MATCHING MANAGERIAL SKILLS AND BEHAVIOUR WITH BUSINESS STRATEGY - REVISITED

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Abstract: The burgeoning literature on matching managerial skills to business strategy is a testimony to the fact that people now recognize the increasing importance of human resources in creating value and sustaining the competitive advantage of a firm. In the light of this, could employers in Tanzania follow this approach? This paper looks at the selection methods used by organizations in Tanzania and models of matching managerials skills to business strategy advocated by a number of authors. The paper then concludes that matching a manager to a business strategy needs learning. However managerial characteristics are difficult to change as business change. At best the matching concepts suits manual and technical jobs.

The Tanzania government is committed to restructuring and commercialisation as well as privatisation of its public enterprises so that they operate with a view to making them competitive. The implementation of this process demands competent and skilled managerial cadre and leadership. But managers in most public organizations in Tanzania have for many years operated in protected markets with stricted autonomy. With this experience, they cannot be expected to respond automatically to competition (Shirley and Nellis, 1994:42). They argue that the skills of a bureaucratic are not necessarily those of a business person. Most theories which attempt to analyze the differences in performance between public and private enterprises place due emphasis on the environment in which the two have been operating (Moshi, 1992).

In a market oriented environment private enterprises perform better because of flexibility in decision making, competition and cost consciousness (Moshi, 1992). This cannot be the case in an environment where public enterprises are heavily intervened by government and where corporate leadership is not cost conscious.

The need to select managers who can strategically manage organizations in their transitional period from monopoly to market economy then becomes crucial if these organizations are to remain in the market competitively.

The increase in organizational environmental complexity makes strategic management a prime focus of many top corporate leaders today. This is because of the need to understand the changing and complex situations, identify opportunities and threats and then formulating strategies which are congruent with the competencies of the concerned firms. Many writters including, Fombrun, Tichy and Devanna (1984), Miller (1989), Boxall (1992), Armstrong and Cooke (1992) have advocated the need to integrate business with human resource management strategies so that the latter can implement and reinforce strategic directions of the firm. The issue of linking strategy and human resource management is vital in that it is the human resource that can make decisions regarding the manner in which firms can implement strategies.

The absence of this linkage in most Tanzanian paratatals could be the major cause of poor performance. For instance, in 1982 parastatals passed a resolution stating that interference by political pressure was one of the greatest barriers of effective performance hence low productivity in parastatal sector of the economy (Mukandala, 1994).

According to Mukandala (1994), appointments of parastatal chief executives were made arbitrarily - at times with disastrous consequences - from the president's office. Political and administrative controls of parastatals were asserted through various elements of the parastatal structure limiting to a considerable degree the chief executive officers' decision making and flexibility. The arbitrary appointment of chief executives coupled with political controls generated an environment in which corporate leadership could not only be cost conscious but also could not be innovative enough to make parastatals able to survive in a competitive market. Presidential appointments in most of the parastatals assumed that all chief executive officers were the same and therefore could operate in any organization irrespective of its idiosyncrasies, an assumption as pointed out

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earlier that led to poor performance in many parastatals. The various views on linking human resource management with strategy therefore need to be looked at critically.

STRATEGY AND HUMAN RESOURCE PLANNING LINKAGE

There are two main arguments that are advanced here with reference to linking human resource with strategy. The first argument is that a business plan which does not incorporate the means for achieving it is incomplete and may be useless (Mc Bearth, 1992). The second argument is that strategy is ingrained in organizational management values, attitudes and commitment and therefore no strategy can succeed if it runs counter to the management values.

Human resource planning needs to be an integral part of the business planning process. Within the business plan the human resource contribution will define whether plans are achievable in human resource terms and determine how human resource requirements will be resourced (Mc Bearth, 1992). In an era when the business environment is changing rapidly, planning processes have to cope with continued input of fresh data and modified scenarios. In the same vein, plans for the provision of the required managerial cadre need to be under the same pressure of continual appraisal and flexible enough to satisfy new requirements. In reviewing the achievability of any business objective, the most limiting factor is the availability of people to make it happen.

In Tanzania where commercialization and privatisation of enterprises has started, the need to select managers who will approximately match with the business conditions in the changing environment is important. If commercialization and privatisation of public enterprises are strategies to improve performance of organizations then the selection of specific individuals most directly responsible for the choice of implementation of these strategies should be regarded as critical.

The argument that strategy is ingrained in the organizational management values, attitudes and commitment is based on the fact that linking business strategy or conditions with managerial skills is seen from the point of execution (Armstrong, 1992). For instance, all executives have the same potential access to financial and other resources such as technology and equipment, but all decisions related to the acquisition and use of these resources are made by these executives. The character, nature, disposition and power of managers making these decisions and their freedom to do so as they see fit has a profound impact on the operations of the business (McBeath, 1992). That is why people can compare performance of firms under different leadership and be able to see the differences. The concept of matching individuals with specific job requirements has been around for many years for manual and technical jobs where both the skills required for the job and the appropriate procedures for selecting the candidate are more or less straight forward. Our main problem however, is how this concept can be applied to chief executive officers whose requirements for a job are a bit abstract and defies objective analysis?

Matching business conditions with managerial skills and characteristics needs a comprehensive human resource strategy in the sense that one can address it to the diverse human resource management activities central to the long term development of the business (Hax and Majluf, 1991). This strategy lies in the recognition of the major categories of human resource functions such as selection, appraisal, rewards, training and management development. Among the four tools of human resource management, selection is said to be the most conceptually developed as far as matching human resource with strategy is concerned. (Hax and Majiuf, 1991). Selection is said to be the activity which an organization uses one or more methods to assess individuals with a view to matching individuals concerning their suitability to join the organization and perform a job which may or may not be specified (Lewis, 1992).

CAN EMPLOYERS IN TANZANIA APPLY THE CONCEPT OF MATCHING MANAGERS WITH BUSINESS STRATEGY?

It has been pointed that while matching individuals with job requirements is not a new practice for manual and technical jobs, it is not a clear and straight forward practice when applied to general managers.

The cornerstone of effective managerial selection is an understanding of the key objectives of the job, the tasks the manager performs to meet the objectives effectively and the competencies which support these tasks.

The conceptual foundation of selection has two elements (Robertson and Cooper, 1983). First, it is the fact that there are individual differences between people. This makes it sensible to attempt to match people with jobs. Secondly, it is the fact that it is possible to predict the future job related behaviour on the basis of current or past behaviour. The idea that future behaviour can be predicted of course does not mean that it is possible to predict job success with accuracy or that human behaviour is or can be entirely predicted.

A simple research was conducted in Dar es Salaam where questionnaires were distributed to 12 public as well as private organizations including Prime Minister's office, Ministry of Finance, Civil Service Department, TANESCO National Insurance Corporation, Tanzania Cigarette Company Ltd., Tanzania Breweries Ltd., CRDB (1996) Ltd.; Tanzania Telecommunications Company Ltd., Standard Chartered Bank, KPMG Peat Marwick and PriceWaterHouse Coopers. This sample was purposively chosen in order to select particular organizations which we thought are fairly, representative of the population.

The main reason behind this research was to get a general view from this sample of organizations on how they thought about matching managerial skills and characteristics with business strategy, whether the concept was practised when selection senior managers and if practised, what methods were used and many other related questions. From the questions given, 88.3 per cent of the respondents, believed that there is need to match chief executives with business conditions, but it was not easy to put it into practice. The remaining 16.7 per cent said that it was not easy because business strategies change and therefore chief executives cannot be changed as strategies change.

On whether the matching concept is practised when selecting senior managers for the jobs, 83.3 per cent of the respondents said it was not possible at the chief executive officer's level. They argued arguing that in most public organizations chief executives are appointed by the president's office most probably basing on ones educational background and experience and good past performance. However, 16.7 per cent of the respondents said that the matching model is possible but it is an issue a bit complicated. They pointed out that an assessment centre could help match senior managers with business strategy. Assessment centre is a programme which lasts from one to three days and uses a range of techniques to determine whether or not candidates are suitable for a particular job. (Armstrong, 1992).

When asked about the kind of selection methods used during the selection process, respondents gave a list of them such as; references, structured interviews, candidates' background information, confidential reports, personality tests, while assessment centre as one of the methods, was mentioned by only two firms which happened to be consulting firms whose activities include executive research and recruitment. Another question was on whether the selection process is a sufficient instrument for matching executive officers with business strategy. All respondents said it was not, representing 100 per cent of the respondents. They pointed out that selection should be supplemented by other processes like proper placement and management training.

On whether managers are all the same and therefore can handle any business strategy. Respondents representing 66.7 per cent said it was not true arguing that apart from skills they posses, managers differ in their experiences and leadership approaches. While 33.3 per cent of the respondents said experienced managers can handle any business condition.

On how often is job analysis is used during selection, 75 per cent of the respondents said it was rarely followed arguing that is was not relevant for selection purposes, while 25 per cent of them said they used it most of the time.

It was interesting , to learn that job analysis was not used by some organizations during selection. What we understand is that from job analysis it is possible to identify those qualities, skills, characteristics and abilities that are required for effective job performance.

In absence of job analysis before any selection is done, it is obvious that the selection team will lack a clear written focus on what it should be looking for from a candidate. Thus matching a candidate for the job being made more difficult.

Although the idea of matching general managerial skills and characteristics with business conditions was appreciated by all respondents, but it remained in theory only. Despite the need to match managerial skills to business strategy as Tanzania's organizations enter into more competitive environment, it seems this concept as revisited above is not yet practical although models for matching managers to business conditions have been tested in other countries.

MODELS OF MATCHING MANAGERIAL SKILLS WITH BUSINESS STRATEGY

Many writers have come up with different frameworks on how to link human resource practices and characteristics with business strategy or conditions.

There are those who attempt to link human resources characteristics to the product life-cycle such as Galbraith, 1983; Gupta 1984, Gerstein and Reisman, 1983. This framework attempts to relate product life-cycle stages with top management characteristics. The life-cycle stages addressed in linking strategy with human resource management include entrepreneurial (or introduction), growth, mature, decline and turnaround. The demands in each of these stages are given and then matched with a manager who has the behaviours which can be effective in those particular stages.

For example, the entrepreneurial/growth stage, the critical demands are generation of new ideas, product development, innovation. To facilitate this stage, a manager needs to be innovative with technical talents, risk taking and willing to assume responsibility (Drucker, 1985; Schuler, 1989).

In a mature/decline life-cycle stage, firms face extensive competition, product prices are driven down and margins are low. In order to survive, firms seek more cost efficient ways to operating. To facilitate a mature/decline life-cycle stage, it needs a manager who can focus on quantity and efficiency, able to reduce costs and increase production.

Govindarajan (1989) also made a study on matching managers to competitive strategies. His study was based on the fact that different strategies have different job requirements i.e. tasks, behaviours, knowledge, skills and values for effective performance. That individual managers due to differences in their biographical background (age, formal education, function tracks etc.) and their personality orientation, differ in their behaviours, knowledge, skills and values.

According to Govirandajan (1989) superior performance can be achieved by selecting managers whose skills, knowledge and behaviours are congruent with competitive strategies. For example, would a manager with industry familiarity i.e. marketing or accounting experience be effective in implementing differentiation or low cost strategy? Or would a manager with greater internal locus of control be effective in implementing differentiation or low cost strategy? Differentiation and low cost strategies demand different behaviours to be effectively performed. For example, the overall low cost strategy is cost minimization in all areas. It requires a substantial capital efficient facilities, tight cost and overhead controls. Manager implementing such a strategy therefore should be one who pays special attention to cost control activities and close supervision of labour.

On the other hand, a differentiation strategy requires a perception of exclusivity (Porter, 1980). This exclusivity can be created through a variety of approaches e.g. brand image, customer service, quality, technology and so on. Thus a manager with strong marketing or design skills may be the right candidate for a business pursuing a differentiation strategy.

The need to match managerial skills and behaviour to business conditions is crucial if organizations are to perform better. The changes that are taking place in Tanzania i.e. privatization and commercialization of parastatal organization should be followed by better selection of chief executives who can manage the changes and enable these organizations to compete better. It is important that new methods of hiring executives be sought rather than depending on the president's office or on know who basis.

We have realised however, that models of matching managers with business strategy advocated by many authors in the Western countries are not well comprehensive although challenging in large organizations where businesses are thought of as portfolios as opposed to single product ventures. Nevertheless these models have received a lot of criticism about their applicability (Boxall, 1992; Cooke and Armstrong, 1900).

CONCLUSION

Although firms in Tanzania would attempt to adopt such models in order to improve performance, it could be difficult because few such ideal matches are never realised, even criteria are seldom, if ever completely relevant or reliably measurable. In matching managerial skills and characteristics to business strategy presupposes that people characteristics are stable and objectively identifiable. Unfortunately people are less than perfectly reliable and above all situation and interpersonal factors may be equally important in determining on the job behaviour than any of the individual attributes measured by testing programs and other selection instruments. What is true is that when organizations change, for instance, being privatized, or entering joint venture and so on, they may adopt new strategies which will need to start a new process of job analyses and identification probably, of new required managerial attributes. In a dynamic and competitive environment, where business needs to adopt themselves to the changing environment, how often would managers change? Govindarajan (1989) for instance comments that, success at any task requires commitment. The strategy - manager 'fit' is expected to foster such a commitment to the current strategy. However, a perfect match between managerial characteristics and current strategy could result in over-commitment and self - fulfilling prophecies thereby preventing the business from shifting to a new strategy. The fit metaphor as Evans (1 986) says, is an unfortunate one in an age when flexibility and the need for rapid learning in an organization has become perceived as major virtues.

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