and SD capabilities, and the principles for implementing CSR and SD in an integrated and balanced manner and integrated into the business processes. The training sessions could be included in other sessions or could be done as a stand-alone activity (D'Amato and Roome, 2009; Esquer-Peralta, *et al.*, 2008; Smith and Sharicz, 2011; Liebowitz, 2010).

Leadership

In the current business environment where there is constant change it is very important that leaders analyse and understand the current trends that might impact on their company and the community in which it operates as these trends and impacts need to be taken into account when making business decisions, forming strategy and designing business plans (Harmon *et al.*, 2010). Companies need effective leadership by the relevant decision makers as these leaders need to initiate, direct, provide the conditions for, implement and evaluate the strategies and activities relevant to CSR and SD programs and outcomes (Epstein and Buhovac, 2010; Epstein, *et al.*, 2010; Rocha *et al.*, 2007;). Authentic, transformational and ethical leadership styles are all either directly or indirectly linked to SD implementation and outcomes (Angus-Leppan, *et al.*, 2010). In combination with a particular leadership style, leaders require particular leadership skills such as innovation, analysis, cross-cultural understanding, reflection, change management, flexibility, adaptiveness and a holistic systems thinking approach. Furthermore, the leaders need to attain the relevant SD capabilities such as recognising trends and patterns, implementing a balanced approach between the economic, social and environmental dimensions (Rocha *et al.*, 2007; Liebowitz, 2010).

Performance management

The first step in achieving CSR and SD outcomes is to set clear goals to attain these outcomes. Performance management and appraisal systems then need to support the goals for CSR and SD. Some of the relevant skills that would be included are aspects such as teamwork, innovation and environmental stewardship. However, the particular skills and goals are very specific and unique to every company (Liebowitz, 2010). There must be a clear alignment and consistency between expected outcomes and performance management (Epstein, *et al.*, 2010; Epstein and Buhovac, 2010).

Compensation and recognition

To support the CSR and SD approach and to provide recognition for employees' successful CSR and SD initiatives it is a good idea to publish these outcomes. Publication could be in internal publications such as the intranet, newsletters or on external publications such as the general website of the company. Compensation programs (eg. bonuses) if applicable are another form of recognition. All compensation and recognition programs must be based on principles such as objectivity, fairness and measurability (Bhattacharya, *et al.*, 2008; Liebowitz, 2010; Epstein, *et al.*, 2010; Epstein and Buhovac, 2010).

Empowerment

Directors and managers need to create a participative work culture and environment in which employees are allowed to disagree with management and offer alternatives and different perspectives to address issues. The most effective ideas and innovations are usually offered by employees who deal with a particular issue on a regular basis. New ideas are to be fostered and encouraged (Casler, *et al.*, 2010; Liebowitz, 2010).

Succession planning

It is crucial to the SD of any company to ensure that there is a succession plan in place for leaders and key players in the company. Before an employee retires or when a person raises the possibility that he/she have any intention to leave the company, it is important for the outgoing employee to work with the incoming employee for a period of time. That period will depend on the complexity of the job. In many companies it occurs that the incoming employee only starts in the job months after the outgoing employee has already left. There are many advantages if there were a smooth handover period (Liebowitz, 2010).

Mentoring programs

A formal mentoring program has many advantages including helping the mentees to develop and strengthen a CSR and SD approach and principles, teamwork, innovation, delegation, diversity management and environmental stewardship competencies. Not only do the mentees benefit but the mentors usually benefit as well, for example learning new perspectives and very often new technology from the mentees (Liebowitz, 2010; Warner, 2002).

Innovation

I an effort to stimulate and encourage the development and implementation of innovative creative ideas the company needs to create a culture where employees are comfortable to take calculated risks and experiment. Budgets (however small or big) are useful to encourage and support CSR and SD initiatives and projects. These projects might also

encourage the formation of cross-functional SD teams and task forces (Liebowitz, 2010).

Partnerships

To enhance CSR and SD outcomes companies need to build effective partnerships with the internal and external parties involved in the company. The partnership between the company and its internal and external parties can bring benefits to all the parties involved. However, there are particular challenges including that building partnerships takes time, needs a lot of coordination and cooperation, open and honest communication is advisable but is not always possible, multiple conflicts might arise as a result of a wide range of personalities and strong emotions attached to particular issues, necessitates collaborative innovation and multi-party participation, transparency and accountability. In an effort to build partnerships it usually is a more effective strategy to conduct open meetings and communication instead of formal and traditional exchanges. This allows for the exploration of different perspective and alternative views regarding CSR and SD and to enhance trust and align interests (Hopkins, 2009; Maignan and Ferrell, 2004; Smith, 2007).

Develop a supportive culture

A strong mission statement accompanied by the relevant strategies, activities, systems and processes need to send a clear and consistent message to support a tridimensional CSR and SD approach throughout all goals, programs, strategies, policies and procedures. Leaders and managers should support the approach by leading through example and communicating a clear, honest and consistent message (Epstein and Buhovac, 2010; Kerr, 2006; Epstein, *et al.*, 2010; Hopkins, 2009). The tridimensional approach needs a shift from conventional and hierarchical models to more open models that encourage and stimulate fresh thinking and new ideas (Hopkins, 2009; Garavan, *et al.*, 2001; Waddock and McIntosh, 2009).

Effective communication

The best CSR and SD program will be ineffective if the message is not communicated clearly, consistently and effectively internal and external to the company. Leaders and managers need to decide how to use the most relevant and effective communication strategies to maximise CSR and SD outcomes (Hopkins, 2009).

4. Management implications and applications

From the literature it seems clear that the tridimensional approach necessitates a shift from conventional and hierarchical thinking and models to more open and flexible approach that stimulates alternate thinking, using different perspectives and new innovative ideas (Hopkins, 2009; Garavan, *et al.*, 2001; Waddock and McIntosh, 2009).

Based on this shift in thinking, it will be advantageous at a practical company level if managers (in consultation with directors and practitioners) develop a framework to implement CSR and SD simultaneously within the particular company. This framework needs to incorporate the unique characteristic of the company and the community in which it operates as well as contain the relevant generic principles (for example relevant aspects from the guidelines for implementation presented in this paper). It is well known that a framework does not necessarily guarantee success but it acts as a tool to analyse and compare current approaches and practices, identify relevant linkages, and gain an understanding of the changes that are needed. This means that a framework could assist a company to identify the different dimensions to be included in CSR and SD, develop a systematic and planned approach, create quantitative and qualitative indicators, and assist with continuous monitoring and improvement (Becker, 2010; Wallis, *et al.*, 2010; Mori and Welch, 2008; D'Amato and Roome, 2009).

Once a framework is developed it will be tested, evaluated and refined in the company. After a few rounds of testing, evaluating and refining a company will have a framework best suited to its needs and consistent with the particular approach that it has used for CSR and SD implementation.

5. Research implications

Researchers (through consultation with directors, managers and practitioners) need to develop, test and refine frameworks for the simultaneous practical implementation of CSR and by different companies, within different industries and countries. It is very important that researchers consult with the relevant parties in the practical situation to ensure that theoretical frameworks have practical value. After the development and testing of these frameworks in a practical setting, they can be refined and used in companies to provide direction for action.

6. Conclusion

It is imperative that well-defined, commonly agreed on and clearly bounded explanations for CSR and SD exist within a company, or are developed, and then implemented consistently (Montiel 2008; Bansal 2005). The author argues that although CSR and SD are different concepts and constructs, there is undeniable overlap and advocates for a tridimensional approach to both CSR and SD. It is concluded that there are adequate overlap between CSR and SD to open the idea that these two concepts should be implemented simultaneously and integrated within the overall business strategy and plan.

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FLEXITIME AND STRESS REDUCTION: BIOGRAPHICAL INFLUENCES

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Abstract

This aim of this study was to determine the biographical influences on flexitime and stress in an educational environment. The study was conducted using data which was collected using a measuring instrument and analyzed using both descriptive and inferential statistics. Reliability was also determined. A sample of 97 employees was drawn using the stratified random sampling. Significant differences were found with the sub-dimensions of flexitime and some biographical factors. On the contrary, no significant differences surfaced with stress and the biographical profiles. Gender did not appear to be significant in this study. The study also lends support for organizations to strategise and institute flexitime, to rethink their organizational policies, and to focus on productivity and organizational performance.

Keywords: Workplace Flexibility, Stress Reduction, Administrative Employees, Organizational Performance, Biographical Factors

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Introduction

The pressure in today's work environment is high levels of performance, cost effectiveness and output. As a result, employees are becoming aware of the potential benefits of flexitime and work-life balance. Flexitime, often perceived as employee fluidity in a work environment allows employees to control their work patterns. High work demands result in work-related stress levels and reduced interest in the workforce. Work-related stress affects all nations, all professions and all categories of employees. Several studies confirm the detrimental effects of stress on our health. The American Institute of Stress (AIS, 2001) found that about 90% of all health problems are related to stress. Hence, the need for flexible work practices, such as flexitime, job sharing, compressed work week, telecommuting/telework, and work sharing is to make organizations less rigid, and have policies for managers and employees to be more productive (Odendaal & Roodt, 2002). Many scholarly views emphasize the importance of ameliorating stress. This study assesses the influence of biographical factors on flexitime and stress.

Literature Review

Flexitime, a changeable work plan is different from customary work agreements. As a human resource department strategy flexitime determines workers time so that the ultimate focus is improved productivity, creativity, goal attainment and motivated employees. According to the studies of Olorunsola and Ibegbulam (2003, cited in O'Brien & Hayden, 2008), 78% of Jamaican librarians agreed that flexible work practices reinforced and encouraged one's independence. The reinforcement of novel methods is to attract, encourage and build workers with their careers, including stability with work/life balance.

With flexible work plans, employees perform the same amount of work for the same number of hours that they would if working according to a normal schedule. A normal schedule could comprise of a workday from 8am to 4pm, but instead an employee could work from 6am until 2pm (Mondy & Noe, 2005). Core time represents that part of the day when all employees are required to be present, and flexible time is around the core time period so that employees may vary their schedules.

According to Cunha and Cooper (2002, cited in McGuire & McLaren, 2009) the cost of a stressful climate may include physical ill-health symptoms (cardiovascular and gastro-intestinal problems) and cerebral ill-health symptoms (pressure, nervousness and despair). Furthermore, Guest and Conway (2004, cited in McGuire & McLaren, 2009) relate employee well-being to n six categories: a convenient workload; a certain individual control over the work; a carry

from co-workers and employers; positive relations at work; a logically obvious function; and a feeling of supervision or participation in workplace modifications. Lewis (1997, cited in O'Brien & Hayden, 2008) has identified five main motives for introducing flexible work practices:

− to achieve work requirements;
− to attain family friendly objectives;
− administrative plans;
− fairness program; and
− management with skills deficiencies, employee retention, prevention of a stressful workplace and to reduce absenteeism.

Evidently, a pilot study conducted at a French company indicated that employees of a particular department demonstrated increased pride in their department because of flexitime practices; and as a result they became more relaxed and co-operative, and there was a significant reduction with absenteeism (Ridgley, Hunt, Harp & Scott, 2005). Flexitime is still utilised across Europe, Asia and America (Ridgley et al., 2005). Pierce, Newstrom, Dunham and Barber (1989, cited in Lucas & Heady, 2002) affirm that flexibility with work hours can reduce morning tension and concerns over childcare, amongst others. Furthermore, commute stress relates to problems at work, sleep and health issues (Gulian, Matthews, Glendon, Davies & Debney, 1990 cited in Lucas & Heady, 2002).

According to Mondy and Noe (2005) employees' stress focuses on balancing employees' work needs and their lifestyles. Nowadays, more and more employees are asking for flexible advantages, which include telecommuting from home, flexitime, and a compressed work week. Furthermore, with employers' stress, flexibility in the workplace can be an important strategic factor in keeping a good number of brilliant employees including a better recruitment and retention of staff.

However, the study notes that barriers do exist. According to O'Brien and Hayden (2008) a lack of resources, a lack of definite policy, and excessive reliance on the optional feature of workplace flexibility are possible barriers. Hannabuss (1998, cited in O'Brien & Hayden, 2008) makes reference to communication as another main challenge for managers and workers, that is, communication transfer, dissemination of information and communication among employees.

According to Robbins and Decenzo (2001) the first approach to reducing stress is to confirm that employees are correctly suited to their work and that they appreciate the capacity of their ability. By communicating what is expected of them, role conflict and ambiguity can be reduced. Redesigning tasks can also help ease stressors from working too hard, and employees should have some input in redesign that affects them. No matter what is done to eliminate organisational stressors, stress may be evidenced due to personal factors which they have

little or no control over (Robbins & Decenzo, 2001). Segal, Horwitz, Smith and Segal (2008) emphasize contributory factors to decrease workplace stress: offer rewards, cultivate a friendly social climate, consult your employees and improve communication. Williams (2010) also affirmed that ongoing awareness in dealing with stress effectively and maintaining an adequate work/life balance has led to maintaining this balance. Time management, stress management, work/life balance, the management of personal growth, coaching and mentoring, amongst others are effective tools in this scenario.

Ridgley et al. (2005) highlight salient points pertinent for flexitime and stress reduction:

− To set start and end times for the working day improves employees' morale and productivity. This creates a greater fit between their workplace and personal commitments.
− Absenteeism is reduced as employees personal commitments, for example, travel times, childcare facilities, doctors appointments can be accommodated.
− The issue of poor punctuality is mitigated because there is a core time, which forms part of the flexitime schedule, when an employee must be at work.

Flexible work options contribute to attract and retain qualified and skilled staff who would not like to leave the organization, hence creating secure personnel. Incidentally, flexibility allows for the employment of employees on a project-based or seasonal basis. Sheridan and Conway (2001, cited in O'Brien & Hayden, 2008) affirmed that corporate issues also was the main cause for implementing the option of different work arrangements. Lewis (2001) maintains that traditional opinions about profession and gender are also the realities of the labour market. Furthermore, the person-environment fit argues that those employees who are in formal flexible work arrangements give an indication of less stress, hence contributing to good health and performance (Grzywacz, Carlson & Shulkin, 2008).

However, some authors agree that undesirable insights regarding work/life balance do exist. This may reflect on a manager's incompetency or unsuitability to carry out such arrangements. The resultant effect could be hurting their career or having consequences on their status and their investments. The awareness that there could be a development or elevation of cost is a genuine and major barrier (Stennett, 1994 cited in O'Brien & Hayden, 2008). Ridgley et al. (2005) have identified potential drawbacks of flexitime, and long-standing regular meetings as a result of the unavailability of all employees at the required times. A consistently heavy workload could also result in employees readily accumulating credit or hours, but being unable to book flexi leave because of workload constraints.

The goal of this study was to address biographical influences on flexitime and stress

reduction in a work environment. Social role theory provides a suggestion that women and men acquire different beliefs and skills as their societal roles may be distinct, and furthermore these beliefs and skills immerse into the way both women and men assess their work and family life demands (Eagly, 1987; Pleck, 1977 cited in Grzywacz, Carlson & Shulkin, 2008). Furthermore, women may get more benefits from flexible work arrangements as they are 'socialized to ascribe' importance to family life and provide more time for the family (Grzywacz, Carlson & Shulkin, 2008).

Objectives of the study

−   To determine the influence of biographical variables (age, gender, marital status, educational qualification, job category and number of years in company) on flexitime.
−   To determine the influence of biographical variables (age, gender, marital status, educational qualification, job category and number of years in company) on stress.
−   To determine the extent to which the sub-dimensions of flexitime (benefits of flexitime, flexible work practices and drawbacks of flexitime) and the sub-dimensions of employee stress (stress reduction, work/life balance and employee commitment) is influenced by the key dimensions of the study.

Methodology

Respondents

The population comprised of administrative staff in an educational environment in Kwa-Zulu Natal, South Africa. The sample of 97 subjects (managers, supervisors and employees) was drawn using a stratified random sampling technique to ensure proportionate representation from the strata of the designated groups of interest, that is, administrative staff. In terms of the composition, 3% of the sample consisted of managers, 10% were supervisors and 87 % were employees. Of the total sample, 54% were female and 46% were male. In terms of age, 13%

were 20-29 years, 28% were 30-39 years, 38% were 40-49 years and 21% were 50 years and over. With regard to educational qualification, 11% have standard 8-10, 29% have diplomas/certificates, 25% have undergraduate degrees and 35% have postgraduate degrees. The majority of the administrative employees have qualifications.

Measuring Instrument

Data was collected using a questionnaire consisting of two sections. Section A related to the biographical data, which was measured using a nominal scale with pre-coded option categories. Section B comprised of 30 items pertaining to stress and flexitime, and was measured using a 5-point Likert scale ranging from strongly disagree (1), disagree (2), neither agree/nor disagree (3), agree (4) to strongly agree (5). The questionnaire used in this study are instruments which was adapted from Brien & Hayden (2008) and from Wickramasinghe & Jayabandu (2007), relating to perceptions of flexitime and stress scales, respectively. Pilot testing was done which confirmed that the questionnaire was suitable in terms of relevance.

Measures

The reliability of the questionnaire was determined using Cronbach's Coefficient Alpha. The overall alpha coefficient was 0.850 for flexitime reflecting a high internal consistency and a high reliability; and 0.890 for stress, thereby reflecting a high internal consistency and hence, a very high level of reliability.

Statistical analysis

Descriptive statistics, using percentages, mean analyses and standard deviations were utilized to determine biographical influences on flexitime and stress reduction. Inferential statistics included analysis of variance, Scheffe's test and t-test.

Results

Staff was required to respond to the items assessing flexitime and stress reduction using the 5 point Likert scale, which were analysed using descriptive statistics (Table 1).

Table 1. Descriptive statistics of flexitime and stress

Dimensions	Mean	Standard deviation	Minimum	Maximum	Critical range
Flexitime					
Benefits of flexitime	3.6	0.8	1.8	5.0	3.0 - 4.2
Flexible work practices	3.8	0.8	1.0	5.0	3.4 - 4.2
Drawbacks of flexitime	3.0	0.6	1.4	5.0	2.6 - 3.2
Employee Stress					
Stress reduction	3.6	0.7	1.8	5.0	3.2 - 4.0
Work/life balance	3.2	0.8	1.4	5.0	2.6 - 3.8
Employee commitment	3.7	0.7	2.0	5.0	3.2 - 4.2

The mean score value for the sub-dimensions of flexitime (Table 1) is such that flexible work practices has the highest mean (Mean = 3.8), followed by the benefits of flexitime (Mean = 3.6) and lastly, drawbacks of flexitime (Mean = 3.0). The analysis of the flexitime sub-dimensions as indicated in Table 1 reflects that there are varying levels with the administrative employees' perceptions. Hence, the administrative employees have a greater perception regarding flexible work practices in the organisation and they support flexibility with work. Overall, employees' perceptions are moderate in this organisation. This is verified when the mean score value is compared against a maximum attainable score of 5.

In terms of the sub-dimensions of employee stress (Table 1), employee commitment has the highest mean (Mean = 3.7), followed by stress reduction (Mean = 3.6) and lastly, work/life balance (Mean = 3.2). The analysis of employee stress sub-dimensions in Table 1 reflects that there are varying levels with the administrative employees' perceptions. The analysis of the stress variables as indicated in Table 1 reflects that the administrative employees' perceptions are also moderate and a level of skepticism prevails. Globally flexitime has been accepted.

Ridgley et al. (2005) assert that flexitime is trusted by employees because it has given them some control over their working conditions. With flexitime, employees are less stressed when dealing with emergencies because they are able to work any time taken off to deal with these situations. In addition, employee stress levels are usually reduced, and their morale is increased as they enjoy their work more, and feel more valued. Therefore, they are likely to be more supportive of their organization.

According to McGrath (1976, cited in McGuire & McLaren, 2009), stress can be a strain with employees' working conditions, hence threatening their capabilities. However, perceived control leads to reduced stress levels and enhanced employee health. Wayne et al. (1997, cited in McGuire & McLaren, 2009) state that employee empowerment and involvement can augment an employee's sense of control and develop employee health and well-being

in the organization. Fisher (2002) suggests that employee affective commitment is vital for endorsing employee and organizational fitness. Organizations and supervisors may encourage this if they support employee well-being in the workplace.

Lewis (2001) states that increasing flexible work practices in the labour market have become essential, as employees have a need to solve several non-work commitments. Furthermore, from this literature key causes for the endurance of work flexibility practices are the control of variable workloads, ensuring office cover during weekend hours, and retaining qualified employees with experience.

According to Mondy and Noe (2005), to prosper with a diverse workforce, the organization needs to develop workplace flexibility for workers to remain with their organization and be productive. Flexible work practices seem to be the solution to achieve the job in a climate characterized by the freedom to choose your own working hours, trust in the system, acceptance of individual responsibility and assessment. Some organizations had a re-think and changed their traditional approaches with jobs, with the aim to reduce costs, resolving the conflict between work and family responsibilities, and motivating and retaining qualified employees. When these objectives are achieved, organizations become more creative and globally viable.

Muse, Harris, Giles and Field (2008) mention that in order to predict emotional commitment openly or by an arbitrating role of contentment practitioners are provided with possible ways to take action in support of a happier, more committed and productive personnel. Ridgley et al. (2005) indicate that flexitime will help employees to deal with their stress and be more focused and conscious of their work, resulting in higher levels of productivity, creativity and goal attainment.

Hypothesis 1

There is a significant difference in the level of employee perceptions on flexitime varying in biographical profiles (age, gender, marital status, job category, academic qualification and years in company) respectively (Table 2 and Table 3).

Table 2. Analysis of variance: Difference in flexitime based on biographical profiles

Biographical profiles	Benefits of flexitime		Flexible work practice		Drawbacks of flexitime	
	F	p	F	p	F	P
Age	0.84	0.477	1.09	0.356	1.71	0.171
Marital status	1.18	0.321	1.67	0.178	0.35	0.792
Job category	7.23	0.001**	3.23	0.044*	1.3	0.277
Academic qualification	1.02	0.402	0.37	0.828	3.42	0.012*
Years in company	1.02	0.403	0.86	0.494	1.2	0.316

**p<0.01
*p<0.05

Table 2 indicates that there is a significant difference in the benefits of flexitime sub-dimensions amongst employees varying in job category, at the 1% level of significance. In order to determine where these differences lie, the post hoc Scheffe's test was conducted (Table 3).

Table 2 indicates that there is a significant difference in the flexible work practice sub-dimension amongst employees varying in job category at the 5% level of significance. Furthermore, there is a significant difference in the drawbacks sub-dimension of flexitime amongst employees varying in academic qualification at the 5% level of significance. In order to determine exactly where the differences lie, the post hoc Scheffe's test was conducted (Table.3).

Table 3. Post Hoc Scheffe's Test: Job Category, and Academic qualifications

Sub-dimensions of flexitime	Job category	Mean	Standard deviation
Benefits of flexitime	Manager	4.867	0.231
	Supervisor	4.160	0.645
	Employee	3.521	0.781
Flexible work practice	Manager	4.733	0.306
	Supervisor	4.020	0.945
	Employee	3.686	0.773
Sub-dimensions of flexitime	Academic qualifications	Mean	Standard deviation
Drawbacks of flexitime	Std 8-10	2.844	0.477
	Diploma/Certificate	2.977	0.656
	Undergraduate	2.918	0.435
	Postgraduate degree	3.193	0.599

Table 3 indicates that managers with the highest mean score in this organisation, perceived the benefits of flexitime positively, followed by the supervisors, whereas employees with a low mean score have some reservations and do not view the benefits of flexitime with great expectations as managers and supervisors.

Table 3 indicates that managers followed by supervisors support flexible work practice positively, whereas employees with a low mean score, were the least concerned and do not perceive flexible work practices positively as managers and supervisors.

Table 3 indicates that the administrative employees with postgraduate qualification have reservations as they have the highest level of drawbacks of flexitime. Employees with Standard 8-10 have the least level of drawbacks with the introduction of flexitime in this organisation.

Table 2 indicates that the other biographical variables (age, marital status and years in the company) did not influence employee perceptions of flexitime (benefits of flexitime, flexible work practices and drawbacks), respectively.

Table 4. t-test: Benefits, flexible work practices and drawbacks of flexitime based on gender

Biographical profiles	Benefits of flexitime		Flexible work practice		Drawbacks	
	t	P	t	p	t	P
Gender	0.296	0.768	1.147	0.254	1.670	0.098

The results presented in Table 4 indicate that gender did not impact on the sub-dimensions of flexitime (benefits, flexible work practice and drawbacks) respectively.

Hypothesis 2

There is a significant difference in the level of employee perceptions on employee stress varying in biographical profile (age, gender, marital status, academic qualification, job category and years in the company) (Table 5).

Table 5. Analysis of variance: Differences in stress based on biographical profile

Biographical profiles	Stress reduction		Work/life balance		Employee commitment	
	F	p	F	p	F	p
Age	0.55	0.6513	1.03	0.385	1.43	0.240
Marital status	0.85	0.469	0.26	0.855	1.67	0.179
Job category	0.39	0.677	0.46	0.633	2.64	0.076
Academic qualification	0.94	0.443	0.49	0.740	0.9	0.467
Years in company	0.52	0.718	0.21	0.931	0.7	0.596

The results presented in Table 5 indicate that there is no significant difference in the sub-dimensions of employee stress (stress reduction, work/life balance and employee commitment based on biographical profiles (age, marital status, academic qualification, job category and years in the company) respectively.

Table 6. t-test: Stress reduction, work/life balance and employee commitment based on gender

Biographical profile	Stress reduction		Work/life balance		Employee commitment	
	t	p	t	p	t	P
Gender	0.863	0.390	0.681	0.497	-0.855	0.395

Table 6 indicates that there is no significant difference in the stress reduction, work/life and employee commitment sub-dimensions of employee stress varying in gender.

Table 7. Reliability: Flexitime

Cronbach's Coefficient Alpha
0.850

Table 7 indicates that the items in the Flexitime questionnaire have internal consistency and are reliable.

Table 8. Reliability: Employee Stress

Cronbach's Coefficient Alpha
0.890

Table 8 indicates that the items in the Stress questionnaire have internal consistency and are very reliable.

Interpretation and Recommendations

The purpose of this study was to determine the biographical influences on flexitime and employee stress in an educational institution. Significant differences have emerged with the biographical factors of job category and academic qualifications and all the sub variables (benefits of flexitime, flexible work practice, drawbacks of flexitime) of flexitime. Reilly (2001) maintains that flexibility benefits employees by enabling them to acquire more skills. Yet, Ridgley et al. (2005) posit that flexitime is trusted by employees as they have some control over their working conditions. More importantly, their stress levels are reduced, morale is increased, they feel more valued, and are likely to be more supportive of their organisation.

Furthermore, managers perceived both, the benefits of flexitime and flexible work practices more positively than supervisors and employees. If managers are supportive of flexitime and stress reduction, organizations should not waste time instituting flexitime. According to Stennett (1994, cited in Brien & Hayden, 2008) 90 percent of supervisors (both male and female) think that flexitime may have a negative influence on their career progression. To overcome career challenges or negative consequences, there is a need to concentrate on work achievement and not just workplace presence.

Other studies have found a relationship between the sub-dimensions of flexitime with gender. Casner-Lotto (2000, cited in Sylvia, 2009) comments on Ernst and Young' strategy on how they saved an estimate of $17 million in turnover-related costs between 1997 and 1998, with the adoption of flexible working arrangements. It improved their retention rates, particularly among women, as about 65 percent of employees who were working flexibly had initially considered leaving the company earlier in the year.

The study indicates that the higher employee qualifications are, the higher the level of drawbacks with flexitime, which is contrary to the lowest qualifications, that is standard 8-10 and the drawbacks of flexitime. Also, employees can upskill themselves with education and training to liaise with competitors

and customers more effectively. For this reason, organisations should recognise the need for flexible working, and for a good return on investment. Other biographical factors (age, marital status and number of years) in the company) were not significant and influential. Furthermore, significant differences emerge in the sub-dimensions of the benefits of flexitime and flexible work practices amongst employees in the different job categories. Also, gender did not impact on the benefits of flexitime, flexible work practice and drawbacks of flexitime.

There was no significant difference in stress reduction, work/life balance and employee commitment based on biographical profiles in this organisation. This study did not indicate that any of the biographical variables (age, gender, marital status, academic qualification, job category and years in the company) have an influence on employee stress. However, other researchers did found a correlation between specific biographical variables and stress. Sulsky & Smith (2005) state that gender stands for a person difference, which can differentiate how persons observe and react to stress. In addition, males and females are trained to act in a different way and to have dissimilar outlook in life, resultant in the two sexes experiencing stress dissimilarly. Women tend to increase psychological stress reactions such as hopelessness and exhaustion; whereas men tend to increase physiological stress reactions, such as high blood pressure, heart illness and diabetes. In this study, a significant number of respondents revealed their support for stress reduction.

Conclusion

The aim of the study was to determine the biographical influences on flexitime and stress. Stress is an indicator of employee well being as it contributes to turnover. Stress reduction leads to other beneficial outcomes for both the employee and the organization. The results provide guidelines for the future, and both flexitime and stress should be considered as strategic issues in an organization. Managers need to be proactive and ensure that employees remain with the organization, be productive and perform optimally in a supportive work environment. Of importance, the employer-employee relations and trust are critical factors in any organization. Globally, organizations are following the trend of creating a climate which is characterized by employees' freedom to choose their working hours.

Recommendations for future research

Future research, with a larger sample may result in significant findings. In this light, significant results may surface with the remaining biographical influences on flexitime and stress reduction. Professional employees and employees other than administrative should be surveyed and explored at different institutions.

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LOYALTY CARDS: STRATEGIC MARKETING TOOL OR WASTED MARKETING EFFORT?

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Abstract

The rapid rise and distinctive demands of black consumers after the apartheid era in South Africa has brought forward many opportunities for retailers. One of these opportunities is examining the purchase behaviour of black consumers if they possess a loyalty card. The purpose of this research was to investigate the purchasing habits of black South African consumers who possess a loyalty card, looking specifically at purchase frequency and polygamous loyal customers. In order to test various hypotheses, 65 black South African clients of two pharmaceutical outlets were surveyed. The results of the study indicated that a relationship does exist between the possession of a loyalty card and shopping frequency, as well as the relationship between polygamous loyalty and shopping frequency.

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1. Introduction

Since independence in 1994, South Africa was transferred to a multi cultural democracy with major political, social and economic challenges and opportunities. The new "rainbow nation" that was born created a thirst and need for new products and services from a population long deprived.

Before independence black South Africans, who account for about 80% of the population, was largely excluded from the mainstream economy in the country (Cohen, 2008). This however changed and soon the emergence of a new black middle class attracted the attention of marketers in all sectors, but more so in the retail sector. De Bruyn and Freathy (2011) state that after the 1994-election, many organisations, and by implication marketers, struggled to fully understand and capitalise on the demands of the new South African consumer. Due to the way the South African society was structured and operated on racial lines, few retail companies accumulated a data bank on customers outside of their own account portfolios – that is white customers. Very few organisations considered it necessary or important to focus on any segment of the black population and therefore had little understanding of their purchasing habits (Bruyn & Freathy, 2011).

Under the pre-1994 social dispensation, the black community was viewed as one monolithic mass that was generic in their needs and could not be segmented and who would not be responsive to a loyalty programme. Consequently loyalty programs were primarily targeted at historically advantaged communities (Olivier, 2007).

The purpose of this research is therefore to investigate the purchasing habits of black South African consumers who possess a loyalty card. Insight into shopping habits of black consumers will be provided by looking specifically at purchase frequency and polygamous loyal customers. The results aim to provide retail outlets with tools to attain a sustainable competitive advantage. Information pertaining to loyalty cards and their impact on buyer behaviour is of strategic importance to marketers because such programmes are costly investments and require an organisation's long-term commitment (Maharaj, 2008). Obtained data can be used for decisions on segmentation, targeting and overall marketing strategy.

The research was conducted amongst the customers of a leading South African pharmaceutical retailer that offers loyalty cards to their customers. For the purpose of this article, and to honour the retailer's wish to remain anonymous, we will refer to this leading South African pharmaceutical retailer as Retailer A. Retailer B refers to a direct competitor for Retailer A in the pharmaceutical retailing industry.

This article will report on literature regarding loyalty programmes and loyalty cards, followed by a discussion of the methodology used, results and will conclude with a discussion of the limitations of the study and direction for future research, managerial implications and a conclusion.

2. Literature review

The use of customer loyalty programmes is not new to the market as it has been developed across a variety of industries, including hotels, credit card issuers, retailers, airlines, car rental companies and entertainment firms (Lacey & Sneath, 2006). The growth and expansion of loyalty cards during the 1990s and early 2000s have been researched extensively in both trade and academic journals, and loyalty cards are considered one of the most successful marketing tools (Anon, 2005a; Gómez, Arranz & Cillán 2006; Wood, 2005). The motivation behind launching and upholding loyalty programmes is based on the belief that current customers are more profitable than new customers and that it is in the best interest of the company to try and build a loyal customer base (Melzer & Fulton, 2006). Loyalty cards can therefore be used as a successful marketing tool by retailers to stimulate customer retention and consumer buying behaviour (Meyer-Waarden, 2008).

The worldwide recession that has been going since 2008 has led to the rivalry amongst retailers to increase dramatically and this has led to an increased pressure on these retailers to deal with their customers more efficiently and to consistently provide customers with value (Baydar, 2002). Currently, many companies use customer relationship management (CRM) strategies to maximise the customer satisfaction level by trying to understand more about the behaviour of their customers (Baydar, 2002). According to Injazz and Popovich (2003), CRM is "a combination of people, processes and technology that seeks to understand a company's customers and is an integrated approach to managing relationships by focusing on customer retention and relationship development".

Many companies have CRM strategies in place and they tend to shift their focus more from attracting new customers to maintaining their customer base in adverse and turbulent economic times. By implementing CRM systems, they are able to build and strengthen relationships with their existing customers and in so doing retain these customers as loyal customers (Mendoza, Marius, Peréz & Grimán, 2007).

The Pareto Plus principle, which states that 80% of revenue comes from only 20% of customers (Svensson & Wood, 2006) has motivated the shift in focus from *finding* customers to *keeping or retaining* customers. Underlying this view, is the belief that it is generally less costly to invest in programmes designed to foster the retention of customer by "enhancing customer satisfaction, providing better value or development of improved or expanded services, than the cost associated with acquiring of new customers" (Gable, Fiorito, and Topol: 2008:). McIlroy and Barnett (2000:) state that, if a company is unable to keep customers and build long-term relationships, "it will continue to operate with discreet, single transactions; and therefore a desired outcome of providing quality in all transactions is customer retention".

Considerable time and financial resources are allocated by many organisations to the development of customer retention strategies (McIlroy & Barnett, 2000). There are various ways that companies reward their customers or loyalty card holders, of which the most widely used method is the accumulation of points (rewards) based on purchase frequency, which allows these customers to secure discounts on future purchases from a specific retail outlet. This is one way of trying to retain customers.

Consumers who possess loyalty cards could have a very large impact on the success of retail operations and retailers need to have a good understanding of how loyalty programmes may affect their business. Potential benefits of an effective loyalty programme can include fewer price-sensitive consumers, more positive attitudes towards retailers, higher average sales and customer retention (Berman, 2006)

Loyalty card usage

Internationally, loyalty cards seem to be very popular among consumers. A study by Berman (2006:124) found that almost 90% of American consumers actively participate in some type of loyalty programme and most of these consumers are registered with multiple loyalty programmes.

Similarly, 92% of UK consumers participate in a loyalty programme, with 78% being members of two or more programmes (Berman, 2006). Similar behaviour was found among Canadian consumers by ACNielsen in their 2005 study, in that 95% of Canadian consumers belong to loyalty programmes of department stores, mass retailers, general merchandise or warehouse clubs (Berman, 2006:123).

In South Africa – according to a survey conducted by Razor's Edge Business Intelligence (2005) and World Wide Worx (2005) – just over 10% of the population hold membership of loyalty clubs of commercial organisations which is low in comparison to international markets but at the same time is an indication of the untapped potential that exist. These loyalty cards generally fall into the areas of financial services, air travel, retail and wellness (Anon, 2005). The South African market shows potential for significant loyalty growth since there are currently 12 to 15 million registered loyalty members across a host of programmes, representing only 1 to 2 million households (Olivier, 2007).

Purchase frequency

Existing research does not offer consistent results in the area of purchasing frequency of consumers who are in possession of loyalty cards. Consumers with loyalty cards show different behaviour to non-participants, as they visit the retail store more frequently than non-participants (Drèze & Hoch, 1998; Meyer-Waarden: 2002). Contrary to these studies, Gomez *et al*. (2006) propose the inefficiency of loyalty programmes in causing behavioural change in the majority of participating consumers in their study. The following hypothesis was formulated based on these previous research results:

H₁:There is a positive relationship between possession of a loyalty card and shopping frequency at that specific pharmaceutical retail outlet among black South African consumers.

Polygamous loyalty

Previous studies have shown that consumers with multiple loyalty cards are less loyal to a specific retail outlet and that the effectiveness of a specific loyalty card is therefore much smaller (Anon, 2005a; Bellizzi & Bristol, 2004). Ergin, Parilti and Ozsacmaci (2007) support these findings when they observe that customers who use their loyalty cards frequently tend to shop at different stores with different loyalty cards. This is referred to as polygamous loyalty and should be of concern to all companies and specifically retailers as it has implications for the effectively of these cards and the impact that it may have on projected sales.

Although a considerable amount of international research has been conducted on the relationship between loyalty cards and loyalty behaviour to a single grocery market, (Bellizzi & Bristol, 2004; Lacey & Sneath, 2006; Mauri, 2003; Meyer-Waarden, 2007; Zhang & Peng, 2010), very few studies have so far considered examining consumers' multi-store (polygamous) loyalty and its effect on expectations by the issuers of these cards.

Polygamous loyalty seems to be rife among consumers today according to Forrester Research. Their study found that 54% of USA grocery shoppers belong to two or more loyalty programmes, 15% of consumers are enrolled in at least three programmes, and 4% are members of either four or five loyalty programmes (Berman, 2006). Steyn, Pitt, Strasheim, Boshoff and Abratt, (2010) noted that research conducted by the online community Pigsback.com and loyalty management company Reward, suggests that 98% of those they surveyed had a loyalty card and almost two thirds have three or more loyalty cards, which demonstrates that 'loyalty card fatigue' has set in among consumers.

Saturation may decrease the efficacy of loyalty initiatives with customers losing interest, or manipulating the system by holding multiple loyalty cards so that advantages can be gained wherever a customer chooses to shop – and therefore negating the main purpose for the instigation of such a card i.e. loyalty (Anon, 2005a). Contrary to these findings, a similar study done by Maharaj (2008) found that multiple memberships to customer loyalty programmes did not primarily influence purchasing behaviour.

Uncles and Hammond (2003) argue that people, in general, do not only watch one television station, drink one brand of wine or eat at one restaurant only – and therefore, if consumers have good reasons for being multi-loyal, then it is perhaps unrealistic for brand managers to expect customers to become single-brand loyal. The issue however is that the more loyalty cards the customer has, the more he/she will be inclined to "spread their loyalty" resulting maybe in less loyalty. The conclusion of the study by Uncles *et al*. (2003) emphasises that the challenge lies with brand managers to convince their customers to reduce their brand repertoire and increase their propensity to buy their brand. This study is supported by findings by Leenheer, Bijmolt, Van Heerde and Smidts (2007) that state that the effect of a loyalty programme decreases with the number of competitive loyalty programme memberships. In order to address this research problem, the following hypothesis was formulated:

H₂:There is a negative relationship between polygamous loyalty and purchase frequency at the specific pharmaceutical retail outlet where the black South African consumer holds a loyalty card.

Pharmaceutical retailing

The introduction of pharmacies within retail outlets is a global phenomenon. In the USA, the world's largest retailer, WalMart, has barged into the pharmaceutical retailing industry with enthusiasm, having 3 500 in-store pharmacies (Planting, 2010). Loyalty card members of pharmaceutical chains account for the largest share of all USA loyalty programmes, outperforming those of the travel, hospitality and financial rewards sector (Blank, 2009). A market research study conducted in Ohio found that, regardless of the fact that sales declined in most retail sectors in 2008, retail pharmacy sales increased by 1.5% in the same period , and membership in pharmacy reward programmes in the USA grew to 73.9 million members by the end of 2008 (Blank, 2009).

With arguably the largest pool of professional services in the healthcare sector coupled with its reach into both urban and rural South Africa, the Independent Pharmacy sector plays a pivotal role in the delivery of pharmaceutical services to the public sector (The citizen, 2012)

The retail pharmaceutical landscape in South Africa has changed considerably over the past number

of years with small independent retailers making way for the larger corporate retailer pharmacy chains in South Africa. As a result, independent pharmacies are finding it difficult to compete and are consequently closing down (Euromonitor, 2012).

Until 2004, the pharmacy environment in South Africa was extremely fragmented with individually owned pharmacies. Retailer A evolved from a single pharmacy to a national group of retail pharmacies in the early-1980s. Retailer A's phenomenal growth and success can be attributed to a number of factors, such as discount pricing, importing directly, private label

manufacture and distribution. It also offers a loyalty programme to remain competitive, which gives customers the opportunity to earn points on all items in store. These points can be redeemed on their next purchase (Euromonitor, 2012).

Table 1 below demonstrates channel data of health and beauty retailers in South Africa. It is evident from the table that the vale sales, outlets and selling space increased remarkably from 2006 – 2011, indicating a major growth in the pharmaceutical and beauty industry

Table 1. Channel data of Health and Beauty Retailers

	2006	2007	2008	2009	2010	2011
Value sales R million	24,502.3	25,258.6	26,001.1	28,167.1	29,588.3	31,991.5
Outlets	5,913.0	6,473.0	6,982.0	7,404.0	7,908.0	8,437.0
Selling space '000 sq m	850.1	919.0	995.0	1,049.4	1,117.6	1,196

Source: Euromonitor, 2012 (Dis-Chem Pahrmacies (Pty) LTd in Consumer Helath (South Africa)

Emergence of the black diamonds

Since independence there has been a shift in the distribution of wealth and a strong black middle class has emerged – which is called or referred to black diamonds. This segment consist of young up and coming black consumers who have become successful in their own right or who have high profile jobs. They are in a position to purchase a wider range of products, live in upmarket areas, spend more money on entertainment and luxury goods and are between the ages of 25 to 35. These Black Diamonds are seen as the ideal target audience for loyalty cards – and most likely "collectors" of these cards. These consumers were seen as "educated", "employed" and "on the way up" Olivier (2007).

Olivier (2007) asserted that although the Black Diamond market only consists of two million people, it represents about US$20-25 billion in spending power annually. Cohen (2008) support these findings by referring to the study on Black Diamonds conducted by the University of Cape Town's Unilever Institute of Strategic Marketing that claims that the most astounding evidence of their financial resilience can be seen in a 39% increase in spending power, from 180 billion rand in 2007 to 250 billion rand in 2008. It is evident from these statistics that this segment is becoming wealthier and their spending patterns are starting to grow.

3. Methodology

In order to achieve the objectives of this study, a self-administered survey, in the form of a mall intercept was conducted among 65 Black South African consumers. Previous studies conducting research on the impact of loyalty cards on consumer behaviour have also made use of survey research in their

respective studies (Gomez *et al.*, 2006; Palmer, Mcmahon-Beattie & Beggs, 2000).

The units of analysis for the study were individuals (over 18 years old) who purchase goods from the pharmaceutical retail chains of Retailer A as well as Retailer B (as described above). The pharmacy-retailing sector was selected to examine the research hypotheses, restricting the sampling frame to a single industry, which minimises extraneous sources of variation (Bennett & Rundle-Thiele, 2002).

Non-probability sampling was used, which was supported by a similar study done by Turner and Wilson (2006) in their study of Tesco consumers, which also used non-probability sampling as their units of analysis belonged to particular group or population, in their case, customers of Tesco.

The researchers employed convenience sampling in this study and in order to eliminate researcher bias, the survey was conducted at varying times on different days of the week during a two-week period.

4. Findings

The sample included 65 usable surveys. The sample was dominated by female respondents (83%) while the majority of respondents fell in the 19-25 and 26-35 years age groups with 46% and 40% respectively. Of the total number of respondents, 34 % who were asked to complete the survey at Retailer A had Retailer A loyalty cards, while 26% had both a Retailer A and B loyalty card (Retailer B being a direct competitor of Retailer A).

Of the total number of respondents, 23% indicated that they do not possess any form of loyalty cards, while 17% of the respondents stated that they were not interested in having a Retailer A loyalty card. According to the research study, reasons given for not having a loyalty card included that there was

an element of distrust regarding cards (they were seen as a scam by 30%), or that they had never been approached to apply for a loyalty card (40%) or that they plan to become a loyalty card holder in the future. An interesting fact was that in total 44% of Retailer A shoppers who did not have a Retailer A loyalty card had never been approached by the retailer to become a loyalty cardholder.

In order to test the first hypothesis the researchers posited two one-tailed (directional)

hypotheses that were tested at a 5% level of significance (i.e. $\alpha=0.05$). A cross-tabulation was formulated to identify whether there is a positive relationship between possession of a loyalty card and shopping frequency at the specific retail outlet of which the consumer has a loyalty card. As is evident from Table 1 below, the one-tailed p-value is smaller than the significant level of 0.05 therefore H_2 is supported by the data and is accepted.

Table 2. Purchase frequency

		I shop at Retailer A		Total
		Less than once a month	1–3 times a month	
Retailer A Card	Yes	4.5%	95.5%	100%
	No	53.5%	46.5%	100%

Pearson's chi-square = 14.969   df=1   Sig = 0.000

The relationship between polygamous loyalty and shopping frequency was explored through cross-tabulation. It was observed that 94% of polygamous loyalty consumers purchase at Retailer A 1-3 times a month, while 1.5% shop at Retailer A less than once a month. A Pearson's chi-square was calculated to understand whether there is a significant relationship

between these two variables. The results of the chi-square ($\alpha=0.01$) indicates that there is a statically significant relationship between polygamous loyalty and shopping frequency of Black consumers. The one-tailed p-value is smaller than the significant level of 0.05; therefore H_1 is supported by the data and is accepted.

Table 3. Polygamous loyalty

		I shop at Retailer A		Total
		Less than once a month	1-3 times a month	
Loyalty Type	Polygamous	5.9%	94.1%	100.0%
	Retailer A Loyal	0.0%	100.0%	100.0%
	Retailer B Loyal	57.1%	42.9%	100.0%
	None	46.7%	53.3%	100.0%

Pearson's chi-square = 15.487   df=3   Sig = 0.01

Of the polygamous loyal respondents 59% agreed that they should get the most rewards out of whichever program you can get, 94% indicated they tend to lean towards the programme with the better rewards., 100% agreed or strongly agreed that stores should compete with each other for customer loyalty while 82% indicated that they want the best product available, however only 18% agreed that they only shop at the store for which they possess a loyalty card.

5. Discussion

As is evident from the analysis in the above section, the findings of this study show that the possession of a loyalty card indeed increases the shopping frequency of a consumer at a specific pharmaceutical

retail outlet. This indicates that loyalty card programs indeed hold value for retailers.

This study has proved that polygamous loyalty (consumers who hold loyalty card from a retailer as well as one or more of the retailer's competitors) has a negative effect on consumers' shopping frequency at a specific pharmaceutical retail outlet. The results indicates that 68% of participants who have Retailer A loyalty card still shop at Retailer B 1-3 times a month and 32% shop at Retailer B less than once a month. Furthermore, 62% of participants who have a Retailer B loyalty card still shop at Retailer A 1-3 times a month and 38% shop at retailer B less than once a month.

It is evident from these statistics that consumers try to get the best rewards where possible. Loyalty initiatives from retailers will decrease as customers

lose interest, or having multiple loyalty cards where they can gain rewards at every store that they shop. Retailers should re-examine how they want to keep their customers loyal.

6. Limitations of the study and direction for future research

Particular limitations of this research study should be noted. Firstly, the focus was only on behavioural loyalty (shopping frequency) of Black consumers and not on attitudinal loyalty (emotional state of customers towards loyalty cards). Prior research largely neglected the simultaneous impact of loyalty programmes and customer attitude and behaviour (Dorotic, Bijmolt & Verhoef, 2011). Future research could investigate how attitudinal loyalty measurements can provide more insight regarding the possible reasons as to why a customer demonstrates behavioural loyalty (Bandyopadhyay & Martell, 2007).

Secondly, shopping frequency is only one aspect related to measuring the influence of loyalty cards on consumer loyalty behaviour. To carry out an analysis of consumer loyalty behaviour, future research could focus on store loyalty, programme loyalty, basket size, habitual shopping, brand loyalty and cardholder satisfaction.

Thirdly, this study was confined to only two retailer outlets and that only in the Pretoria area. The results for polygamous loyalty and shopping frequency cannot therefore be generalised without further empirical research.

Future research could focus on cross-cultural or cross-racial studies of the perceived benefits of a retailer loyalty scheme in South Africa. The impact of culture on loyalty programmes can be significant as consumers rely on cultural norms in their decision-making (Steyn, Pitt, Strasheim, Boshoff & Abratt, 2010). The importance of individual differences and cultural norms (e.g. demographics, need for achievement and sensitivity to social comparisons) in the selection of types of reward benefits (Steyn *et al.,* 2010) may differ enormously in a multi-cultural country such as South Africa.

Another interesting result that emerged from the results is the substantial percentage of black consumers who are not interested in having a loyalty card (44%). Future research could investigate possible reasons for this and bring significant insight to loyalty card research.

7. Managerial implications

Important managerial implications can be derived from this study. The results of this study show that loyalty cards have a positive influence on black consumer purchasing behaviour. Therefore, retailers who do not have loyalty card programs should consider such programs as part of their marketing strategy. As this study shows, these programs are

likely to have a positive long-term effect on their consumers' buying behaviour, which in turn will have a positive effect on retailers' sales and profit.

Since loyalty programs not only allow retailers to build relationship with customers, but also allow retailer to analyse buying patterns of their customers, retailers should not treat all loyalty cardholders similarly. A retailer could target promotions and rewards to specific customer segments based on the products they often purchase or times that they usually shop. For example, retailers could provide card-holding customers discounts on products they frequently purchase or with seasonal discounts based on their purchase history. Retailers could, in this way provide these card-holding customer segments with value that pertains specifically to them (Leenheer & Bijmolt, 2008). Leenheer and Bijmolt (2008) further suggest that such segmentation can be based on profitability, category expenditures, cross-category buying and previous brand choices.

According to the above findings, polygamous loyalty has a negative effect on shopping frequency at one specific retailer. Marketing managers would therefore do well to constantly be aware of competitors' loyalty program and how this could possibly water down the effect of their own program. Retailers could possible offer single card holding customers extra discounts and special offers to reward their loyalty in order to deter customers from being part of competing loyalty programs.

8. Conclusion

This article examined the impact of loyalty cards on black consumer purchasing habits in a South African pharmaceutical context. Particular attention was given to shopping frequency and polygamous loyalty. The findings showed that loyalty cards had a positive effect on these consumers's shopping frequency, which provides opportunities for retailers who do not currently offer loyalty cards programs. Polygamous loyalty was also found to have a negative effect on shopping frequency at one specific retailer which might serve as a motivation to marketing managers to be fully aware of the offerings of their competitors. This paper thus provides marketing managers with some insights into South African pharmaceutical retailer loyalty cards and consumers' behaviour around these programs.

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IS IT APPROPRIATE TO TALK ABOUT LEADERSHIP IN SERVICES ORGANIZATIONS? TOWARD A POSSIBLE INNOVATIVE PARADIGM

Alberto Dello Strologo*, Federica Ricci**, Emiliano Marocco***

Abstract

Through the use of a qualitative research methodology, the present work enquires whether in the actual scenery talking about leadership in companies and services would still make sense.

The study arises from the growing importance that tertiary companies have assumed during the last decade, and from the direct relation between frontline staff and customers, who – as it is well known – distinguishes tertiary organizations from manufacturing organizations.

Through a systematic review of the literature some guidelines will be hypothesized, in order to define a replicable innovative directional paradigm in services companies, motivating how the role of leadership should be at the same time cleared out by some traditional variables and enriched with alternative features.

Keywords: Leadership, Tertiary Organizations, Innovative Paradigm

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1. The key to the reading proposed

The present contribution focuses on the figure of the managers of services organizations, so as to understand whether the most relevant theories on leadership in the current historical period are effectively replicable to the organizational model analyzed or instead they need to be conveniently revised.

The scientific validity of the study comes both from the fact that services absorb most part of GDP of Italy and developed countries, and from the awareness that organizational economics cannot ignore that the leadership style should be always planned and never left to improvisation, independently from its principles and form.

Leadership of dilettantism is unsuccessful because the management function is always a matter of persons; the third millennium's organizations should understand that human beings have potentialities that neither IT tools nor the most sophisticate technological applications can replicate, since only humans are capable of realizing a decisional process and feeling emotions associated to the decision taken and the action made.

In tertiary organizations service production and supply have in most cases the same temporal dimension: think about a theatrical show where at the same time the actors are engaged in the recital and the spectators assist to the exhibition.

Most of the creative and artistic services are performed live, they occur while workers have to realize the performance itself, and in this setting both the service supplier and the user play an active role since they activate a reciprocal exchange of experiences, moods and emotional perceptions which could either positively evolve or degenerate.

In other words, the user of service firms is not a mere consumer but he becomes a co-producer, differently from what normally happens in manufacturing firms.

In view of this, the ambition of the study is the definition of a possible model of leadership useful to manage the active exchanges occurring between workers and service organizations' customers, so as to avoid the recurrent degeneration.

Although the studies on management have investigated on the tertiary firms' organization, most of management theories have been formulated with reference to their internal human resources, without extending the field of survey outside the organizational boundary.

With the awareness that nowadays firms represent a possibility of wellbeing for consumers and an opportunity of growth for the entire society, the present study intends to hypothesize a possible leadership paradigm by individuating the starting point of the original relationship which establishes between worker and customer.

2. Context analysis

As it is well known, services represent an heterogeneous reality which different activities relate to: professional consulting, transports, training, entertainment, financial and bank activities, product-purchase activities such as post-sale assistance, tourism, user activation and much more.

As a preliminary step it is useful to understand which variables influenced the capillary spreading of a series of services during the last years.

In his essay "The richness of nations" of 1776, Adam Smith prodromically distinguishes productive work's outputs from unproductive work's outputs. For the economist, while the result of productive work can be exchanged in the market or bartered for other goods, the unproductive work's output, even if it is «useful, honorable and necessary», it generates services of contingent use which are not likely to be kept and that, in absolute value, do not contribute to improve the collective wellbeing in real terms.

For a long time studies on economics of services have been conditioned by the fact that the moment of production and consume coincided; this caused the spreading of an inopportune antagonism between goods and services.

Today both assumptions are not always objective since production and consume activities are separable in some typologies of services, and since some services can last under specific conditions (for instance a video registration of a concert or a movie).

It is not easy to understand the reason why during the last period services reached a wider diffusion than in the past; nevertheless, generally speaking it can be assumed that the phenomenon has reference to the lifestyle change, and thus to consumers' habits.

In a first analysis, in the last years the life expectancy increased both for men and women (from 1861 until today Italian longevity triplicated, from 33 years to 80 for men and 85 for women). This change determined a major attachment to life, which leads people to not ignore possible symptoms of pathologies, psychosomatic diseases and chronic disorders as they did before.

On the contrary, the demand of medical services specialized in geriatrics, immunology, surgery, aesthetics, orthopedics, allergology has increased.

Another element which affected the diffusion of services concerns the increase of female occupation rate; although Italy does not have a dominant position over the other EU countries, from 1970 until today the percentage of women with an out-of-home professional activity increased from 20% to 46%.

Consequently, the working woman tends to delegate – at least partially – some of the domestic activities both for a lack of time and for physiological necessities, first of all the need of rest.

Moreover, the growth of female occupation determines the onset of other needs related to aesthetics, the cure and cult of beauty in general.

We agree on the assertion that there is not an unambiguous definition of aesthetic beauty [Forgas, 2002] and that it becomes relative in function of time and space; in addition, we think that it is a considerably fleeting and sometimes occasional virtue, since even minimal facial expressions can influence its opinion.

Apart from effective criteria which can lead to a positive opinion on female aesthetics, it is opportune to clarify the reasons that during the last years brought women to undergo treatments for the improvement of their aesthetics with a deeper intensity than the past.

On the one side, a pleasant physical aspect represents one of the necessary conditions to build social relations and it indirectly contributes to favor concentration in the workplace, especially when there is a sharing of common spaces or a contact with the public.

The adaptation to some aesthetical principles is fundamental for several professional activities in the world of art, fashion and show in general, which are widespread today.

On this point it has been observed [Carmagnola, 1989] that the post-industrial society presents itself as the dominance on the visible, intending for visibility the form of aesthetics based on the continuous stimulation of the user's tastes, so as to become discriminating of the judgment even in the scientific field.

In general, the diffusion of aesthetics and wellbeing services is referable to the need of security that human beings long for, which manifests itself also with the exigency of social affiliation, membership to groups, clubs and nets.

With reference to the diffusion of social nets, Rifkin [2000] talks about the age of access to underline the shift from an economics based on private property to an economics based on the user, where the agents are bond by a sort of constant relation through principles of leasing, partnership, subscriptions, tariffs.

In addition, the rise of the average level of education contributed to increase the demand of both cultural and high-tech services. In Italy, for instance, the number of graduates increased from 175.906 in 2005 to 192.358 in 210; today it is unthinkable that a student could not use IT services such as internet connection, and it must be considered that the bureaucratic activities of universities which where once manual, are now computerized.

In any case, every activity of academic study or high training requires the use of IT tools, since the use of an online platform to integrate the didactical program today is a common practice.

Going beyond the cultural exigencies, it could be considered that in post-recession periods, the individuals seek positive and reassuring emotional

experiences, due to the awareness of the precariousness which dominates the social setting.

The exigency of entertainment and the economic trend were the core of the scientific debate of researchers of human behaviours, who sometimes have contrasting opinions: according to the suggestive setting of hemline theory, there would be a positive correlation between the western economics trend and the length of female clothes, especially skirts. On the basis of a theorization of the twenties, it was demonstrated how female clothes tended to be shorter in the periods of economic boom, and longer during the periods of recession.

The answer to this phenomenon does not have a unique interpretation; it should be searched in the fact that economic safety would stimulate femininity and physical coolness on women, which lead them to choose short clothes.

Going back to post-recession periods, it is noticeable how the need of entertainment and distraction increases in individuals, since – it could be paradoxical – the lower is the possibility to accumulate savings, the higher is the consumers' attraction toward the consumes which stimulate positive emotions and diminish stress slightly but enough to be relevant in a general condition of uncertainty and precariousness.

This hypothesis is confirmed: in Italy, when in 2009 the effects of the crisis were more evident, an increase of 11,4% of people at amusement parks was registered.

Huizinga [1946] first brings an innovation by considering the priority of ludic aspect on the economic one, and Duvignaud [1984] provocatively asserts that the entire human history needs to be rewritten to give priority to what today is considered useless.

It is not our intention to affirm that in the future the work should be totally substituted with entertainment. Nevertheless, our opinion is that managerial theories should consider the widespread exigency of positive - sometimes even strong – emotions, as the thrill of shiver or the suspense of risk, also to relieve stress.

If this was not true, lotteries, role plays, thrillers, 3D movies, horror movies, travels in exotic places, the theatre of the absurd and many other activities would not have any sense.

After a survey on the economic-business perspective, it is assumed that the emotional-ludic aspect should be taken into account by organizations not only to outline the production of goods and the services supply, but also reanalyzing the basic principles of managerial style.

In addition, it must be underlined that the need of emotions brings humans to set above monetary incentives the positiveness of work climate and the wish of self-realization.

Moreover, the emotional activity does not coincide necessarily with an undemanding mental approach: there is not any contrast between ludic activity and serious activity [Bencivenga, 2007] because when men decide to engage in a play without any constrictions, since they are free to do it, they do it with passion and method.

Among the firms prototypes, the services organization is the one that mainly involves the emotional side of those who administer it and those who receive it; in fact it is evident that most of the need of entertainment and emotion longed for by individuals is mainly satisfied by the consume of services rather than goods.

Theatrical comedies, live concerts, the match of one's favorite team, fitness, holidays, *cabaret* and many other activities are in fact services which involve the emotional side of those who receive them, and to some extent, even of those who administer them.

In view of this, our opinion is that the managerial style of services firms should be rethinked, by considering the emotional - sometimes even ludic – aspect that people seek, especially in the current historical moment.

Moreover it has been noticed that «even people involved in the production of innovative services in the field of industry of sensations will tend to assume new features: men of production will turn out to be creative men; their role will be defined more and more in terms of play» [Zanda, 2009].

In the following part of the study it will be explained more precisely why the supply of a service implies an emotional involvement both for user and supplier; therefore the bases for a possible leadership paradigm will be set.

3. Basic assumptions *versus* a possible leadership style of services organizations

In tertiary organizations, differently from what happens in manufacturing firms, the frontline staff is in contact with customers in a direct and continuing way.

Consequently, on the firms' side, counting on a qualified staff represents the necessary condition for a lasting competitive advantage, and for the creation of a strong relationship of fidelization with customers.

It is not a case that the economic-business literature [Bateson, Douglas Hoffman, 2000; Cavenago, Mezzanzanica, 2010; Kotler, Keller, 2007; Santamato, 2010] acknowledges inseparability as one of the other specific characteristics of services; as it is known, it refers to the circumstance in which the service supply and use occur in the same moment, thus determining the necessity of balancing customers and staff expectations.

As asserted by Lovelock e Wirtz [2007], among the reasons of the exigency to synchronize the user's expectations with the employees ones, there would be at least three circumstances:

- The staff of tertiary organization is the most visible part of the service;
- In the act of service supply, the staff represents the entire firm he/she works for;
- Finally, he gives "humanity" to the trademark because for the customer's mentality, the outcome of the service required, together with the behavior of frontline staff contributes to increase/diminish the subjective and emotional value that he perceives in that trademark.

Several contributions focused on the tricky relation between performance and the climate of an organization [Cerica, 2009; Katz, Kahn, 1968; Kreitner, Kinicki, 2004]; of one the numerous verifications is an empirical research according to which the improvement of a percentage point (in terms of reduction of stress and working tension) of the firm's climate is followed by a consequential increase of two percentage points of productivity measured in terms of profits reached.

This correlation accepted by all the business economics scholars appears even more clearly in services organizations, due to the visual and direct contact between employees and customers.

Leaders determine the climate in which a service is supplied, and consequently they favor a deeper commitment of employees to satisfy customers [Goleman, *et al*. 2002].

If for the workers of manufacturing firms situations of stress and tension cause frustration and emotional isolation, in tertiary firms the uneasiness could influence negatively also final users.

As it is known, mediocre workplaces are shown in dreadful services [Lovelock, Wirtz, 2007] supplied by employees who tend to vent their anxious emotions and dissatisfactions deriving from their conflicting relationship with leaders.

After all, emotional tension is particularly "infectable": several studies carried out in the field of professional soccer societies confirm that, apart from their good or bad performances, players would tend to synchronize their moods for days or weeks [Totterdell, 2000]. Friedman and Riggio [1981] think that among three people not involved in a reciprocal relation, the most expressive individual needs only two minutes to transmit his mood to the other two, without needing to say a single word.

Another confirmation comes from a research carried out on seventy groups of work belonging to different sectors: the participants to the same meeting shared the same mood within two hours [Bartel, Saavedra, 2000].

Despite the category of services workers is considerably vast – scientific researchers, cardiac surgeons, designers and supermarket directors, employees who fry hamburgers in fast-foods [Drucker, 2007] – there is a common denominator in the importance of front office relation with customers.

The service profit chain requires workers with adequate cognitive competences and an appropriate level of professional satisfaction, in order to reach a competitive advantage and a widespread trust by customers.

In this process, which develops through specialized skills and self-realization, how important is the function of leadership? In the following paragraph an attempt to answer to this question will be carried out.

4. The theoretical-conceptual setting

It is necessary to clarify that there is not any valid leadership style in every organizational reality since the managerial role must be organized considering a set of variables which cannot be circumscribed in a reductive list neither in a simple description.

On this point, Kets de Vries [1998] clearly asserts that «leaders and followers do not always have the same characteristics and structure; the more leaders I know, the more it is difficult to indicate a very effective leadership style. The same happens to me with the definition of leader/follower. The task of establishing which is the preferable leadership style has been considerably complicated by a real explosion on the topic. The best answer probably is: it depends».

Diversity of situations, after all, justifies the numerous leadership styles acknowledged by doctrine and business practice.

In order to individuate a management model useful to support technological innovation, Zanda [1984] highlights the importance of two parameters: managerial style and management planning.

The managerial style can have two different typologies in function of the leadership's use of authority.

In classical theoretical structuring, power – the capacity of influencing one's behaviour [Zanda, 2006] – derives from authority, that is showed through the formal right of command; in modern structuring, instead, the phenomenon of power is complex because it is not connected only to authority, but it is strictly related to its acceptance by subordinates.

In the classical review proposed by Hersey and Blanchard [1982], as it is known, there are seven typologies of power: coercive, legitimate, specialistic, exemplary, informative, rewarding, connective.

Depending on the intensity and type of power used by the manager two managerial styles can be distinguished: authoritarian and participative.

Authoritarian style [Lewin *et al*, 1939] is characterized by a constant control, together with the supervision of operative activities; often in this context a good level of productivity and efficiency is appreciated, but the emotional dissatisfaction of subordinates caused by the manager's disinterest for all non-organizational matters is not considered.

On the other side there is a participative leadership style led by the sharing of objectives and often by a reassuring and informal firm's climate, in

which communication between leader and collaborators is direct.

Also planning has very different features, going from the hypothesis that there is not any anticipated and simultaneous assumption of decisions concerning the future management, to that of rationally planned management, where both objectives and policies are predetermined.

By a combination of the planning level with leadership style, it is possible to represent the following matrix of the overall management models:

Figure 1. Matrix of the overal models

	Authoritarian leadership through objectives	Participative leadership through objectives
High		
Planning level		
Low	Authoritarian leadership through improvisation	Participative leadership through improvisation

Authoritarian   Participative

Leadership style

In particular, organizations that combine a participative leadership style with an intense planning of objectives are positioned in the high right square.

In this setting, leadership has an adequate monitoring on collaborators' motivations, having so the intent to bring them toward the firm's objectives [Herzberg, 2009].

As noticed by Zanda [2006], there is an effort to balance the «personalizing» dimension with the «socializing» dimension; in other words, it is as if the individual worker's dimension was the means to reach the aim of the firm's objective.

In this sense, participation is a useful element to stimulate workers to operate with commitment and emotional involvement, by virtue of the sense of belonging to the organization that they develop.

During the last years managerial theories evolved, accepting the position for which leader has not only a professional influence on collaborators, but also an active role in the most intimate and private dimension of these latter.

From Goleman [1999], many other authors accepted the paradigm according to which the capacity of being intelligent in emotions represents a fundamental characteristic in an apical task.

The importance of emotional component appears to be even more definite in tertiary organizations because – as it has been said before – even when the service is automatized the front office staff is always present.

Schneider [1975] thinks that in services organizations, policies and procedures, as well as atmosphere and firm's culture, are visible to consumers; in fact, in this context the front office staff is the responsible of relational strategy with customers.

The specialization of some typologies of services, moreover those related to the person, contributed to the increase of customer's importance, and thus of relationships between supplier and beneficiary of the service. Therefore it is evident that in such a setting a considerable importance to customer's emotional aspects is given; for him the satisfaction of his needs is subordinated to a good syntony with the worker he deals with.

If generally the importance of a positive leadership is appreciable in all typologies of organizations, in tertiary organizations it has an even more strategic value, since the frontline staff frustration probably becomes visible to the user's eyes, compromising the contingent evaluation and the lasting fidelization.

Employees' self-determination in services firms is necessary because it is difficult and also unproductive to hypothesize a continuous control on front office staff; it allows workers to operate autonomously letting them express their full potentialities.

It is known that even more sophisticate and interdisciplinary skills are required to 21st century's workers; on the contrary, a worker with specialized scientific skills requires a more demanding management compared with the typically bureaucratic worker of taylorist work organizations.

Autonomy of specialization on the other hand has a univocal implication: the emptying – though gradual – of traditional hierarchies and the consequent approach between leadership and operative lines [Trequattrini, 2008].

As asserted by Barlett and Ghoshal [1993], organograms from fifteen years ago until today develop even more horizontally with a considerable

re-dimensioning of the role of intermediate management, which is enfranchised by bureaucratic activity and standardized by control, and it can assume the role of knowledge sharing rather than transmission of information.

With a positively constructive spirit, and agreeing with this latter setting, our opinion is that the management in the next future should necessarily promote creativity of workers [Florida, 2004]; it can work in organizations where control is substituted with ideas, bureaucracy by informal communication, and centralizing by emotional intelligence.

In the next paragraph the role of the new leader in organizations and services will be defined specifically.

5. Leadership in services organizations: the innovative key

On the basis of the previous considerations, to a first approximation it can be affirmed that the leader of services firms, with reference to the human resources management has two specific aims: he has to grant an accurate staff recruitment and manage several situations typically referable to tertiary sector, which are approximately here indicated as «critical areas», which will be analyzed further.

As asserted by Lovelock e Wirtz [2007], it is necessary to reformulate the old saying: «people are the most important resource»; right people are the most important resource, and on the other hand wrong people represent a debt which firms cannot easily free from.

Due to the importance of frontline staff in services organizations, there is the necessity to predispose a leadership style careful to the procedures of staff recruitment.

The decisional activity concerning human resources business practice occupies a considerable part of leaders' time, since it is the issue which with the most relevant implications.

Therefore, the procedures concerning the staff recruitment must be reconsidered on the basis of pivotal principles, which can represent a starting point to adapt the contingent exigencies of the case.

It is necessary that staff recruitment be founded not on verbally exhibited skills, but rather on effectively observed skills; in this perspective, the use of tests for the simulation of working activity and of evaluating tools is very useful [Noe *et al*, 2006].

In the selection phase, it is important that leadership be aware of the tasks, by virtue of the fact that the activities linked to services are anchored to unpredictable elements, such as immateriality and extemporaneity.

Even the number of candidates selected is relevant: after empirical demonstrations [Drucker, 2007], in order to take efficient decisions, a leader should evaluate from three to five aspirant workers, with the same basic skills required for the job.

In the present context, customers give more importance to the emotion provoked by consume than to consume itself; this evolution in tertiary firms implies an emotional and experiential exchange between employee and customer, for the whole duration of the service.

Followers accountability is the natural step which comes after this tendency; yet, if the leadership role is deprived of the control activity on procedures, the activity of staff selection is enriched thanks to the dysfunctional effect that inadequate workers can produce on organizations.

The second aim of tertiary organization's leadership is the management of some critical situations; despite their variability, they can have reference to some common situations, which are not exhaustive.

The specialized literature acknowledges the potential risk in all occupations which imply a direct contact with the public or an emotional experiential involvement.

The same physical nearness between supplier and user exposes the worker to a stress that often derives from the conflict role/person; this happens when followers are requested to have a behaviour compatible with their own motivations and personal skills.

Again, a possible remedy to this risk is related to a participative managerial style – if workers share objectives planning they will feel more at ease in their workplaces – and to an accurate selection of human resources, because there is a kind of stress linked to the absence of correspondence between competences possessed and those required by the job.

Beyond this delicate scenery, the role of leader of services organizations is enriched with an even more emotional feature, also by virtue of the fact that occupations with a high level of stress require figures who can absorb the excessive tension which could characterize some working phases.

In addition, the function of leadership has to take into account other principles for the objective of stimulating autonomy and creativity of workers.

The first aspect that the leader must consider is that every group dominated by unfairness is destined to not create.

In this sense, it is appropriate to promote a direct communication useful to stimulate creativity inasmuch as it allows workers to make clear with themself ; learning through self-listening is not an unusual method [Drucker, 2007]: if the listener is the leader, the worker will be committed to represent the matter with the best clarity, so enlightening himself.

On the basis of this principle, the leader does not have to adopt the strategy of intimidating new

aspirant workers because creativity always implies a novelty: a new method, a new combination, a new approach, which are never generated by one only mind nor an only idea, but with a Newtonian approach, they develop with other views.

Confrontation of ideas can occur by both verbal and written form.

Written communication could facilitate less smart followers and new recruits; verbal communication is more direct but implies a major self-awareness because even the tune of the voice and facial mimics could influence the outcome of conversation.

In written and verbal communication a social network within the organization could be useful for at least three reasons: for the informality that dominates digital community, it facilitates the exchange of opinions and it relieves stress; it allows to obtain answers in real times, moreover if it is combined with a chat; it opens the mind toward new dimensions and is shows alternative perspectives, which is a basic condition to increase creativity.

In addition, the leader has to appreciate the follower's commitment, with real awards which do not necessarily have to be monetary. The monetary incentive is the useful tool make followers ask another one of it [Drucker, 2007].

The dematerialization of processes in tertiary firms, in fact, exposes workers to a high risk of dissatisfaction because they do not see the end product as a moral reward of the effort made; for this aspect, the word of the leader has a strategic importance: thanking workers for their sacrifice makes them fell gratified and it encourages them to overcome mistakes and to withstand the typical psychological difficulties of knowledge work.

Self-realization, which in the theory of Maslow [1954] is at the top of hierarchy, in the third millennium society is a more definite and spread ambition, because the nearest needs at the basis of pyramid are commonly satisfied, also for the motivations described in the previous pages, concerning a more comfortable lifestyle of consumers.

After this, self-realization cannot be considered the last step of human satisfaction, because it is a condition that opens the way toward other occasions of opportunity.

Generally, if the individual does not feel realized, is not able to perceive the emotional involvement that others feel for him, because since he does not appreciate himself, he unconsciously thinks that neither others could do it.

Consequently, he will think to not deserve neither entertainment nor fun, he will not allow himself any occasion of rest from work; the most immediate consequence is that he will build up stress, which – as it is known – provokes asthenia and general disinterest.

In the light of the considerations exposed up to now, the leadership of service organizations could be interpreted as the leadership of creative reflex, that is, focused on the creation of a positive feedback between leader and followers, so as to make them feel self-realized in the awareness that this emotional positivity could reflect also in the relationship with themselves and in the front office relationship with users.

6. Conclusive remarks

Does it still have sense talking of function of leadership in services firms?

Through a qualitative methodology in this work the answer to this question has been searched.

As cited at the beginning, the contribution starts from the awareness that in the present economics, services assume most part of GDP of advanced countries and also from the fact that the request of these latter is even more specialized.

It follows that the average user of services – moreover cultural, entertainment and high cognitive intensity services – shows the will to create a relationship with the employee/worker based on trust and experiential exchange.

The even more active and proactive role of customer has to carry tertiary sector organizations toward a review of the management principles.

In fact, from the study carried out it emerged how it is indispensable for these kinds of firms to give staff a specific autonomy ,so as to make the relationship with customers fluent, and also to avoid the degenerative phenomenon which could arise from an excessive control; since it suppresses employees/dependents' initiative, it could cause frustration.

It is known that the emotional uneasiness of workers origins asthenia and creative inhibition, and even worse in services firms it implies the risk of relapses on the final user.

From this point, it has been observed how the leadership role should abandon the bureaucratic activity of control in order to give more decisional autonomy to human resources through a participative leadership style.

In fact it has been observed that the function of leadership in services firms has two scopes: the accurate selection of the right resources to be recruited and therefore the marginal role of orienting in some situations of tension which have been called in this study « critical areas ».

The specialized know-how of 21st century workers, together with the declared need of decisional autonomy of the sons of Y Generation [Meister, Willyerd, 2010], brought a part of the doctrine to think that when specific conditions will occur, organizations will not need any more leadership [Brafman, Beckstrom, 2007].

In other words, these organizations operate following the guidelines of a network organization, united by the sharing of knowledge and not animated by the desire of being each one the first, with a strong practical sense useful to produce millions of genial subjects, not needing geniuses, that is, wiping out the function of leadership.

In conclusion, our opinion is that the survival of firms without leadership is an utopia, inasmuch as firms base their existence on principles closer to the market that to the network organization.

Yet, it is clear that the function of leadership should be reviewed and adapted to the market, and in perspective it should be emptied of the repetitive alienating monitoring, in order to position close to workers creativity and think a leader who is even more mentor, coach, leader of leader.

In fact, when a leader leads a firm with emotional intelligence, passion and method, the difference between entrepreneuriality and art represents only a slight boundary.

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