

**THE ROLE OF STRATEGIC LEADERSHIP IN COEGA
DEVELOPMENT CORPORATION: A CASE STUDY**

A thesis submitted in partial fulfilment of the requirements of the degree of

Masters of Business Administration

Rhodes Investec Business School

RHODES UNIVERSITY

Submitted by

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September 2010

Declaration

I hereby declare that this research thesis does not incorporate without acknowledgement material of previously submitted work for a degree or diploma in any university as well as being submitted to any other university to obtain an academic qualification.

Signed: Mr M.Sadiek Davids

Dated

Abstract

South Africa became a democracy after its election in April 1994. Thereafter, the country faced the daunting task of trying to fast-track economic growth and addressing social challenges. The Department of Trade and Industry was mandated by the newly elected government to spearhead economic development in order to address these challenges. Trade policy instruments such as industrial development zones formed part of government's strategic economic instruments to achieve economic reform. The Coega Industrial Development Zone (CIDZ) near Port Elizabeth was one of many economic development zones created principally to promote export orientated manufacturing. The Coega Development Corporation (CDC) was registered as a company to develop, operate and manage the CIDZ.

The literature suggests that strategic leadership is important for organizational success. Strategic leadership is described as the ability to influence others to make day-to-day voluntary decisions that enhance long-term viability while maintaining short term financial stability. Literature further suggests that strategic leaders deal with the evolution of organizations and their changing aims and transform them through their capabilities and strategic leadership roles such as being a figurehead, spokesperson, team builder, design school planner and so on.

The aim of this research is to analyse the role of strategic leadership with the objectives to ascertain whether strategic leadership contributed to the success of the development of CDC, and identify possible challenges they are confronted with in the execution of their leadership duties.

This research was conducted from an interpretivist perspective as the researcher attempted to develop insight into how the strategic leadership of CDC viewed and understood their role. The strategic leadership of CDC, who were the focus of this study, consisted of the executive management team of the organization, including the Chief Executive Officer (CEO). The research design was in the form of a case study of the CDC leadership, with data collected through semi-structured interviews and documents.

The most prominent roles exercised by the leadership of CDC included creating a vision and strategy development and inculcating a teamwork corporate culture. Other roles identified include that of team builder, fostering innovation and developing human capital etc. A lack of stakeholder management as well as managing the culture of the organization as it expands and grows, remain critical challenges. Finally recommendations are made together with suggestions for future research.

Dedication

This work is dedicated in memory of my dear beloved grandmother, Fatima Davids, and grandfather, Mogamat Toyer Davids, who throughout my life will be an inspiration and strength, mentors par excellence. I have been blessed with many favours and blessings having grown up with and been brought up by such wonderful people.

Acknowledgements

All praise is due to Allah (God) almighty who has granted me the strength and blessings to complete this work. I believe if it was not for His will I would have never been able to start and complete this work.

It is with great appreciation that I would like to thank my parents for bringing me into this world and for continuing to be a moral support in my life.

I am grateful to have such a wonderful wife and family who sacrificed, supported and had patience with me while I completed this work. Their continued support through very difficult times made it possible and motivated me to complete.

My gratitude to the Majiet, Easton, Rylands and Jaylarnie families for their continuous support they provided, especially Boeta Gamat Majiet who served as a key figure and role model to me and to Aunty Bahia Easton for her unconditional love and care.

I would like to express my sincere appreciation to Henry Petrus who has been a very special friend who encouraged me and has been a pillar of strength to complete this work.

Thanks to my supervisor, Dr Noel Pearse, who guided and assisted me to complete this work, as well as all the lecturers and staff of Rhodes Business School for their continued support throughout my MBA studies.

My sincere gratitude to Coega Development Corporation your support and inspiration will always be remembered.

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LIST OF ACRONYMS

ASGISA	Accelerated and Shared Growth Initiative for SA
BU	Business Unit(s)
CDC	Coega Development Corporation
CEO	Chief Executive Officer
CIDZ	Coega Industrial Development
DTI	Department of Trade and Industry
EVA	(Economic Value Added
FDI	Foreign Direct Investment
GEAR	Growth, Employment and Redistribution
IDZ	Industrial Development Zone
RDP	Reconstruction and Development Programme
VCL	Value-Centered Leadership

Chapter 1

Overview

1.1 Introduction

After the first democratically elected South African government in April 1994 the Department of Trade and Industry (DTI) was mandated to spearhead strategy implementation for economic development in order to address the socio-economic imbalances of the past. The South African economy was in a deep-seated structural crisis underpinned by policies and institutions that had resulted in a declining economy designed to meet the needs of an impoverished minority with extreme inequalities in income and wealth which is reflected in the Gini coefficient being the highest in the world Bhorat (2009).

Adding to the bleak economic scenario was the inheritance of an economy and state machinery that was in a far worse condition than previously imagined RDP (1994:75). As a result, the government adopted various policy frameworks for fast-tracking economic growth and development and increasing employment such as the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution (GEAR) strategy, and the Accelerated and Shared Growth Initiative for SA (ASGISA) (Roux, 2005).

The Eastern Cape has not been left unaffected by the many serious challenges faced by the national government. As the third most populous province following Gauteng and KwaZulu-Natal Russell (2007), the Eastern Cape has a very different economic structure in comparison to the national economy, namely a large public sector and a very small mining sector (Russell, 2007). However, according to Russell (2007), manufacturing and agriculture outputs of the Eastern Cape are comparable to the national profile.

The Coega project was a strategic move by national government to increase the annual growth rate of the Eastern Cape and in doing so to address the high rate of unemployment. The Coega Development Corporation is a company registered in terms of the Companies Act (Act 61 of 1973) and mandated to operate the Industrial Development Zone (IDZ). The IDZ is a purpose-built industrial estate linked to an international port or airport geared to attract Foreign Direct Investment (FDI), and is seen as one of several policy instruments to pursue

FDI Madani (1999). The success of the IDZ programme is predominantly dependent on the public sector as a whole, as represented by the three spheres of government, that is, local, provincial and national government. The Coega Industrial Development Zone (CIDZ) has been given priority attention by the Department of Trade and Industry Fataar (2005), thus enabling alignment of policies and priorities.

In view of all the above, one realizes the significance of the challenges faced by the Coega executive management team to ensure the success of the Coega IDZ as an imperative for job creation, economic growth and reconstruction of the South African economy. The aim of this research is to understand how the strategic leadership roles of the executive management team at Coega Development Corporation (CDC) have contributed to the development and operation of the Coega Industrial Development Zone (CIDZ).

1.2 The Coega IDZ and Coega Development Corporation

According to the Coega Development Corporation (CDC), the Coega project is a National Government initiative, with government taking a strategic decision to be the principal promoter of the Coega Project in mid-1998 Fataar (2005). More recently, the project received further support from the President of South Africa through the implementation of the Accelerated and Shared Growth Initiative for SA (ASGISA) which is a capital expenditure programme commitment from government to, inter alia, eradicate or reduce unemployment by half and reduce poverty levels Fataar (2005).

As part of the ASGISA initiative, government designated approximately 11 200 hectares of land for the development of a multi-billion dollar Industrial Development Zone (IDZ) 20 km north-east of Port Elizabeth, called the Coega IDZ. The Coega IDZ, which includes a new deep water port, aims to position South Africa as a platform for global export manufacturing through foreign and local investment (Fataar, 2005).

The CDC as an organ of state has been given the mandate to use the necessary resources in the Coega IDZ to develop the socio-economic conditions in the Port Elizabeth area and the broader Eastern Cape region. The IDZ program itself is strategic in nature and therefore requires strategic leadership roles and actions to drive the corporation in achieving its set objectives. Understanding what strategic leadership is and what leaders do, sets the basis for investigating the role of strategic leaders within the CDC, being an organisation competing

globally for investments. The CDC is one of many IDZs worldwide and has to compete with these well-funded and supported IDZs in an international environment full of ambiguity and political uncertainty.

The role of CDC top management is therefore to act as a change agent in spearheading change and developing strategies to implement the macroeconomic framework plan, taking into consideration all the internal and external impacts on the organization. The CDC executive management team thus have a vision that is clearly paved and require the mobilization of the entire organization. The leadership of the CDC have various roles to play in the success of the Coega project and its support to other provincial partners. The question therefore arises as to what strategic leadership is in this context, and what major strategic leadership roles are evident in the CDC.

1.3 Goals of the study

The aim of this research is to analyse the role of strategic leadership in the development and operation of the CIDZ. In order to realise this aim, the following objectives were set:

- Ascertain whether strategic leadership contributed to the success of the development of CDC, and if so, how.
- Identify possible challenges strategic leaders of CDC are confronted with in the execution of their leadership duties and how these were dealt with.

1.4 Coega as a sample

The research design adopted to realize these objectives is a case study using interviews and documents as a main sources of data collection. The CDC consists of seven Business Units (BU), with an Executive Manager heading up each BU. Semi-structured interviews were conducted with the CEO and BU Executive Managers, thereby covering most of the top leadership team.

1.5 Outline of the dissertation

The dissertation is structured as follows:

Chapter One provides a general overview of the research study, discusses the motivation for the research, the research goals, CDC as a research site, and the executive management team as a sample for the research.

Chapter Two discusses the theoretical basis of strategic leadership and leadership in general. The chapter also distinguishes between leadership and management and highlights the different roles of leadership. Furthermore, various leadership models are identified and activities associated with leadership are discussed. Characteristics of strategic leadership and strategic leadership roles are also included in this chapter.

Chapter Three describes the research methodology used to conduct the research. This chapter highlights different approaches to conducting research and motivates why the selected approach is most appropriate, discusses the research method, explains in detail how the research will be conducted, gives a brief description of the population and sampling, explains the data collection and procedures and analysis, and discusses ethical considerations.

Chapter Four presents the findings based on the various analytical methods used through analysing the interviews and documentation.

Chapter Five discusses the findings in relation to the relevant literature. In particular it draws attention to the relevant roles exercised by the executive management team of CDC in the advancement and management of the CIDZ project.

Chapter Six draws a final conclusion of the study listing the summary of findings as well as recommendations to CDC and for future research. The chapter ends by discussing the value the research added to participants, to CDC and to national departments.

Chapter 2

Literature Review

2.1 Introduction

In this chapter, leadership and its various approaches are discussed, looking at the historical development and new contemporary leadership approaches with a view to understanding the various theories aligned to the purpose of the study. A view of leadership is presented in a seminal article by Katz and Khan (1966) in whom they state that there are various categories of leadership in organizations, namely the strategic, operational and the tactical. The purpose and focal point of this study is to investigate the strategic leadership roles and activities of the executive management team of a company seeking local and foreign direct investment in Port Elizabeth, South Africa. The focus of this study is to contextualize strategic leadership roles implemented in the development of Coega Development Corporation, which changed in 1998 from a Section 21 company to a legal entity, wholly owned by government.

The Coega Development Corporation (CDC) is a government entity made up of a Management Board and an executive management team which includes the CEO. The context of this research will primarily focus on the executive team including the CEO. The strategic leadership in CDC as a government change agent is plagued with ambiguity and uncertainty and demands this level of leadership to deal with many complexities (Coega Strategic Review, 2009). CDC as an organization has gone through many challenges, and this specific study looks at the various challenges as they emerged over time, shaping and impacting on the strategic leadership roles.

This chapter provides a theoretical overview of leadership and is structured to review the following aspects: the historical context of leadership theory and its development, strategic leadership, strategic leadership roles, strategic leadership challenges, and other essential leadership aspects which are pertinent to the understanding of strategic leadership.

The development of leadership theory over the years has followed a certain pattern as industry and life progressed. According to Boal and Hooiberg (2001a:515) “The study of leadership has undergone both rejuvenation and metamorphosis”. In their attempt to offer a more integrative theoretical approach of new and emergent leadership theories, they

contemplate charismatic, transformational and visionary leadership theories, which fall under new leadership theories, as well as behavioural, cognitive complexity and social intelligence theories (categorized under emergent theories), as the core theories constituting strategic leadership. This chapter also highlights the progression of strategic leadership. Hitt, Ireland and Hoskisson (2003) believe that strategic leadership lies with the top level management who remain responsible for effective organizational leadership. Top level leadership in this context refers to directors, chief executive officers, general managers and executive teams.

Since leadership is regarded as a very complex concept, it is necessary for the researcher to compare and contrast leadership with strategic leadership aspects as well as defining strategic management and strategic leadership to indicate differences.

2.2 Leadership defined

Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw and Oosthuizen (2001) define leadership as “the ability to influence others to act towards the attainment of a goal”. According to Dubrin (2001), leadership is a series of actions which portray vision, passion, creativity, flexibility, inspiration, innovation, courage, imagination, research, independence and knowledge sharing, in the process of attaining desirable outcomes such as productivity, quality and satisfaction in a given situation. Bryman and Bell (1996, cited in Alvesson and Sveningsson, 2003) contends that in order to understand leadership, the organizational context must first be taken into consideration. Hellriegel et al. (2001) emphasize that leadership is based on interpersonal relationships and not on administrative activities and directives. Therefore, the real test lies in the leader being able to influence others to act in order to achieve the desired results. However, the most essential part of leadership is the process of how we conduct ourselves within the various leadership styles Hellriegel et al. (2001).

2.3 The historical context and development of leadership

Leadership is considered to be one of oldest topical issues which affect the success and effectiveness of any group Ristow, Amos and Staude (1999). Kotter (1996) supports this and believes that an individual leader influences the effectiveness of groups.

2.3.1 Leadership approaches

Historically, there are four schools of thought on leadership, namely traits, behavioural, contingency and contemporary approaches.

2.3.1.1 Traits models

Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw and Oosthuizen (2004) explain that the personal traits model is based on the physical, social and personal inherent characteristics of leaders. Lord (1986, cited in Shackleton, 1989) revealed strong evidence through their meta-analysis that some traits distinguish leaders from non-leaders. According to Senior (1997) these traits include, among others, charisma, supremacy or domination, emotional intelligence and conservatism. Maude (1978) holds the view that the traits model attempts to explain the leader's effectiveness in relation to an individual's personality and psychology.

The traits model is not widely accepted as it is based on physical and personal inherent characteristics which are not consistent in separating potential leaders from non-potential leaders. Nel, Gerber, van Dyk, Haasbroek, Schultz, Sono and Werner (2002) corroborated this and stated that there is no agreement on a common set of leadership characteristics or traits that make this theory a universal fact. A further criticism is that this theory implies that leaders are born and not crafted and are founded upon the identification and analysis of superior leadership qualities, which include self-confidence Smith and Kruger (1933, cited in Richmond and Allison, 2003). Hence, the deficiencies in trait theories gave birth to a new leadership model looking at the behaviour of leaders.

2.3.1.2 Behavioural models

Hellriegel et al. (2004) mention that researchers have focused on two aspects of behavioural leadership. One aspect is based on leadership function and the other on leadership style. These leadership behavioural aspects are expressed in two leadership styles: task orientated and employee orientated. The task-orientated leadership style focuses on ensuring that tasks are performed satisfactorily. This style is more jobs orientated and has less concern for employee growth and satisfaction, whereas the employee orientated style relates to the motivation of employees rather than the control of them. Another theory states that leaders hold assumptions about their subordinates, and is called Theory X and Theory Y. A leader's behaviour is influenced through assumption and beliefs about individuals and how to

motivate them, hence the development and identification of McGregor's X and Y behaviour type theory Ristow (1998). This theory holds the view that a manager's assumptions about the nature of human beings impact on his or her behaviour towards employees Nel et al. (2002). Hellriegel et al. (2004:289) explain that Theory X assumptions are featured by the behaviour of employees, i.e. the employee dislikes work and will avoid it if possible, employees want direction whenever possible and managers must coerce employees to get them to work. On the other hand, Theory Y assumptions are based on the behaviour that people like to work, employees learn to accept and even seek responsibility at work, and lastly, employees who are committed to the company's objectives will exercise self-control.

A leadership style more supportive and related to employees is that of the Ohio State University and the University of Michigan who came up with a different approach after researching leadership styles. They identified two leadership styles: considerate and initiating structure. A considerate leadership style entails where the leader is supportive and manifests concern over subordinates' well-being, status and comfort, while the initiating structure leadership style focuses on the attainment of the group's goal, which is directed towards role defining and structuring Hellriegel et al. (2004).

2.3.1.3 Contingency models

According to Hellriegel et al. (2004) the Contingency Models theory holds that the leadership style must be best suited to the situation. The following selected models were identified: Fiedler's contingency model, Hersey and Blanchard's situational leadership model, House's Path – Goal model, and the Leader Participation model.

Fiedler's (1964) contingency model holds that successful leadership depends on matching leadership style to a specific situation. In his model, relationships play a strong role and the leader is considered either an employee-centred or a considered styled leader. A leader who does not value relationships but values tasks is called a task-orientated leader. According to this model three variables make this leadership style more effective: group atmosphere, task structure and leader position power.

Hersey and Blanchard's (1988) situational leadership model, on the other hand, suggests that a leader should have flexibility to adapt to changing situations. They suggest that a leader's behaviour should be based on the level of readiness of the followers as they go through the

leadership behaviours of telling, selling, supporting and delegating.

The Path – Goal Model developed by House (1997) indicates that effective leaders clearly specify the task and reduce barriers for the completion of tasks. This increases the opportunities for task-related satisfaction. In this way, employees can attain job satisfaction and improve their performance. House (1997) also states that an effective leader's behaviour should be determined by two variables: employee characteristics and task characteristics. This model identifies four leadership styles which affect motivation of subordinates: the supportive, achievement-oriented, participative and directive style.

New contemporary leadership theories emerged such as charismatic leadership, transformational leadership, emotional intelligent leader, African leadership, level 5 leadership and global leadership. Some of these contemporary leadership theories are briefly explained below.

2.3.1.4 Contemporary approaches

(i) Transformational leadership

Transformational leadership is described as the ability or provision of extraordinary motivation by appealing to followers' ideals and morals and inspiring them to think about problems in new ways Hellriegel et al. (2004). Subordinates or followers of transformational leaders normally have a high sense of trust, loyalty and motivation and would commit themselves to do more than what is expected from them. According to Brandt et al. (2001) transformational leadership also concerns itself with the transformation of followers' beliefs, values, needs and capabilities. Bass and Avolio (1997) further expand on transformational leadership and state that transformational leaders individually display behaviour of intellectual and inspirational stimulation, individual consideration and idealised influence. Hellriegel et al. (2004) further state that transformational leaders pose three leadership behaviours, the first being an exceptional ability to create a vision that binds people together. According to Cacioppe (1997, cited in Botha, 2001), transformational leaders, through their inspiration, have the ability to encourage subordinates to adopt the organisational vision as their own. Secondly, framing, this defines a group purpose in highly meaningful terms. Lastly, impression management which entails the control of impressions that others form about a leader through behaviours that make the leader more attractive.

Brand, Heyl and Maritz (2001:75) contend that a transformational leader should implement at least one of the following components of transformational leadership:

- Idealised influence: The transformational leader exhibits high ethical standards and moral conduct and is admired, trusted and respected. An important behaviour of this type of leader is that the leader puts the needs of the other party first and thus earns trust from followers.
- Inspirational motivation: Inspiration of employees by the leader results in true team spirit and living a shared vision. Envisioning an attractive future and put meaning to their work is part of the leader's daily activities.
- Intellectual stimulation: Part of the transformational leader's task is to stimulate innovation and creativity through the questioning of assumptions, reframing problems and approaching old problems in new ways.
- Individualised consideration: Extra attention is paid to each individual's needs for achievement and growth by acting as supporter, coach and mentor.

(ii) Level 5 Leadership

Level 5 leadership model is based on the premise that personal humility and professional will should intermingle (a paradoxical combination) in order for a leader to transform a good company into a great one Collins (2001). According to Collins (2001) a Level 5 leader can only become a full-fledged Level 5 if all capabilities of the other four levels are acquired, together with the special characteristics of Level 5 itself.

Level 1 of the hierarchy of Level 5 leadership represents a highly capable individual who contributes productively through talent and knowledge sharing, skills and good work habits. Level 2 is based on a teamwork approach where the team member contributes to the achievement of a group's objectives and performs well within a team set-up. At Level 3 the competent manager organizes people and resources effective and efficiently towards achieving predetermined goals. The Level 4 leader is one who effectively catalyzes commitment and vigorous pursuit of a clear and compelling vision, stimulating the group to high performance standards. Lastly, Level 5 executives build enduring greatness through a paradoxical combination of personal humility plus professional will.

(iii) African Leadership

The presence of cross-cultural values within African organizations, together with self-awareness of managers regarding their own values and principles as well as the western cultural influences, necessitates managers to up-skill themselves to attain cross-cultural leadership competencies in an attempt to effectively manage multi-cultural environments. Khoza (1993:121) further argues that a proper understanding of people's culture is necessary in order to execute an effective management approach. This means that leaders should understand the dynamic structure of behaviours, ideas, values, habits, customs, language, rituals, ceremonies and practices that are strange to people.

The question of whether an African leadership approach is needed is conclusive as a requirement of the growing multi-cultural societies that exist today. It is believed that Africa has inherited a management style which is characterized by rigidity, insensitivity and inflexibility Choudhury (1986). Khoza (1993) describes South Africa's corporate culture as Eurocentric. Jackson (2005) argues that Westernized organizational structures will not function at their best because they are not favourable in an African environment. Therefore, Khoza (1993) contends that a totally new idea of business in South Africa is needed in order to accommodate the traditions and culture of African commercial and industrial partners. Khoza (1993) proposed the community concept of management, which underpins the concept of Ubuntu, which signifies supportiveness, cooperation, solidarity and communalism.

Within the community concept of management, a greater sense of unity can be developed in organizations due to the managerial reality being determined by cultural and social construct Khoza (1993). The community concept perceives the business organization as a community to which the individual belongs. The concept underpins that the community is built on close interpersonal relationships and group interactions held together by a feeling of security. This concept also requires management to be approachable. An atmosphere of informality must overhang the chores and procedures in order to get a sense of belonging. Leaders need to develop people who go beyond just being managers.

Nel in Christie et al. (1994) proposed Value-Centered Leadership (VCL) as an important leadership model within African leadership due to the fact that it constantly reviews the past to evaluate the impact of historic perceptions, procedures, practices and occurrences of the present. VCL is deeply rooted in employees having a shared vision and values, and management have to articulate the proposed vision and liaise with all different stakeholders.

According to Nel (1994, cited in Christie et al., 1994), mutual trust and respect are also highlighted as key features of VCL. It requires leaders to take the first step in offering a hand as a gesture of trust and respect before expecting it from fellow employees. Another key concept highlighted by Nel (1994, cited in Christie et al., 1994) is unity in diversity in which the strength of an organization lies in order to fulfil its unified objectives.

(iv) Emotional intelligence

Bar-on (2000:432) defines emotional intelligence as “an array of non-cognitive capabilities, competencies, and skills that influence one’s ability to succeed in coping with environmental demands and pressures”. It is believed that emotional intelligence has a direct impact on the optimization of individual, team and organizational performance. The leader should manifest the ability to motivate him/her and others as well as expressing charisma and optimism. The above lays the foundation for co-responsibility and accountability.

The characteristic make-up of an emotionally intelligent leader requires that leader to be optimistic, flexible, realistic, and fairly successful in problem solving, and lastly able to cope with stress without losing control. Stuart and Paunquet (2001:30) mention that vision, self-confidence and inner strength are also indicators of emotional intelligence.

2.4 Leadership versus management

Writers such as Kotter (1999), Senior (1997) and others claim that leadership forms part of management and so an interdependent relationship between the two invariably exists. While leadership is vital for developing people Charlton (1993), managers play an important role in valuing and managing employee competency levels Hall (1996).

Since all organizations are managed, one can suggest that leadership forms an integral part of management, although management can distinctively be defined by its roles and characteristic activities. Furthermore, Barker (2001) contends that leadership is all about change while managers are mandated to ensure stability.

Kotter (1990:86) outlines four fundamental distinctions between leadership and management: management underpins the handling of organizational complexity; it moves from a foundation of planning and financial budgeting; is heavily burdened with organizing and staffing; and lastly it oversees goal achievement through controlling and problem solving. Leadership, on the other hand, is about managing change: mapping direction through the

development of a vision and strategy; aligning people; and lastly motivating and inspiring people. Dubrin (2001) states that management is more formal and scientific than leadership. Therefore, leadership crafts the vision of an organization in order to set direction, while managers' key role is to implement that vision. Dubrin (2001) argues that the role of managers should not be discredited, as effective leaders need to be good managers themselves or to be assisted by effective managers. Thus in essence leadership activities and management activities vary, with management being responsible for planning and budget setting for various targets and goals, organising and ensuring adequate staff to achieve these goals, and lastly controlling and solving problems. Leadership is further responsible for setting direction by developing a vision, aligning people through communicating the vision and motivating people moving in the direction of the vision. The researcher has illustrated the difference between management and leadership with the intent to expand on strategic leadership.

2.5 Strategic leadership defined

Hitt, Ireland and Hoskisson (2005:5) describe the strategic management process as “a full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above average returns”. According to Hoskisson et al. (1999), strategic leadership originated from within the field of strategic management. They contend that strategic management underpins strategy creation while strategic leadership emphasizes guidance of the process that sets a new strategy in place. While effective guidance entails mobilization, inspiration and recruitment of people towards supporting the action plan, strategic management activities include defining the rationale of the organization, specifying policies to realize the purpose of the organization, identifying a variety of tasks to be carried out, and seeking to understand the nature of economic or human organization to be established as well as the type of economic or non-economic donations to be made to stakeholders, customers, staff members and communities Nutt and Backoff (1993).

Thorne (2000) states that strategic leadership is distinctive due to its characteristic nature in realizing organizational effectiveness. Boal and Hooijberg (2000:516) state that “Strategic theories of leadership are concerned with leadership ‘of’ organizations ... and are marked by a concern for the evolution of the organization as a whole, including its changing aims and capabilities...” This can be interpreted as saying that executive managers have to engineer transformation through its capabilities. Rowe (2001) describes strategic leadership as the

ability to influence others to voluntarily make day-to-day decisions that enhance long-term viability of the organization while maintaining its short term financial stability. Barker (2001) states that the absence of leadership is tolerated where change is not needed. Hitt et al. (2003) define strategic leadership as the ability to anticipate, envision, maintain flexibility and empower others to create strategic change as necessary. Taylor (1995) notes that without effective strategic leadership organizations might find it difficult to survive the economic challenges in future and this might hamper organizational progress and performance which ultimately underpin strategic leadership. Nutt and Backoff (1996) state that the primary responsibilities of organizational leaders are to initiate, implement and manage organizational change.

In view of the above definitions, the rationale of leadership is to exert influence in such a way that this process allows for the achievement of desired goals. On the other hand strategic leadership encompasses the above process but necessitates a much intensified activity as it is aligned to bring about change in a turbulent and highly competitive global economic climate. Therefore, strategic leadership requires absorptive and adaptive capacity coupled with managerial wisdom, which according to Boal and Hooijberg (2001) are key features that distinguish strategic leadership from leadership in general.

2.6 Strategic leadership roles

According to Dubrin (2001), unravelling the various leadership roles will assist in grasping a better understanding of leadership and will also assist the researcher in identifying whether the sample has applied leadership or strategic leadership roles. Since leadership roles reflect the activities and behaviours of leaders on a daily basis, it is the most essential part of this research study. The strategic leadership roles as described by Dubrin (2001), Richardson (1994), Ireland and Hitt (1999), and Sirmon and Hitt (2001) amongst others are briefly outlined.

Dubrin (2001:13) identified the following leadership roles:

- **Figurehead:** The ceremonial engagement by the leader when representing the organization is reflected in this role when addressing customers, foreigners, attending external gatherings and accompanying official visitors.

- Spokesperson: This role revolves around information sharing regarding the organization's actions, strategies, potential and opportunities and cuts across the entire organizational and public sectors.
- Negotiator: Here, the leader bargains for needed resources with superiors, other divisions of the organization and suppliers and vendors.
- Coach: Coaching team members through the acknowledgement of member's successes, feedback on unproductive performance and making sure that team members are updated about steps that can improve their performance.
- Team builder: Building an effective team is a fundamental role of the leader, and involves activities such as introducing ideas that result in improved group morale; conducting "open" meetings to allow staff to express their concerns, successes and problems; ensuring acknowledgement of team members', successes through appraisal letters.
- Team player: In order to be an effective team player, the leader must cooperate with other sections of the organization, show loyalty to superiors by supporting their strategies and decisions, and manifest suitable own conduct.
- Technical problem solver: Serving as a technical specialist or advisor and frequently executing own contributor tasks are important activities through which assistance is provided to other staff members.
- Entrepreneur: Communicating with customers and organizational staff to stay responsive towards shifting needs and necessities. Another activity is exploring ways to improve organizational performance by playing an external role, such as observing other firms' operations, attending trade shows and participating in learning courses.
- Strategic planner: With assistance from others, the leader undertakes strategic planning by giving direction to the organization, assisting the organization to respond to external matters as well as helping to develop organizational policies. Graetz and Matis (2000, cited in Mosia and Veldsman, 2004) state that one of the roles of

leadership is to provide strategic direction. This includes establishing direction for the future and purpose, i.e. vision and mission.

In addition to the above mentioned roles of Dubrin (2001), Richardson (1994:27-31), within a historical perspective, identifies the following roles and emphasizes that strategic leaders should be able to fulfil the above roles due to the increasing complexity of both the organization and external environment:

- The classical administrator: This role entails achieving progress of the establishment and maintenance of stability through a cautious planning process.
- The design school planner: One of the core functions of the leader is the planning of medium- to long-term development of the organization. Prior to the formulation of strategies, the leader crafts the strategic development process in an organized and conscious mindset.
- The role-playing manager: Richardson (1994) supports Mintzberg's (1975) view of observing the reality of strategy in action and reporting this reality and its implications for leadership. In this way the leader is knowledgeable with the practical results of the strategy, rather than drafting designs for new approaches.
- The political contingency responder: The fundamental goal of exercising this role is to successfully address future challenges by means of recognizing vital strategic issues through the monitoring of the external and internal environment. Emphasis should be placed on those aspects affecting the survival and growth of the organization. Much focus is placed upon the power relationship of stakeholder-supplier with the organization.
- The competitive positioner: The primary task here is to achieve a competitive advantage with particular reference to the market place where the critical contingency is competition. The competitive positioner's main task is to indicate the target market and ensure correct alignment against other market threats to gain a competitive advantage.

- The visionary transformer: Under this role, the leader should manifest his/her abilities to determine the strategic direction of the organization; the organizational profile in terms of market image, social interaction, stakeholder relationships and attractive workplace; what should be the core goals and values to which staff must commit themselves; and knowing how to restructure the organization in its entirety to ensure that everyone interacts in synchronization.
- The self-organizing facilitator: Here, the leader acts as an organization designer and should be able to execute self-organizing activities around the strategic issues of the organization.
- The turnaround strategist: This type of leader emerges when the organization is in a declining stage and is able to turn it around through the implementation of innovative strategies.
- The crisis-avoider: This leader is constantly aware of the possibility of a crisis and introduces organizational methods and processes which manifest an understanding that crises and disasters are realities in daily business operations.

Ireland and Hitt (1999:46) contend that due to the complexity of the contemporary business world, combined intelligence produced by an executive management team is a primary enabler for effective strategic leadership to happen in any organization. They identified the following roles that are vital for great leaders and top managers to practice:

- Determining strategic direction:
Providing strategic direction entails envisioning the future by using a core ideology as well as the strategic management process. Here, the strategic intent is at the heart of all other features and should be clearly communicated to all staff. According to Bartlett and Ghosal (2000) the move towards the individualized corporation from organizational man necessitates the revisiting of the organization's strategic intent. Although the leader should exercise the ability to create a long-term strategic vision, which is a critical activity Browne (1997, cited in Ireland and Hitt, 1999), the leader must first envision

short-term goals as these achievements will automatically inspire fellow employees towards achieving long-term goals.

According to Mosia and Veldman (2004), providing strategic direction entails three activities: identifying what the rationale of the organization is while providing a shared vision; setting objectives by converting strategic vision and operational trends into key performance areas; and lastly developing a strategy that lays out how these objectives will be achieved.

Although Ireland and Hitt (1999) state that providing strategic direction is the Chief Executive Officer's sole responsibility, many organisations are increasingly transforming to a more egalitarian process, which allows for ongoing dialogue among all levels of staff in terms of strategizing, envisioning and implementing action plans Taylor (1997). Not only does this ensure strategy implementation but it also fosters an effective organisational culture in terms of establishing sound communication channels. Hagen, Hassan and Amin (1998) postulate that the activity of crafting a vision and communicating it through to the entire organisation is one of the fundamental tasks of a strategic leader.

- Exploiting and maintaining core competencies:
Strategic leaders should engage in continuous activities to apply competencies in such a way that the organization's performance is improved. According to Ireland and Hitt (1999) intellect, which forms the basis of core competencies, is fundamental to maintaining competitive advantage. According to them, not only should long-term strategies be built on core competencies, but these competencies should be utilized continuously to enhance value and development along the way. The correct combination and perfect mix of strategic competencies at any moment form the basis of strategic success Thompson (1998).
- Developing human and social capital:
Strategic leaders view employees as a critical resource which should be invested in through continuous learning to maintain a well-educated workforce. Ireland and Hitt (1999) believe that core competencies are built on knowledgeable people who have been

given the opportunity to fulfil their potential. Therefore, strategic leaders are constantly involved in staff development matters and exploring new ways of managing workforce diversity. Hitt and Ireland (2002) suggest that social capital should be utilized to develop human capital since it is a reactor for action and value creation through relationship building. Strategic leaders should also maintain and manage the knowledge resource base to enable the company to exploit, develop and protect the intellectual capital within this resource base. According to Hitt and Ireland (2002), the ideal situation for the strategic leader is to bring about organizational development to a level where staff cooperate and simultaneously compete with other companies. Managing cross-cultural management skills is also important, due to the growing international competition among organizations. Here leaders should devote time to successfully selecting, retaining and developing effective managers to carry out cross-cultural management tasks Black and Porter (1991). Social capital is highly rated as a critical resource for the organization by Ireland and Hitt (1999). They refer to both internal social capital (relationships between the strategic leader and employees as well as all sectors of their work) and external social capital (relationships between strategic leaders and people outside the organization with whom there is interaction), which is necessary to activate action and generate value.

- Sustaining an effective organizational culture:
Ireland and Hitt (1999:51) state that organizational culture is “concerned with decisions, actions, communication patterns, and communication networks”, and manifests the life time history of the organizational responses to challenges for growth and survival. One of the key strategic leadership activities, which are a valued source of competitive advantage, is to transform the organization’s culture in competitively applicable ways.
- Emphasizing ethical practices: One way through which strategic leaders should guide employees is through decision making which is based on ethical values such as honesty, integrity and trust Ireland and Hitt (1999). Ireland and Hitt (1999) emphasize the importance of displaying commitment to continuous analysis of and sensitivity to cultural diversity due to the enormous economic structures and significant cultural diversity of the contemporary environment.

- Establishing balanced organizational controls:

Ireland and Hitt (1999) argue that strategic leaders who have the ability to exert controls that enable flexible, innovative employee behaviours are valued as a competitive quality for the company. This is supported by Kets de Vries (1996), who suggests the utilization of a well-balanced set of both centralised and decentralised controls to obtain positive long-term results, whilst simultaneously executing corporate activities. However, aligning new behaviour to the strategic plan sometime requires the implementation of a strategic reward plan that should be well communicated to all employees Graetz (2000, cited in Mosia and Veldsman, 2004).

In addition to the above six organizational practices, Ireland and Hitt (1999:53) also recommend the development of an effective organizational culture for organizations engaging in multiple marketplaces. This requires honest, open and forthright engagements with staff and stakeholders and should be conducted by the strategic leader. Organisational culture refers to a complex set of ideologies, symbols and core values shared throughout the organisation. Culture provides the context within which strategies are formulated and implemented. Organisational culture is concerned with decisions, actions, communication patterns and communication networks. Ireland and Hitt (1999:51) state that “effective cultures are ones in which the workforce understands that competitive advantage does not last forever and that organisations must move forward continuously”. When the workforce is comfortable with the reality of constant change and the need for a never-ending stream of innovations and practices then global competitiveness is enhanced. Effective strategic leaders will use honesty, trust and integrity as the foundations for their decisions. Organizational culture that serves as a source of competitive advantage needs to be shaped and sustained by strategic leadership.

Matis (2001, cited in Mosia and Veldsman, 2004) highlighted the identification, creation and distribution of resources in line with formulated strategies. Mosia and Veldsman (2004) put emphasis on the budget and people as the most critical resources for strengthening the strategy realization process. Sirmon and Hitt (2001, cited in Hitt and Ireland, 2002) outlined the following four stages necessary for strategic leaders to create value through managing resources:

- Evaluating resource stocks: During this stage, resource strengths and deficiencies are identified, including evaluating the absorptive capacity of employees and identifying deficits in human capital, as well as evaluating their counterpart's resource stocks.
- Changing resource stocks: This stage is primarily concerned with adding and deleting resources, i.e. determining the need for new and different capabilities and getting rid of some human capital (wrong people).
- Configuring resources: Here, unrelated skills are integrated through coordinating of tasks to stimulate innovation.
- Leveraging resources: This stage entails leveraging social capital through acquiring new knowledge and absorbing it in the organization's human capital as well as diffusing it through the organization and utilizing it to create value.

Another key role is assigning responsibility and accountability by strategic leaders to their subordinates. It is important that everyone is aware of his/her areas of accountability when it comes to the formulation, implementation and evaluation of strategies (Mosia and Veldsman, 2004). The latter supports Horovitz's (1981) contention that there is a growing need to delegate and decentralize, due to the multiple natures of business activities.

2.7 Cultural Challenges

Strategic leadership roles include the development and managing of organisational culture Ireland and Hitt (1999). Strategic leaders thus have to understand the prevailing organisational culture and be able to monitor it. Organisational culture is defined as the basic assumptions that a group or organisation has invented, developed or adopted to cope with the current environment, and that have been integrated into the organisation. These assumptions are then taught to others who join the organisation and serve as a means to deal with current realities Schein (1984). Schein further states that the following assumptions form the key building blocks to an organisation's culture: the relationship to the environment, the nature of reality, time and space, and lastly the nature of human nature, activity and relationships. Relationships are built on trust and (Laabs (1996, cited in Simonsen, 1997) postulates that trust is the most critical ingredient for any business change process. Trust is built on effective communication, active listening, making commitments, reliability, respect and honesty Simonsen (1997).

Openness is another fundamental aspect for cultural change as it allows for strategic direction and both formal and informal communication Simonsen (1997). Mink (1986) in Simonsen (1997) emphasized that in order to obtain a higher level of openness, organisational processes must be regarded as more important than organisational structure and bureaucratic systems. The latter are dismantled to create a more egalitarian type of environment.

The ever-growing international competition has necessitated that organisations vigorously attend to the cross-cultural management aspects of their organisations, which in itself has become a significant challenge as some studies indicated no relationship between job performance and managerial behaviours Black and Porter (1991).

According to Schein (1984), organisational culture can be analysed at several different levels:

- Visible artefacts which relate to technology, art, office layout, manner of dress, visible or audible behaviour patterns and public documents such as charters. On this level the data is easy to obtain but difficult and hard to interpret.
- Values relating to what people say is the reason, what they ideally would like those reasons to be.
- Underlying assumptions which are typically unconscious but determine how group members perceive, think and feel.

Values lead to behaviours which could be transformed to values which would in turn become powerful assumptions. One can change culture by aligning artefacts, values and assumptions.

Hofstede and Peterson (1991) found various cultural dimension relating to their findings on national culture which explain more differences in working related attitudes than other diversity issues such as gender, age etc. They found five dimensions which form the basis of work-related attitudes: being individualism versus collectivism, power distance, uncertainty avoidance, masculinity versus femininity and long-term versus short-term orientation.

2.7.1 Managing diversity

Various authors have developed diversity strategies to deal and manage diversity. Human (2005) believes that a diversity strategy should consist of an organisational policy statement,

statement of commitment, communication, and a rollout plan implementing diversity management which should consist of diversity audits and departmental action plans, reviews through monitoring and evaluation procedures.

In a South African context leaders in South Africa are being pushed by legislation to fast-track employment equity. Managing diversity is not only crucial for the organisation's stakeholder relationships but also for its future survival. A study done by Malowe, Scheinder and Nelson (1996) showed that middle and line managers are more likely to be biased in gender and attractiveness when recruiting employees due to a lack of experience, while more experienced managers are less vulnerable in such situations.

2.8 Chapter summary

This research study focuses on the roles and activities strategic leadership has fulfilled in effecting change, which contributed to the success of Coega IDZ. In this chapter it was important to outlay the different theoretical models, highlight the importance of each and make distinctions between management, leadership and strategic leadership. The researcher identified the leadership roles necessary to achieve organisational success.

The next chapter focuses on the methodology of the research study and in particular describes the research process followed.

Chapter 3

Research Methodology

3.1 Introduction

This chapter presents the research methods, approaches and strategy this study used, pertaining to the role of strategic leadership in Coega Development Corporation with clear aims and objectives for the research. This chapter also presents the philosophy and paradigm for this research. The data gathering or collection and analysis performed are explained. A graphical figure is provided in this chapter in an attempt to indicate a clear line of thought. The ethical considerations are highlighted at the end of the chapter with the limitations posed during the research.

3.2 Aims and objectives of the research

The main aim of the research was to look at the role of strategic leadership of the executive managers in the CDC in the creation and development of the organization. CDC employs a range of people with various cultures, belief systems and values, and these specific areas seem to form an integral part of the organization.

The main objectives or goals of this research were then to:

- Ascertain whether strategic leadership contributed to the success of the development of CDC, and if so, how.
- Identify possible challenges strategic leaders of CDC are confronted with in the execution of their leadership duties and how these were dealt with.

The research objectives act as a guide to direct the research work and data that was collected, aligning the theoretical construct described in the preceding chapter. The research question or goal help to direct the research to focus attention on those aspects that will solve and provide the necessary answers Booth (2003).

3.3 Research design

The research design is the general plan as to how one goes about answering the research question. This research is of a qualitative nature with the design based on a generic research onion developed by Saunders et al. (2007). The research design provided the procedure for conducting this research study. The layers in Figure 3.1 are self explanatory. The first layer shows the various research philosophies, the second the approach, the third the methodology, the fourth the time horizon, and the centre or core the various techniques and procedures.

Figure 3.1 was adapted to reflect the researcher's research design. The researcher's choices were encircled with dashed oval shapes depicting a clear line of sight as part of the development of the research methodology followed.

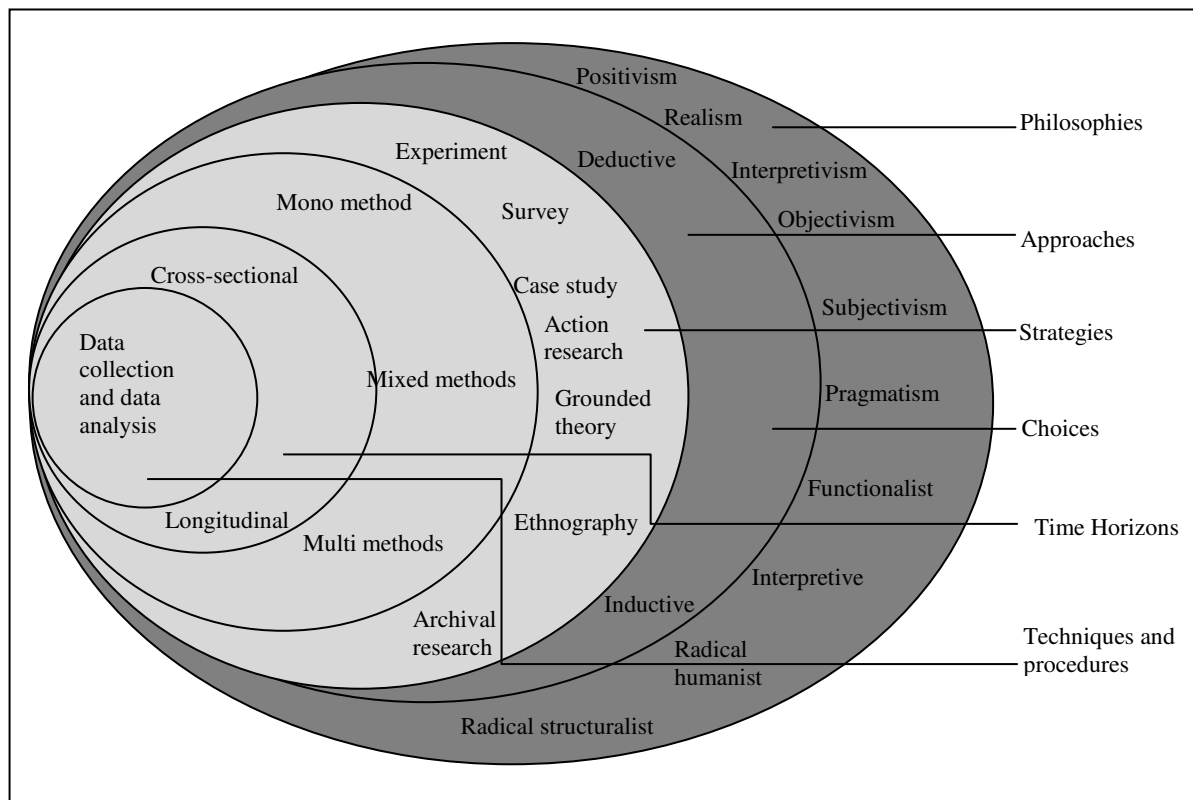


Figure 3.1: The research onion

Source: Saunders, Lewis and Thornhill, 2007.

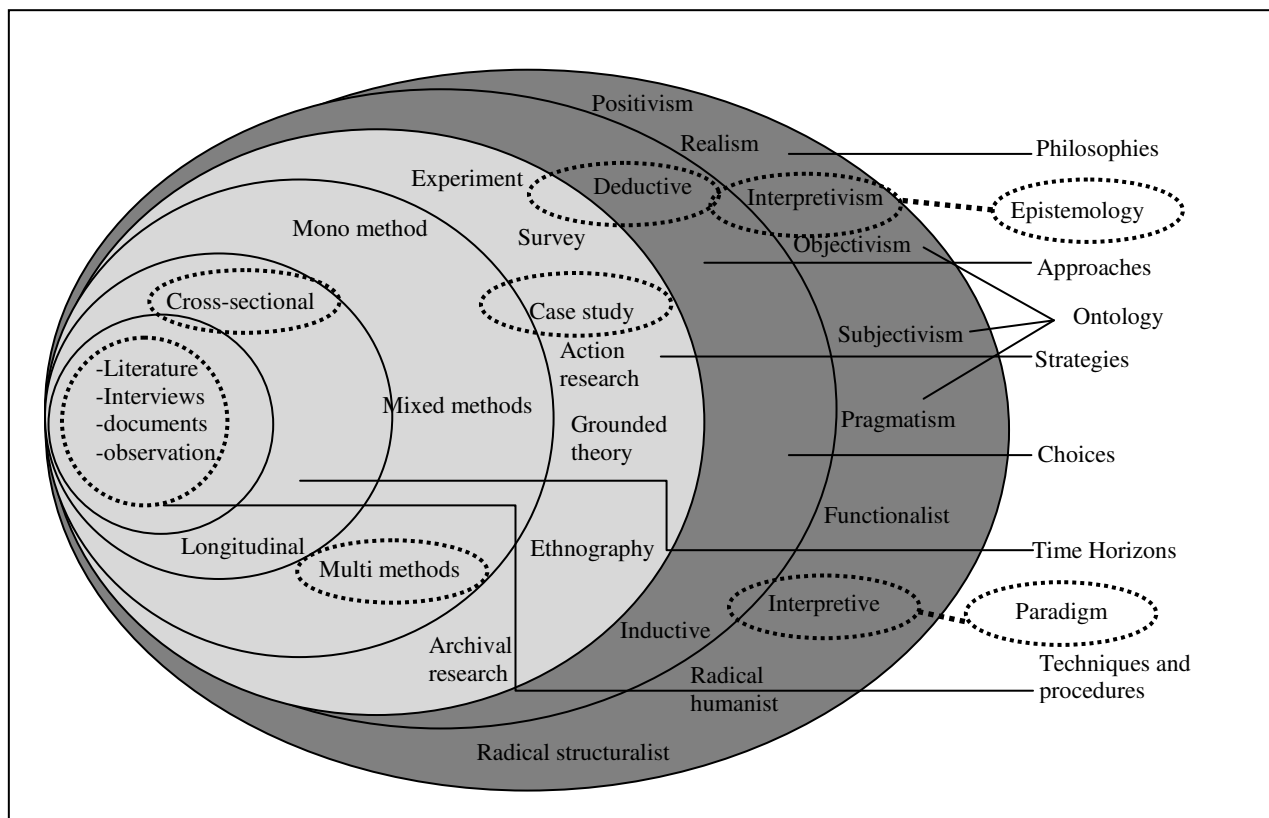


Figure 3.2: The research onion adapted

Source: Saunders, Lewis and Thornhill, 2007.

Qualitative research is described as a multi-method involving interpretive and naturalistic approach to the research methods studying people and their thoughts in their natural settings, which in this case will be in the CDC itself, trying to make meaning and sense with the meaning people bring to them Foster-Pedley (2006). This methodology provided the researcher with the opportunity to conduct research in its natural setting, open-ended interviews providing the relevant insights into how the strategic leaders in Coega interpret and make meaning of the world in which they operate Cantrell (1993). The research was qualitative in nature which provided richness in description Babbie and Mouton (2001).

3.4 Research philosophy and paradigm

According to Saunders, Lewis and Thornhill (2007:101), research philosophy basically “relates to the development of knowledge and the nature of that knowledge”. Although strategic leadership is a new development of theory, the researcher in this case study emerged with new insight and a wealth of knowledge. It is further stated that the research philosophy

adopted contains important assumptions in the way the world is viewed and underpins the research strategy and methods chosen as part of that strategy. The philosophy of this research was conducted in an interpretivism epistemology.

A paradigm is considered to be the fundamental model or frame of reference used to organise one's observations and reasoning Babbie (2001). Lewis et al. (2007:112) state that "a paradigm is a way of examining social phenomena from which particular understandings of these phenomena can be gained an explanation attempted".

This phenomenological research was conducted within an interpretive paradigm Babbie and Mouton (2001) in that the researcher sought to develop an insight into how the participants, who in this case were the strategic leaders of the CDC, view their role and make meaning of the world they operate in Cantrell (1993) as an acknowledgement that everybody interprets the world differently seeking commonality of purpose with shared values and meaning. Further support and meaning is given by Saunders et al. (2007) in that the researcher tries to understand the differences in the human aspect specific to the role of the strategic leaders in the CDC (Saunders et al., 2007) as the researcher interacts with those being researched at the CDC. The research as an interpretive paradigm is rich in description, forming an ideal qualitative research Babbie and Mouton (2001).

This qualitative research approach were conducted with a world view and a basic set of believe or assumptions Creswell (2002). The basic belief and assumptions as an interpretive paradigm involved description of experiences, primarily exploratory and descriptive in purpose, designed to discover what could be learned about the area of interest which in this case was the role of strategic leaders in the CDC. This research is based on an ontology that the truth exists through the subjective evidence and findings within the settings of the CDC with the view that the researcher sought to understand the role of strategic leadership in the organization rather than to predict the role they play Remenyi (1996). An epistemology and objective view however are deployed.

There are various writings on the topic of strategic leadership in organizations, however none have emerged from companies like Coega Development Corporation in the business of investment attraction. To share a viewpoint on the strategic leadership in CDC the researcher

had to familiarise himself with the subject matter to develop a theoretical understanding and thus employ a deductive approach to the subject being researched Remenyi (1996).

3.5 Research method

Research methods influence the researcher in the collection of data from its various sources Myers (1997). Although the topic is not a new development of theory the researcher in this case study has emerged with new insight and a wealth of knowledge. The research method was a case study within the Coega Development Corporation as a single entity Yin (2003) and the investigation of how the strategic leaders exercise their authority or function as strategic leaders and why are they choosing certain strategic decisions and or variable methodologies. Notably the choice of the research method influences the manner in which data is collected Myers (1997). Case studies form an ideal method when the **how** and **why** question are being asked to satisfy the aim of one's research Gray (2004). Remenyi (1996) states that a case study can illustrate relationships, corporate political issues and patterns of influence in a particular context which in this case form an integral part of the research. The case study method was used to achieve the various aims set out as a basis of the research. Leedy (1993) suggests building a theory to make comparisons or generalise. The researcher has reviewed literature and various other materials with generalised aspects as well as what could be termed analytical generalization Yin (2003).

3.6 Population and sampling

There are various definitions of the population of a research study. According to Bryman and Bell (2007:182), a population is described "as the universe of units from which the sample is to be selected". This definition is in congruence with Babbie and Mouton (2006: 124) who describe a population as "an aggregation of elements from which the sample is actually selected", and may include "individuals, groups, organisations, human products, and events" Wellman and Kruger (2003:46). The executive leadership of CDC in this study will constitute the population, while the sample will be the eight executive managers to be interviewed. Bryman and Bell (2007:182) define a sample "as the segment of the population that is selected for investigation, and is the subset of the population". Saunders et al. (2007) contends that sampling selection is a difficult process which necessitates the researcher clearly outlining how this process unfolded, providing the reader with the opportunity to critically evaluate the results. The CDC was used as the most appropriate site due to its availability as the researcher is associated with the organization.

3.7 Data collection

In this case study data were collected by the researcher who is employed by the CDC and who mainly conducted interviews as part of the researcher's interpretivist framework methodology, as well as secondary sources such as internet sources, newspaper articles, journals, books and various other documents and other related material was used bringing together various aspects within the whole organization. Various CDC documents were reviewed and consulted.

Face-to-face interviews as a collection of data were gathered through phenomenological interviews Yin (2003). Delridge and Kirkpatrick (1994, cited in Saunders et al., 2007) state that various data through observation can be generated, these being primary observations where the researcher would note or record what happened or what was said. In relation to this field notes were taken during the interview sessions with secondary observations as a statement by the researcher of what happened or what was said and an interpretation, and lastly experiential data which is based on the researcher's perceptions and feelings as experienced during the process of researching, much like an axiological aspect. The researcher has used a mixture of these observations. The research being qualitative and rich in description Babbie and Mouton (2001) and using multiple sources of data collection has increased the reliability of observation Mouton and Marais (1996) ensuring that interview information corresponds to documents obtained.

3.7.1 Semi-structured interviews

The nature of research interviews vary between authors, however the main theme and underlying foundations remain the same with overlap between our overall understanding of the nature of research interviews Saunders et al. (2007). These authors also state that interviews may be highly formalised and structured or informal and unstructured conversations with intermediate positions. Saunders's (2007) typologies are thus structured, semi-structured and unstructured interviews. Healy and Rawlinson (1993, cited in Saunders et al., 2007) differentiate and view typologies to be standard and non-standard interviews. Robson (2002), whose work is based on the research work of Powney and Watts (1987), gives a typology of respondent and informant interviews.

Considering the various views the researcher has gathered information through phenomenological interviews Yin (2003). The researcher conducted face-to-face open-ended interviews with the CEO and seven executive managers. A qualitative research methodology complemented by an interpretive paradigm formed a solid strategy to gather insight, linking the questions with the research literature studied and main goals of the research, seeking to answer the questions **what strategic leadership is (literature)** and **what major strategic leadership roles are evident in CDC (interviews)**. Figure 3.3 below sheds light on the path followed as part or form of interviews to be conducted linked to the purpose and research strategy Saunders et al. (2007). The dotted linkages show the path followed by the researcher.

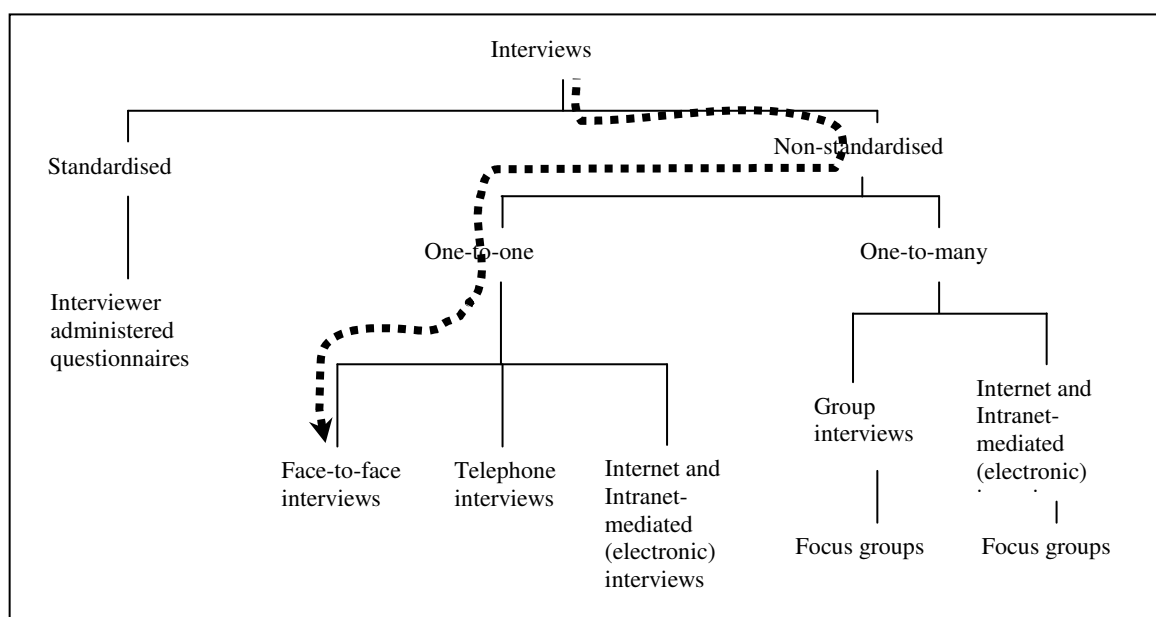


Figure 3.3: Research choices adapted

Source: Saunders, Lewis and Thornhill, 2007.

The interviews were semi-structured with the main purpose of pursuing the specific topic with no specific set questions Babbie and Mouton (2006). The researcher thus conducted his interviews with his subjects by immersing himself as a “traveller” (“wanders through the landscape and enters into conversations with the people encountered. The traveller explores the many domains of the country, as unknown territory or with maps, roaming freely around the territory ... The interviewer wanders along with the local inhabitants, asks questions that lead the subjects to tell their own stories of their lived world”) to extract a rich and thick description of the subjects’ personal views Babbie and Mouton (2006:289).

3.7.2 Document review and analysis

The researcher who is in the employ of CDC requested permission to review organisational documents and was given full access to documentation, both current and historical, and could thus obtain original documents relating to actions taken and future activities and strategies as part of the organizations plans from the various areas. Copies were made of relevant documents as the researcher was cognisant of information overload.

Document review and the analysis served as a secondary source. Much of the secondary source information was gathered through unpublished policy documents, annual reports and a special consolidated report which included newspaper articles from the inception of the CDC amongst other things. The collection and analysis of documents were made easy as much of this material was catalogued and electronically scanned and hard copies were stored with reference numbers. Merriam (2002:13) emphasizes the strength of documents as a data source due to their existence prior to the research study and non-interference in the research study. Documents were made freely available as the organization gave consent to the research once the proposals of the research were submitted to the CDC human resource executive and the CEO.

The research was made easy as the researcher sought to understand the phenomenon regarding strategic leadership roles that exist in the CDC and that are being practised. The documentation forming parts of this qualitative research provided a source of richness in description Babbie and Mouton (2001).

Documents were analysed by sifting relevant and significant documents related to the study. Field notes of the interviews were made and coded to the specific respondents, who were the executive managers including the CEO. The following chapter illustrates this statement. The various findings from the interviews were clustered into groups which were common and significant within transcribed interviews.

3.8 Credibility and reliability

The researcher conducted phenomenological interviews from which rich information in its raw form emerged. The researcher in some instances had to redirect the question to ensure a clear understanding of what had been said. Having a close relationship with the Executive

Managers the researcher was aware that the interpretation of data could pose reliability questions, and so ensured that a critical distance was maintained. Having a close relationship also made it easier for the researcher to conduct the research interviews. Data from the interviews was transcribed verbatim ensuring data reliability and then analysed using a coded process Boyatzis (1998) allocating a respondent a number without the respondent knowing his number.

3.9 Ethical considerations

Ethical considerations guided the researcher to ensure that the research results are reliable, credible and impartial. A researcher is held accountable for all activities during the research process, which is called participatory accountability. The researcher must be aware of ethical issues arising at all stages of the research process Bryman and Bell (2007). The researcher requested access to various sets of information although already having access to it. This ethical aspect was given consideration as a means to protect the confidentiality of the information and the organization.

This means that the researcher should understand his/her actions at all times during the research process, conduct him/her self in an ethical manner, and continuously strive to maintain impartiality Fielding (2000). The researcher also advised respondents of the reason for recording the interviews and provided written commitment (Annexure A) as a commitment to confidentiality.

A second ethical consideration is confidentiality, whereby the researcher needs to ensure that information gathered cannot be traced back to the participants Brown (2003). In addition, the researcher has a responsibility to inform the interviewees that they have a right to remain anonymous Wellman (2005).

Communicating in an open and honest way is a third key ingredient for establishing trust among the research participants Brown (2003). Signing the research information committed the researcher to act in a professional manner. Emphasizing voluntary participation of all respondents or participants was critical, together with communicating all potential risks to them Berg (2006).

3.10 Limitations

The research study focused on only one case study, therefore would only be applicable to the CDC. Secondly, the relationship of the researcher with the sample needs to be acknowledged as it may possibly have had an influence on the research results. The researcher was previously permanently employed with the CDC and has internal knowledge of the organisation. However, the researcher has made use of a third person to transcribe interviews and then to analyse and interpret the results, which has increased impartiality. The research cannot be generalized and is confined to the CDC only.

3.11 Conclusion

This chapter outlined the research process, stated the objectives of the research study and identified the research approach as well as the method of the study. Furthermore, important aspects such as the data collection procedure, data analysis and ethical considerations were also discussed. The latter is of utmost importance as it guides the researcher in terms of behavioural aspects throughout the entire research process. Lastly, the researcher's relationship with the sample was highlighted as one of the limitations of the study. The chapter gave an overview of the core nature of qualitative research and how it should be conducted in order to render itself valid and reliable.

Chapter 4

Presentation of Findings

4.1 Introduction

This research study is directed at one organization, investigating the strategic leadership roles of the executive leadership of the CDC. The CDC is considered a successful organization in various aspects but mostly in the implementation of infrastructure and development of the Coega IDZ. Although the CDC has many achievements, the strategic leadership faced many challenges, which formed part of the investigation.

4.2 Overview of interviews conducted

The eight interviewees interviewed represent the top leadership of Coega IDZ and are highly experienced in the development of the organization. The following themes emerged from the data during the process of transcription:

- Strategic leadership
- Strategic management
- Stakeholder relations
- Organisational culture
- Challenges to leadership

The layout of the data includes many of the respondents' original words in an attempt to give "rich" meaning to the content of the study. Due to the anonymity of this study, the respondents are mentioned as Respondent No. 1, 2 and so forth. Where necessary, mention is made of the positions that respondents occupied at CDC.

4.3. Strategic leadership

Various strategic leadership roles fulfilled by CDC executive members emerged from the research data. The CDC strategic leadership roles that emerged were related to the leadership being visionaries and providing strategic direction, and to the structure of the organisation that expanded as the strategy evolved based on both successful and failed investment projects. Other strategic leadership roles observed were empowerment of people together with innovation, initiation and strategy implementation. The above strategic leadership roles

were clustered together due to their relevance and meaning within the context of strategic leadership.

4.3.1 The visionary role of Coega’s executive members

The visionary role evident in the organization relates to the aspect of determining and providing the strategic direction, in that CDC had a long term strategy and goals (Respondent No. 5). The CDC executives envisioned the future and provided direction towards this future by developing strategic direction resulting in an organizational development process as per Figure 4.1, which describes the various phases of the IDZ development process as part of CDC’s big picture or envisioned future. Phase 1 describes the focus deployed by developing the basic infrastructure, taking into consideration various aspects such as environmental authorization. The second phase continues with infrastructure development while focusing on attracting investors by developing the skills and focused services needed by the investor. With investors in the IDZ as envisaged in phase 3, CDC will focus attention on retaining investors and maintaining infrastructure through its zone operations as well as continuing with infrastructure development based on new investor needs and requirements.

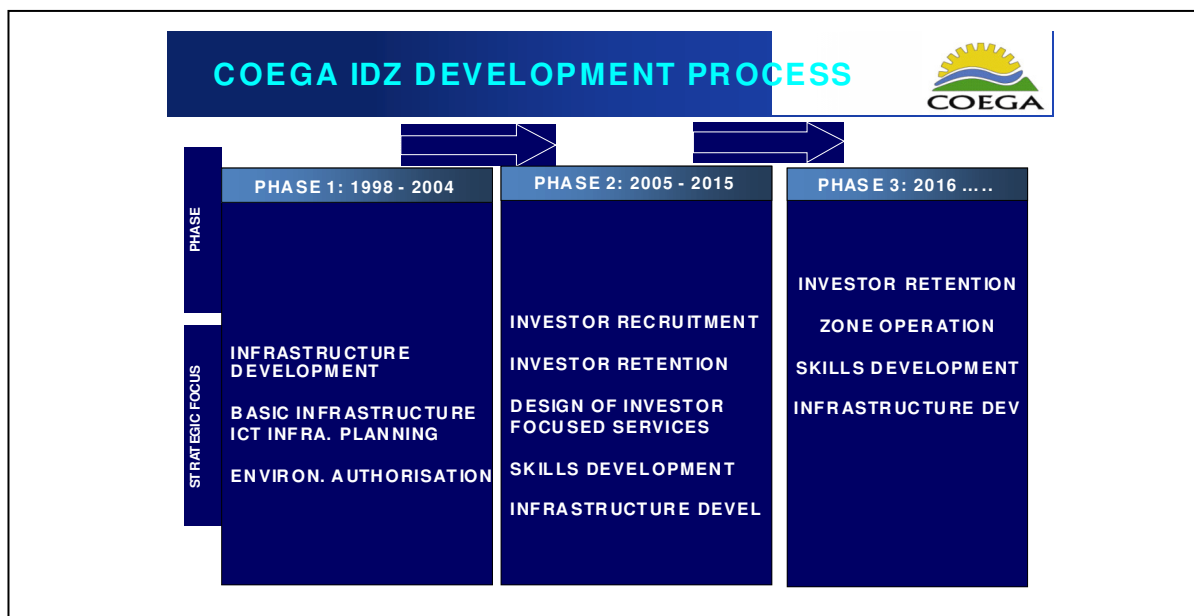


Figure 4.1: Coega IDZ Development Process

Source: Coega Development Corporation, 2009.

Respondent No. 1 stated that people visually could manage themselves as the vision was successfully sold and bought and people were clear as to what CDC was trying to do. The

strategic leadership, together with key representatives from the business units within the organisation, went on a strategic workshop. Prior to the strategy workshop, business units would have their own strategy workshops and their strategy and view would filter into the strategic leadership workshop through their various unit heads and representatives attending the CDC-wide workshop. The workshop with the various representatives and senior executives developed core goals and a core set of values which incorporated staff input. The CDC has identified key strategic focus areas/priority programmes or core strategies to achieve their end state, namely:

- Investment location solution
- Infrastructure development
- Human capital development
- Consulting services
- Operations

The end state has been broken down into the following targets:

	Targets	Current	5 year view (2013/14)*
	Number of Jobs (per annum)	5 868	20 000
	Construction Jobs	6 624	54 450**
	Investment	± R30 billion	R50 billion
	Revenue Generated	R40.94 million	R250 million
	Business in the IDZ (cumulative)	15	100
	SMME as a % of Procurement (per annum)	30%	50%
	Number trained (per annum)	1800	50 000
	Increased Portfolio of Projects for Consulting Services	100%	200%

* 5 year view figures are cumulative figures from 2009/10 to 2013/14
 ** Construction jobs include Infrastructure Development & CDC-Services jobs

Table 4.1: CDC Strategic Targets

Source: CDC Annual Report, 2008.

The above targets were to be achieved through the organizations market discipline programme as depicted in Figure 4.2 below. The CDC market discipline programme rests on three pillars or philosophies: product leadership – CDC product offerings that increase the organisation’s performance, operational excellence – the provision of simple affordable products with the least problems and lowest operational cost, and customer intimacy – the provision of services and products customised to customer needs.



Figure 4.2: Discipline of market leaders

Source: CDC Strategic Plan, 2008.

The core set of values CDC developed which its employees ascribe to are presented in the table below. The leadership of the organisation made this value set part of the overall strategy for the organisation. The leadership also gave recognition to specific identified employees by handing them certificates at an annual organisational performance meeting. Certificates are presented by the CEO to employees who are voted for upholding a specific value in an open process conducted amongst all employees in the organisation who believe their candidate has lived and demonstrated these values.

VALUE	DESCRIPTION
1. Integrity	Pursue ethical practices being Honest, Open & Sincere in everything that we do.
2. Mutual Trust and Respect	Embrace diversity by treating each other with Respect, Trust & Dignity at all times.
3. Passion & Commitment	Do as you say and do everything to the Best of your Ability with Enthusiasm
4. Individual Initiative & Teamwork	Behave proactively as an individual and actively support your colleagues to raise the overall team performance
5. People Development	Promote empowerment of individuals through Training and Development
6. Customer/ Stakeholder Value	Exceed customer and stakeholder expectations and ADD VALUE to their business.

Table 4.2: CDC Core Values

Source: CDC Strategic Plan, 2008.

Respondent No. 4 emphasised this long term strategic perspective, stating the following:

So it's the big picture ... that counts. The fact that the IDZ is not just the place to put a few... factories, it's actually an economic enabler if you play it right.

The Annual Reports of 2006/7 and 2007/8 state that CDC vision is "To be the preferred investment destination". To enhance and bring effect to the strategy and vision, an annual business unit strategy process takes place at the business unit level, involving all staff members.

In determining and providing strategic direction Respondent No. 1 indicated that he initiated the shift from only delivering infrastructure to a more services, sales and marketing approach, stating:

Nothing gives me more pleasure than to see somebody that can ... I coach them and I give them direction and they are able to succeed.

I think from my side ... I have done well because you need to be able to take a particular direction and I have taken that direction.

Providing strategic direction in terms of a services orientation approach enabled the organisation to develop the following areas: business development, research, infrastructure development, health and safety and quality management, and to generate revenue for CDC. Respondent No. 4 had this to say:

Because ... [CDC is] funded by government we are now offering services to our own funders which in the end will either reduce our financial dependence on them or in addition to what we are getting now should then enable us to do more than we ordinarily do. Then, also these are services that government would get from other service providers and there was no [tender for] developing of internal skills of government. So what government would do is simply asking others [to do the work]. So we beef up on our own skills in terms of understanding the solution that government required [in order to] assist government because we are committed to provide [these services]. In [doing so] ... we are saving money for government, we are saving new resources ... for the organisation but we are [also] transferring skills. We have become the critical mode through which the State can ensure that it is able to deliver these things.

The above quote indicates a clear departure from Coega's original objective, i.e. providing infrastructure and creating jobs, in both the short and long term. However, according to

Respondent No. 2, this development has provided leadership with a challenge to shift people's thinking from an infrastructure focus to an investor attraction orientation, thereby crafting strategic direction.

Respondent No. 5 shared the same feeling, suggesting that leaders have to encourage people "to believe that the right path is to get investments" and to shift away from an engineering focus. Providing strategic direction seems to be a continuous process, performed by the executive management in order to ensure effectiveness:

Every time we would make sure that we define the direction and what needs to be done. At a management level you have to find out how to do it and what needs to be done, because our main focus as a leadership office is for the project to be effective.

The important role of CDC's CEO was to sell the vision. As indicated by Respondent No. 1, the CEO conducts an annual address to the entire organisation, once the organisational strategy is revised. Respondent No. 1 stated that the CEO put a lot of time in to sow the vision among other staff members by attending and talking at business unit meetings. People were thus able to project fit themselves into the vision, thereby also allowing people to manage themselves and thereby reducing supervision as Respondent No. 1 remarked:

I think one of the successes of Coega was to ... sell the vision and that to me [was an] ... investment [i.e.] selling the vision ... it got people to visually manage themselves. So, they rid the burden of managing people ... Because generally people are clear as to what the CDC is trying to do. They buy into that particular vision and they pursue that vision with vigour.

The annual strategy sessions per business unit that take place where all staff members get involved is to formulate their strategies. Inclusivity of all staff members was an important factor for people to have a "buy in" (understanding and accepting the vision). It was felt by Respondent No. 2 that a common purpose and common passion were important ingredients of CDC's output. This common purpose and vision were created as stated above through the strategy workshops which resulted in formulating a strategic focus and key targets for the next few years until 2014. "Unity of purpose" and a "shared vision" were some of the phrases used to describe the visionary leadership approach evident in CDC. The result, as Respondent No. 1 mentioned, was that there was a passion and desire among CDC staff to make the project a success and in doing so they first had to ensure that staff understood that the project

was a “means to an end”. This resulted in a genuine passion to serve the public sector, especially among leaders. Respondent No. 2 confirmed the above claim by mentioning that there is a caring attitude among staff for the communities and people they serve.

The passion and desire meant “CDC always strives to get things 100% right” as stated by Respondent No. 2, which supports the statement of Respondent No. 3 who stated that CDC’s commitment to excellence and high levels of performance was one of the main contributors to CDC’s success. Three respondents indicated their role towards dedication and commitment and to lead with quality leadership skills. Respondent No. 1 stated that one of CDC’s philosophical perspectives is improvement on service delivery through continuous people development. Targets and objectives are clearly formulated with interval review reports evident throughout the period. It also appears that CDC leaders never accept the conventional but continuously strive to determine the future scenario. The Performance Management document on Key Performance Indicators contemplates key aspects of the Balance Scorecard and EVA (Economic Value Added) which were used as tools in the process of formulating CDC’s key performance indicators and targets.

4.3.2 Organizational structural review

The CDC strategic leadership conduct annual strategic reviews and adjust their business plan and structure accordingly to deal with the current internal and external environment. Coega Development Corporation organizational structure review 2009 resulted in a flat structure. There are eight Business Units (BU) with each BU represented by an executive unit manager responsible for a team, with the CEO reporting to the CDC Board of Directors. Figure 4.4 depicts the CDC’s current organizational structure, which changed from Figure 4.3 which was more aligned to infrastructure. A strategic review process took place to review the structure which resulted in combing (ie. EM Metal and EM ED into EM BD and adding a new business unit EM CSS) CSS being Coega Strategic Solutions as depicted in the current structure in the Figure 4.4 below.

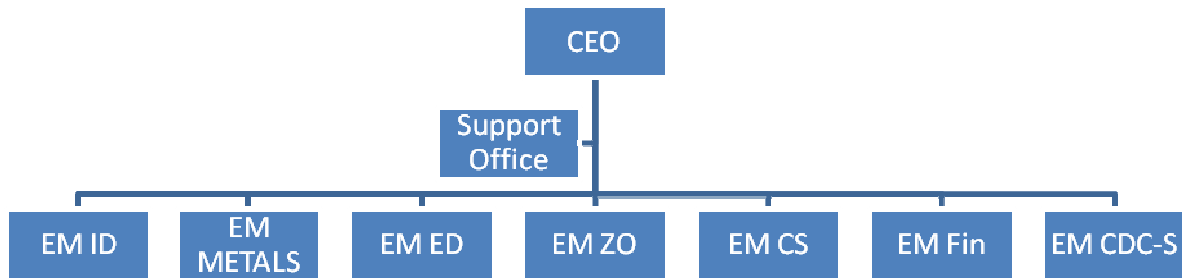


Figure 4.3: Executive Management Structure – Old

Source: Coega Development Corporation, 2007.

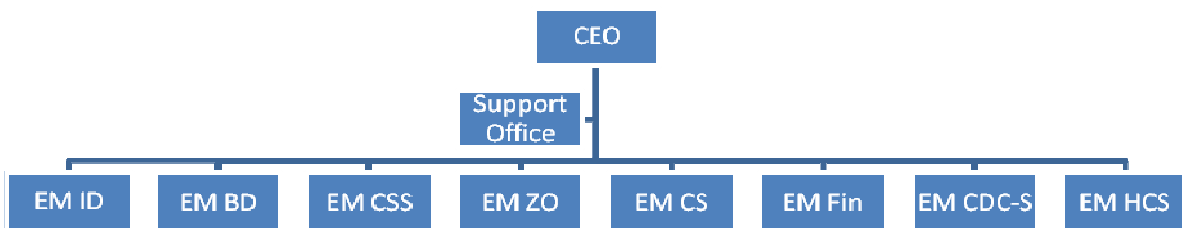


Figure 4.4: CDC’s Executive Management Structure – Current

Source: Coega Development Corporation, 2009.

The top management ensures that communication filters through to all staff members via each divisional head or unit manager. The various divisions or business units evolved over time as the strategy unfolded. One respondent criticized the organizational structure, stating that it is too heavily aligned towards the engineering discipline and failed to accommodate a more leadership friendly approach:

I think the other components to the leadership issue within Coega are ... the structure in terms of the leadership at Coega [which] was very

heavily ... in favour of the engineering discipline. It failed to recognize the fact that, you need the whole leadership and the management structure around the leadership [to] build and support an engineering mindset and design to deliver on big infrastructure projects. It wasn't designed around commercial [activities], it didn't complement ... commercial considerations and commercial imperatives. So the leadership was heavily driven as an engineering enterprise, failing to incorporate our commercial components to the leadership. So I think in that respect there's been a failure and I think that's what partly contributed to the project not reaching that tipping point in terms of crowding in investments, as well as seeing the resulting job creation. There are others, which are outside Coega's control but those are part of where I think the leadership has not achieved its full potential.

It is evident that for a long term project it is expected that CDC will evolve in its project life cycle. The CDC has developed its business structure in line with the organizational product life cycle and product development (see Figure 4.1) as well as conducting analyses to substantiate its path against competition (see Figure 4.2).

It was stated in the introduction (Chapter 1) that CDC has come into being through government's economic initiative. The Coega project has developed from an infrastructure development stage to an investment promotion stage and an IDZ operation stage (see Figure 4.5).

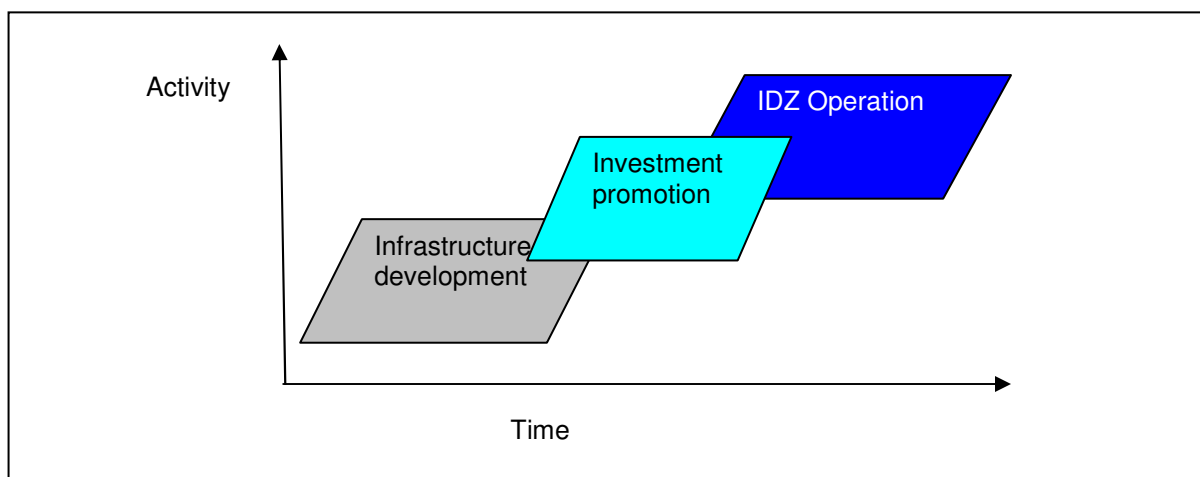


Figure 4.5: Organizational Development Phases

Source: Coega Development Corporation, 2007.

CDC has conducted an S-Curve analysis (see Figure 4.6) which is a life cycle analysis that examines the influence of time on revenues, competition and relevant growth in the various

phases of organizations (Louw, 2006). The analysis formed part of the leadership decision to realign its focus from infrastructure development structure and phase to an investment promotion or marketing based structure.

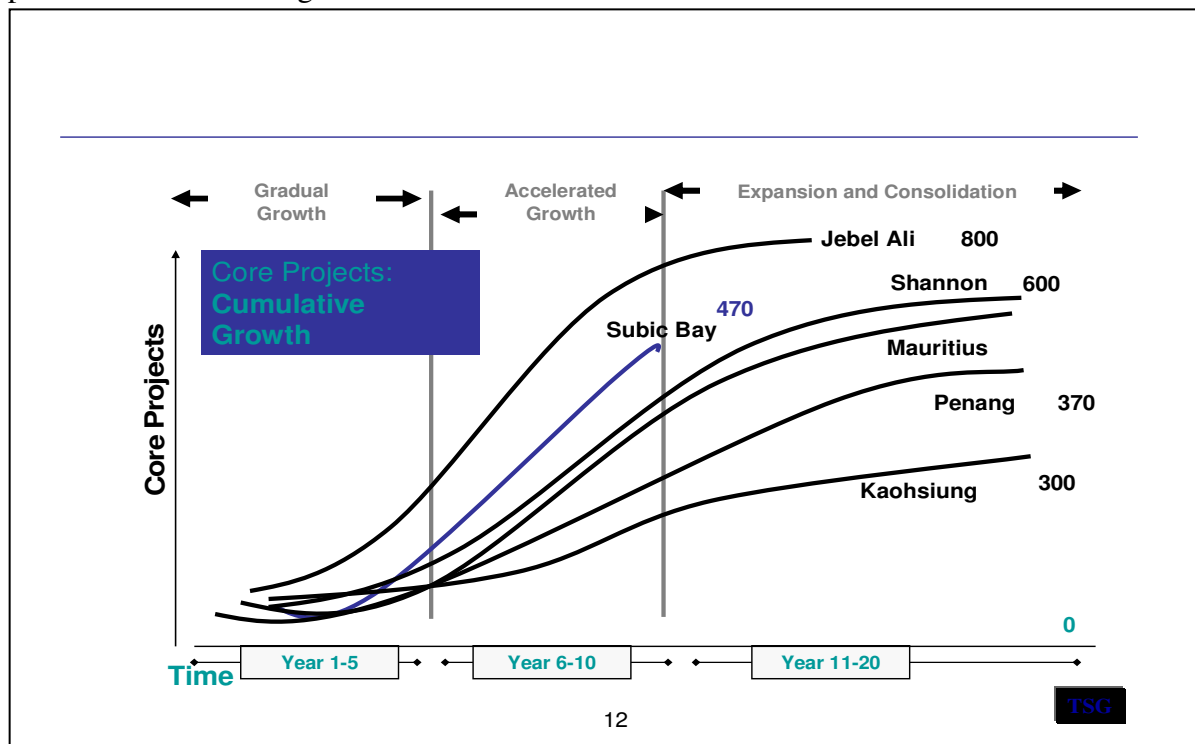


Figure 4.6: Stages and competitor economic zones

Source: CDC Strategic Plan, 2008.

4.3.3 Anticipating the future

The importance of understanding the unpredictable environment in which CDC operates surfaced from the data. Future decision making and planning formed part of executive members’ key functions to deal with the role of anticipating and envisioning the future. This is done through regular scenario analyses, strategy development and feasibility studies. One of the three respondents also mentioned the importance of taking caution when entering “new terrains”.

Respondent No. 7 indicated that CDC’s leadership is faced with two challenges, firstly empowering people and motivating them to stay with the organisation, and secondly continuously striving to predict the changes in the environment:

There is a greater challenge to motivate people now than ever before because [of] the economic circumstances that confounds you have got the consequence of making people unhappy. Not necessarily because

of things that are happening in their immediate work environment but things that are happening outside of their work environment ... [With] retrenchments that take place, there are fears about job security. Affordability is becoming a big issue and that impacts on how people feel, it impacts on their hopes, on their aspirations on their lifestyles and what they are able to afford. This make people resistant to change and affects how people feel and their levels of productivity and levels of satisfaction. [In addition to the above], the environment is very unpredictable to the extent that you are unable to create a predictive environment. There is an increasing sense of feeling a little bit helpless, even the leadership teams. It is almost a feeling of it doesn't matter how hard you try; the cards are stacked against you.

It is clear from various documents that the organization is highly focused on present and future organizational aspects of concern. The present concerns can be linked to the management activities which focus on development areas. Future organizational concerns can be related to scenario analysis and strategic planning documents. Respondent No. 2 stated that there is a continuous attempt by CDC to predict the future environment and realign the organization, resulting in structural changes and additional services offered by the CDC.

4.3.4 Inspire and motivate people

Both Respondent Nos. 3 and 4 indicated the critical role of providing hope and inspiration to staff members to achieve long-term success. Respondent No. 4 stated that people are inspired and coached beyond “future challenges”. According to Respondent No. 2, the Chairperson made people believe that they will succeed and survive. Respondent No. 3 stated that:

As a leader in an organisation of that nature and particularly in my unit, you must know and be on the battle field with the troops and walking with the troops and through that I think it motivates everyone to move to do their best because we are all performing at the same level so there's no you give, you take leadership in terms of your roles and your responsibilities and what you're doing. What you do is you are also able to offer immediate support on the ground to the people when they require it.

The Board of Directors of CDC provided support to the leadership structure which inspired them to achieve desired outcomes emanating from the past targeted achievements. This board is the longest serving board compared to other IDZ boards in South Africa and provided the platform for strengthening relationships with the executive team over time.

4.3.5 Flexibility, innovation and creativity

According to Respondent No. 1 the work environment of CDC provided staff members with a platform to express what they are able to perform. The latter can be referred to as a flexible culture that contributed constructively towards CDC's achievements and can be interpreted as a result of allowing staff to explore and lead the way in some areas of specialised services:

[The] organisation was more outcomes and solution orientated, and I also think in fairness [that] ... one of the things I have learned is that they understood that this was a new terrain, a new territory that no-one actually had the monopoly or the wisdom as to how this should work.

Respondent No. 1 stated that the ability to find solutions for obstacles as they arose was among the top reasons for CDC's success due to the fact that they experienced many problems at a rudimentary phase. This made CDC able to get new solutions for upcoming challenges and to deliver other services, which was a testimony of their innovation and creativity. One of the CDC executive managers acknowledges the fact that he was inspired by people's abilities and he gave them an opportunity to lead in areas where they are more specialized and advanced.

Respondent No. 7 indicated that "giving people the freedom to be innovative and creative, space of freedom and some autonomy" to implement planned projects is among the major reasons for CDC's success.

Respondent No. 3 reflected a similar approach in terms of the leadership role:

Offer immediate support on the ground to the people when they require it, in order to move forward. You also need to be able to be led by some of the people in the unit where they are more effective and they can make better decisions than you can. And you are able to be led and you are able to put yourself in the position where you say to someone, No, no, that's fine, you take the lead because you can do a better job than I can in that particular area and you need to demonstrate that so that people can feel a greater sense of pride and responsibility for what they are achieving.

Another important strategic leadership role was the management of crisis situations. Respondent No. 6 viewed crisis situations as opportunities for advancing the organisational goals:

If there is trouble, when there's [a] crisis and all that, you always show the team that beyond the crisis there is success and you always assure the team that [with] every possible crisis, there is an opportunity to advance the business further.

4.3.6 The type of leadership

According to Respondent No. 5, the nature or quality of Coega's leadership was one of the fundamental contributors towards its success in that leadership provided people with autonomy and individuality. What was important for the respondent was the executives' "ability to let people to be" in terms of what they want to do. The following was a direct response of one respondent:

We would provide a canvass and we lead the people to a picture that they wanted. In other words, giving them freedom to be innovative and to be creative ... giving them some space, some autonomy to do what they want to do.

According to Respondent No. 4, CDC embarked upon a strategic programme, which entails a long-distance learning programme to grow their leadership for the next generation. According to Respondent No. 1 CDC has strategic leaders but warned against the risk of having only few such leaders at executive level with no firm succession plans. Not all the leaders within the leadership team possessed the quality of providing people with autonomy and individuality.

4.3.7 Role of the team player

Throughout the organisation's operations, it is apparent that teamwork is an inherent part of their modus operandi. One respondent stated the following regarding teamwork:

I think the single strategic role that I ... have played, was to keep the team together because it is a project that has been more than a fair share of ... circumstances. So, less about what happens to us, more about what we do about what happens to us and keeping that cohesive team together has been a huge thing. Ja, and for me that's still one of my worst fears, is the unravelling of a team. To put together a performing team in a cohesive unit takes you maybe hundred [longer], it costs you hundred times more, ten times more than to actually pull it apart".

The respondents acknowledged the important role of the team player. Since CDC operates with different units with diverse people, teamwork plays a vital role in determining the

success of the organization's operations. Respondent No. 6 highlighted teamwork as a contributor to success and described CDC teams as "formidable".

4.4 Strategic Management

4.4.1 Strategy Development

The data suggests that providing strategic direction is depicted in Coega IDZ's strategy development, which played a fundamental role in assisting CDC's leadership to lead the organisation. Responses from the interviewees indicated the importance of strategy formulation and development as a key factor in determining CDC's achievements. Respondent No. 5 said that the leadership of CDC ensured inclusivity of all staff members during the process of strategy formulation, which laid an understanding of all towards the long-term goals of CDC. One of the top Executive Managers, who in terms of the hierarchy reports to the CEO, reflected that one of his key roles was to develop a strategy up to 2014, which he regarded as a key milestone for the organization. The respondent was of the opinion that CDC had an added advantage due to the fact that both himself and the CEO shared the same passion for strategy development and thus formed a strong executive partnership.

The respondent had this to say:

Another key milestone... [was] the development of the strategy for the CDC ... [which] we are pursuing with ... vigour. So, to me that was important and ... the role that I played until now was an outcome of that process.

Respondent No. 1 also indicated that strategy development for CDC was critical for its survival, mentioning that one of the key focus areas of the strategy was to generate revenue for CDC from services rendered by staff. Therefore there had been a shift from infrastructure to a more balanced combination of both.

We identified that we need to look at the services side and based on my experience I then requested to lead this initiative of our organisation to see how we can offer services. And we've been quite successful in a very short period of time because there is a demand out in the market for us to do this.

The above expressions were strengthened by Respondent No. 2, who elaborated on how CDC responded to the financial crisis it faced during its initial stages, which provided them with the opportunity to review their strategy:

And there's a lot of foot work [practical] strategy that had to come into play... [due to the lack of funding and low income margins of CDC].

Furthermore, the fact that Coega IDZ already decided on designing the best venue for its own natural harbour, necessitated strategy formulation.

According to the respondent, not only was a good strategy necessary but also time was an important factor when reviewing and re-aligning strategy as well as the level of flexibility of such a strategy. The respondent expressed the urgency of time, stating:

It is also very important that you move quickly and fast. But secondly that you are not too rigid, because if you are too rigid ... Coega [would not have] realised that something is flawed in the strategy because it was cut and sewn [and] they would not have had any documents to turn back and [to] re-adjust.

From the above information it is evident that CDC's strategy development was a successful process moving from an infrastructure lead strategy to an investment promotion lead strategy, which enabled the organisation to reach their set target achievements as indicated in their Annual Report of 2008/09. The strategy development and review process enabled a vital shift from delivering of infrastructure to a services-orientated approach.

Unlike Respondent No 1 and 2 above, Respondent No. 3 articulated a different viewpoint on this matter, stating that the strategy was successful in delivery of infrastructure but failed to provide the number of jobs anticipated due to a lack of stakeholder management, stakeholder involvement and strategic partnerships with other government departments. The respondent had this to say:

This project has a natural priority ... to go to the other key stakeholders and say ... this thing works in terms of a project. Where Coega in terms of its leadership has failed is actually to recognize the fact [that attracting key stakeholders] ... was a weakness and ... a gap and what it needs to do.

It is evident that strategy development is a vital component in providing strategic direction for CDC's leadership. One respondent attached value to a crisis which provided CDC with the opportunity to review and re-align their strategy:

You see, the Asian crisis did not impact directly on Coega IDZ ... but that allowed Coega had to re-look ... [its] strategy.

4.4.2 Managing government relations

One of the successful roles of Coega IDZ's executive (highlighted by Respondent No. 2) was to attract various investors, with a total of 15 investors to date, and subsequently to view the final project holistically, i.e. within a beneficiary context of the area. The benefits holistically include attracting 15 investors, R30billion rand worth of investment, approximately 24 000 jobs created, 1 800 learners recruited and trained through the IDZ programme and implementing multiple projects in the Eastern Cape Region on behalf of provincial government. Respondent No. 2 also further explained the above role, mentioning the importance of identifying key players and defining their contributions. According to Respondent No. 2 another important activity for the CDC executive was to compare key players' contributions with the competencies of the organisation in order to match project implementation requirements. Therefore, stakeholder identification was strongly linked with organisational capacity. This view is upheld by Respondent No. 1 who highlighted the role of liaising with people who have a "genuine interest" in the organization.

Respondent No. 2 suggested that it was the executive's primary role to ensure that all project components have been attended to, including the most important role, which is stated as follows:

But for the success of achieving that goal [benefitting the communities of the Eastern Cape] it was imperative ... to bring ... various partners [on board].

Although Respondent No. 2 above takes a more strategic view, Respondent No. 6 outlined a more managerially focused role that dealt with day to day aspects in terms of addressing stakeholder interest. Respondent No. 6 described Coega IDZ's stakeholder attraction drive as very "aggressive", meaning that much effort was put in to attract investors as well as key role players. The respondent also highlighted important functions for which the executive were responsible, such as ensuring that (i) stakeholders are part of the successes claimed by CDC; (ii) stakeholders are participating in the problem solving process; (iii) input from stakeholders is requested to solve problems; (iv) stakeholders take ownership of the project and lastly (v) stakeholders are aware of the mission of CDC.

Opposing views from Respondent No. 3 indicated that that CDC failed to manage stakeholder investment independently and was also not able to harness stakeholder support in totality:

Where Coega, in terms of its leadership failed ... to recognize the fact that [stakeholder management] is a weakness and that there is a gap [in terms of] harnessing ... the support and the cooperation of those stakeholders in a coordinated manner. I also think where Coega's leadership failed to a certain extent was to believe that it could do all of these things on its own as a single entity. Also, because it has a perception of having significant support from National Government it would just drive the process through without doing significant stakeholder management, stakeholder involvement, strategic partnerships with other Government stakeholders, [and] with other Government departments. I think that's where it failed in terms of achieving its objective.

The latter's response indirectly reflects national government's political leadership role and involvement in CDC, which was highlighted by the majority of respondents. This can be linked to Respondent No. 3's response, i.e. that a key role was to build strong external relationships and partnerships which he felt was a key weakness in stakeholder management where government departments are concerned. It appears from the responses that CDC is striving towards independence as far as the managing and attraction of investors are concerned because this activity is also carried out by national government, which also highlights the fact that CDC and some national departments of government do not work together.

The respondents emphasized the critical importance of the political leadership role played by the national government. One of the key areas was for the South African national government to engage with international investors and establish stakeholder relationships during the rudimentary phase of the CDC project. The following respondent strongly believes that political leadership played a primary role in CDC's success:

One common factor is the buying in of the government into the project and that buy-in becomes critical because it's the same government that is supposed to be creating [opportunities] that will ensure that the idea in the [IDZ prevails]. Any private investor that comes along finds the soil already fertile. So, I think that for me is more significant than any other reason why the project succeeded. I also think that the moment the road has been cultivated so that you get support from government at all levels.

The above view is supported by Respondent No. 1, who emphasized the importance of the political support provided by the national government:

I must also say that at the time of uncertainty, political support from Provincial Government I think was the critical factor that actually then gave them the platform to be able to do other things. When I look at other IDZ they are where the CDC was actually ten years ago but that CDC has been able to move. As far as it has moved I think now it is a model to other IDZs.

One respondent differs regarding government's critical role, stating that:

There's too much trouble to try and change laws and to pull everything together and get people to cooperate so we'll this in a sort relatively simple and easy way, but it's not giving the optimum sort of environment for the IDZ's work to really take off.

The political leadership role and support from national government were viewed by the respondents as a critical factor for the survival and growth of the CDC project. The "emotional commitment" from political stakeholders was fundamental throughout the process of establishing the Coega IDZ. The South African political structure (the fact that political leadership cut across all three sectors, i.e. national, international and local levels) has optimized support and political leadership engagement.

Although the respondents acknowledged the important role of government in this process of development, a few of them raised their frustration. One respondent described national government as a "stumbling block" when it comes to investment of capital funding for project implementation. The respondent also claims that national government has failed to lead Coega IDZ strategically. Some of the respondents are in agreement that national government itself is a challenge. It is evident from the data that government failed to keep CDC accountable and responsible for services and funding received.

A lack of strategic vision by national government to integrate CDC with progressive parts of the SA economy was also reflected by Respondent No. 1. He also indicated that government does not appreciate the services of CDC in general, and is of the opinion that the mere fact that the project's identity is associated with government, blocks international competitive

vision of the CDC leaders. This intertwines with Respondent No. 3's view, stating that CDC never owned the project initiative:

In an organisation like Coega, what we need to do, we need to take our mandate from government [and] our tasks need to be driven by the tasks given by Government and we need to see ourselves as custodians of the project to a particular point in time. We don't own the project. We are not the owners of the project. So we need to look at how we can impact on our tasks that we have at hand for the particular time that we are there.

Another challenge was the policy on IDZ demarcation and limitation thereof. According to Respondent No. 1 this policy restricted funding projects and left CDC managers frustrated.

In light of the above frustrations expressed, it appears that CDC leaders have the ability to strive towards independence and set strategic direction for the organization, however they lack the ability to manage national government as a key stakeholder and owner of the IDZ project. However, Respondent No. 5 stated that the "concept and drive" of CDC is "sound".

4.4.3 Developing human potential

CDC embarked on a special process to identify very good talent. As a result CDC has sourced the best African talent in terms of qualification, knowledge, experience and professionalism:

Either ... CDC was for many years very good at identifying talent, the right kind of people that could work for CDC ... it would look at the background, it would look at the qualification and then invest handsomely in up-skilling people. I don't think there are many organisations in South Africa that have got this depth of black talent, you know experienced black critical talent. Not some window dressing kind of thing. This is people who know what they are doing, they are qualified and they've got a track record to indicate that.

The preceding statement of Respondent No. 1 is supported by the view of Respondent No. 7, who indicated that the level of skills within CDC is another reason for its success. He described staff as very competent and knowledgeable in assigned areas and in task performance. A proof of this is the limited number of outsourced projects by CDC in comparison to other IDZs. Simultaneously, this has also improved the insight of staff, and positioned them to be in better control of such assigned tasks.

Not only did the executive acquire talent, but part of CDC's strategy was to provide training to staff members and convert them into trainers for the public sector. CDC makes provision in their human resources development policy to stretch the capacity of their staff by providing tertiary support up to Doctoral studies. Respondent No. 4 confirmed the latter by stating the following:

It's not an infrastructure or technical thing, it's the fact that [CDC is] determined to give people the opportunity to grow and to become leaders in the future. The fact that there are funds available to everybody every year, to do studies, whether it's a sort of upgrade as such, some would say perhaps a modest level, to people who are going to these strategic executive programmes in various parts of the world, or by long distance learning. And that's the only way you're going to grow the leadership for the next generation. And then be very good at that.

4.4.4 Strategy implementation

Four respondents indicated the importance of leadership roles when strategy needs to be implemented. Respondent No. 2 mentioned the importance of utilizing management tools to get strategy implemented and view strategy implementation as a challenge for CDC as it was not always possible to make collective decisions, sometimes it was necessary for them to go with their gut feeling, leaders have to first get the support from management to set direction and pace. According to Respondent No. 5 the organization is "too occupied with getting things right [collective decision] than getting them done". Strategy implementation remained an internal challenge as Respondent No. 1 stated:

So, I think that's one of the weaknesses that people tend to always try and reduce this [strategy] to a theoretical framework or something of that nature. And that's why people are slow to switch over to the implementation phase.

Respondent No. 7 mentioned that management possessed good leadership skills to implement projects but suggested that management and leadership roles be combined in order to set pace and direction. According to Respondent No. 6, one of CDC top managers' roles was to ensure that systems and practices are in place to take stakeholders (employees, businesses, social infrastructure, government, and labour management) along, which were not always effective.

The above response can be linked to Respondent No. 1's statement that workflow processes are aligned to the outcomes and mission statement of the organization. This respondent also highlighted another challenge:

The role to identify key tools and processes to ensure progress and smooth operation.

Identification of key tools and processes change as the organisation's value discipline changes, which requires different tools at different times and stages in the project according to the organisation's operational excellence, product leadership and customer intimacy as per Figure 4.1 above.

4.4.5 Valuing people

Respondent No. 7 sees much room for improvement to achieve a people-centred organization and views the organization as perhaps too much task-driven. According to this respondent, valuing people not only fosters staff loyalty and strengthens staff retention but is vital due to an abundance of opportunities for employees elsewhere.

Respondent No. 5's statement adds more meaning to the above response:

At times I feel that we work within the organisation [where] there is a departure from treating people as people. We tend to see them as objects and to be too [professional]. We fail to look at a person from a holistic point of view. My strong belief is ... because I am working with a person within my business unit. If I want that person to excel in whatever he or she is doing, I should understand that person from a holistic point of view. Other people believe that you should only focus on work related stuff but because a person is a human being, whatever happened at home is most likely to affect how he or she performs at work ... People these days are very mobile. So you want to create an environment where people would stay in an organization and be loyal to the organisation. I think therefore we need to do a lot more than recognising their person.

CDC people have faith and trust in one another. This was an aspect that came through from Respondent No. 1:

Their belief that the organisation has the mobility in terms of making decisions and trust in people. You know, just having faith in people. I think that to me is the important thing.

Although Respondent No. 5 mentioned that CDC fosters a culture of competitiveness, trust and respect among colleagues, the respondent voiced a different viewpoint in terms of the

communication patterns within the organisation. The respondent claimed that there is a psychological division between lower level management and the executive when delegation of tasks occurs. Low level management view tasks as a “must-do” without debating or questioning:

Unfortunately then the high leadership then have a particular way of doing things and I believe which then influence the overall corporate culture because if you look at it certain things might be communicated and with a view of just doing it, don't think about it don't argue. You see what I mean and the result of this then when it comes to recommendation the next level would have to echo the same sentiment even though there might be a difference in opinion on how those particular things should be done.

4.5 Organizational culture

Some respondents perceive corporate culture as a critical contribution to the company's success, hence the development of core values. One of Coega IDZ's objectives is to promote a culture of excellence and continuous improvement. Respondent No. 7 believes that the corporate culture of CDC is much greater than that of the individual employee and that it serves as a vital change agent for the survival of the organisation.

Oh...[yes], look ... in the last [few] years that I have become to appreciate the power of culture, both as a weapon of change but also as a potential barrier to change. Culture in my view, is the smell of the organisation, it is the feel of the organisation, it is the intangible. It is that which you know but may have a challenge pointing out. It is how people perceive themselves, it is how people perceive the organisation, it is how people perceive the impact of the work that they do, it is how people see their own role within that particular organisation. It is the elephant in the room at any given point in time. It is the mirror in the room through which you see yourself and you see the world. Culture ... forms your value system, your belief system as an organisation.

The respondent argued that any corporate culture should keep pace with the external environment with the need to always maintain good parts of the culture while adapting to change to respond to circumstances. Therefore it is necessary to maintain a balance between continuity and change:

Also for CDC there has been a need to maintain a healthy balance between continuity and change because when the culture of an organisation is strategic as Lord Brown once said, if the rate of

change ... outside an organisation outpaces the rate of change inside of that organisation, then the end is in sight. So there is always a need to maintain good parts of the culture and at the same time to adapt to change and respond to the circumstances as they are ... So it is a dialect between ... continuity and change.

The CDC traditionally would strive to achieve their annual targets with some aspect of business excellence. To adapt to the changing environment the organization has adopted a culture of business excellence and has introduced a quality maturity model which has recently been mooted for adoption by the management board.

According to Respondent No. 5, teamwork, trust and respect for people play a fundamental role among staff members to ensure that the organisation succeeds:

There are ways that people are adopting in ensuring that the organisation is successful and those people then tend to inculcate it in certain culture. So to a large extent it is the team work and the competitiveness and trusting your colleagues and all that and also respecting people in that culture which those pockets then manage to draw up.

The respondent also reflected differences between high level management and subordinates and stated that a certain culture exists where high level management influence the corporate culture by being dominant when it comes to communicating and decision making:

There's attempt to inculcate a particular culture at lower level but unfortunately then the high leadership then have a particular way of doing things and I believe which then influence the overall corporate culture because if you look at it certain things might be communicated and with a view of just doing it, don't think about it, don't argue. You see what I mean and the result of this then when it comes to recommendation the next level would have to echo the same sentiment even though there might be a difference in opinion on how those particular things should be done. But at the same time I need not to be pointing at negative things only because then I also put different things with respect to for instance competitiveness.

It is evident that CDC, in its attempt to promote a culture of excellence and continuous improvement, provides an enabling environment for constructive communication. According to Respondent No. 1, employees are able to express themselves and are allowed to differ. Most importantly is the executives' role to orientate people to "fit" into the organisational culture.

The above is supported by Respondent No. 6, indicating that all staff members' views are respected and regarded as important. The role of overseeing an enabling environment to communicate and express oneself without fear was fulfilled by the executive:

I think it was ... [our] role in ensuring that whenever there was an issue or a problem to deal with, all the views by people are an act, and every person's view is important in a proper social environment. My particular strength has been on instructing those particular perspectives with people and also to ensure that people must have a right to differ because their perspectives are best expressed if they are free to differ. [The] more you get those different perspectives, [the] better [the chances] to get to a quality decision.

4.6 Conclusion

The findings in this chapter based on interviews and related documentation revealed strategic leadership roles fulfilled by the executive members of CDC. The researcher was able to ascertain detailed information about the strategic roles that contributed to Coega IDZ's success as well as some of the challenges faced by the executive and staff members.

One of the interesting aspects and challenges was the stakeholder role in relation to managing the relationship between CDC and national government departments. Although government's role is viewed as critical by the respondents, the executive seems to be frustrated with national government's modus operandi. It is important to note that most of the information gathered from the respondents can be linked to the documentation of CDC. After the data analysis process was completed, the following role distinctions were identified:

- Vision, strategy development and corporate culture received the highest importance in terms of their contribution towards Coega IDZ's success.
- Stakeholder engagement and innovation and creativity were also seen as critical contributors towards success.
- Other aspects such as anticipating the future through various aspects including structural alignment and the development of human capital together with valuing people formed important parts of respondents' responses.

Challenges identified by the respondents and indicated throughout the chapter:

- Respondents expressed their unhappiness about the lack of funding for IDZ and strategically aligned projects. One respondent stated that managing funds obtained and the reporting thereof is also a challenge.
- The lack of ownership of this national initiative is also viewed as a major challenge due to the lack of support from key national government departments. This has impacted on the project as a whole and could further impact on the future delivery of attracting viable projects and possibility to unlock global opportunities for the Coega IDZ.

The CIDZ program has thus been impacted negatively due to lack of or limited national government department's support. Envisioning the future the CDC has developed a strategy thus branching into providing consulting services nationally to other national government entities.

Chapter 5

Discussion of Findings

5.1 Introduction

The previous chapter dealt with the findings of the data that was collected in relation to the roles of strategic leadership in CDC. The data was collected mainly through semi-structured interviews and secondary data such as documents, journals and annual reports etc. The researcher conducted the research within an interpretive paradigm Babbie and Mouton (2001) in which he sought insight into how the executive managers in CDC view their roles. The interview data that was transcribed, together with the field notes and other related documents, were consulted to ensure the information provides a clear picture in relation to the phenomenon that was investigated in CDC. This chapter discusses the findings in light of the literature.

5.2 Findings

Under this section, the research findings are discussed and linked to the relevant literature presented in Chapter 2 of this study. During the data analysis various themes were derived. These were consolidated under two main themes and are discussed in more detail in the light of the literature, particularly focusing on the strategic leadership roles that contributed to the successes experienced at CDC. The two consolidated themes identified were successful leadership roles and challenges hampering the ability of leadership to succeed.

The role distinctions in the conclusion of the previous chapter formed the basis of the themes which emerged as the overriding themes. Dubrin's (2001) leadership roles served as a basis for the interviews. In addition to this work, roles identified by other authors and that featured prominently in the findings are also outlined below. Not all the roles outlined by Dubrin (2001) in Chapter 2 feature as they could not be substantiated from the relevant interviews and data.

5.2.1 Successful leadership roles

Various successful leadership roles contributed to the achievements of the Coega IDZ. These roles were clustered under a broader theme, which has been identified in the previous chapter.

The overriding themes are now discussed and categorized under the relevant leadership roles, simultaneously linking them with the applicable theory.

5.2.1.1 The role of future predictor

In anticipating the future, the role of the future predictor became evident in that CDC's business operations are characterized by uncertainty due to the fact that the contemporary global market is marked by turbulence and high levels of competition. Coega IDZ is part of the international arena, competing with other deep water ports which are also affected by economic factors causing global instability. Sources of information such as scenario analysis, feasibility studies and continuous strategy development clearly indicate that CDC is operating in an unpredictable business environment as the CDC invested a lot of time in these activities. Ireland and Hitt (1999) recommend that strategic leaders remain focused on the future, and in doing so, they should allocate time to forecast future scenarios in terms of competitive situations and obstacles. When CDC is about to enter new terrains, the executive of CDC takes a very cautious approach, due to the unpredictability of the work situation, and this has necessitated leaders to constantly focus on future decision making and planning.

The unpredictability has impacted negatively upon staff members and caused low levels of staff morale, which resulted in a challenge for CDC's leadership to enhance staff's morale. On the other hand, a lot of research work has been conducted to enable CDC's leadership to make accurate predictions. From the data, it is clear that CDC leadership expressed a high degree of tolerance as far as unpredictable situations are concerned. Evidence of the latter is the feasibility studies and thorough planning sessions, which are in line with Ireland and Hitt's (1999) recommendations stated above. One respondent also indicated that Coega IDZ seems to delay strategy implementation as they want to achieve perfect outcomes. Gregersen et al. (1998) contend that leaders are challenged with tolerance for ambiguity and that global leaders often do not have the time to research data due to the hyperactivity of the global markets.

Contrary to the cautious approach described above, one respondent mentioned that the executive sometimes go with their gut feeling to provide strategic direction. The latter seems evident when time constraints occurred and any further delay would jeopardize a project.

The uncertain economic climate in which Coega IDZ operates necessitated the executive engaging in activities such as analyzing markets and economic trends, which enabled CDC's executive to explore and find the right markets for service rendering in order to attract investors. The services, sales and marketing wing of CDC stemmed from an innovative and creative response. The executive expended a lot of effort in finding the right market for service rendering. Marketing activities were viewed by the executive as a challenge as it involved research and feasibility studies. It appears that the executive had a cautious approach when it came to making new entrants as far as service delivery is concerned. According to Zeithaml et al. (2006), some of the research objectives involve customer requirements and expectations for services, and assessing gaps between customer expectations and perceptions, including forecasting future expectations of customers. In the case of Coega IDZ, these objectives provided clearer direction for future projects.

5.2.1.2 The role of the strategic planner

According to Dubrin (2001) a leader with the assistance of others undertakes the strategic planning by giving direction to the organisation in response to external matters as well as helping to develop organisational policies. This theory is further supported by Graetz (2000) and Matis (2000) in Mosia and Veldsman (2004) who state that one of the roles of leadership is to provide strategic direction which includes the development of the organisation's purpose or strategic intent. Strategic leadership implementation as a process was evident within the CDC executive structure through time and effort that were allocated to planning (i.e. crafting a vision and developing a mission statement). Much time was spent on these three components, which was an important step to ensure staff inclusivity. Alongside the above was the cautious development of the organizational strategy. This exercising of leadership within CDC directly relates to Dubrin's (2001) role of strategic planner, describing the key functions as undertaking strategic planning with the assistance of others and providing direction to the organization.

Furthermore, crafting a vision was evident. The ability to influence and sell a vision is further expanded by Ireland and Hitt (1999) who state that it is important for strategic leaders to determine the organization's purpose and vision. This was confirmed in the case of CDC's executives' efforts to sell the vision.

Defining group purpose can be regarded as a fundamental contributor to the constructive formation of group dynamics within the organization. Influencing people to identify themselves with the vision and mission of the organization can be related to Rowe's (2001) description of strategic leadership (i.e. the leader's ability to influence others to make day-to-day decisions and in doing so to enhance the long-term stability of the organization, while maintaining financial stability in the short term). This is evident since CDC managed to attract investment of more than R12 billion from other state entities and create its own revenue stream through investment worth R4.5 billion. This role can be associated with that of the strategic planner as defined by Gaetz (2000) and Matis (2000) in Mosia and Veldsman (2004), which entails providing strategic direction, including the establishment of direction for the future and purpose of the organization. Executive members of Coega IDZ ensured that staff has a good understanding of the vision, mission and organizational goals in order to bring meaningfulness to their work environment. Effective leaders ensure that people align and become dedicated to a common vision, shared objectives and goals of the organization Goleman (2000).

5.2.1.3 The role of team builder and organisational architect

According to Dubrin (2001) building an effective team is a fundamental role of the leader, which involves various activities. Teamwork can be regarded as part of the organisational culture due to the fact that it was well anchored since the establishment of Coega IDZ. The design and flow of the organizational structure make the flow of communication easy, and also encourages teamwork in all daily operations and therefore assist CDC's executive with team formation. The flat organizational structure with equal status in terms of operations and reporting directly to the CEO also reduces communication lines and decision making. Given that there are eight business units, each representing a team as an operational unit with distinct tasks and expertise, one of the key roles that were identified by the CDC executive was to build unity amongst the different teams.

The CDC executive members devoted time and effort to keep teams together as a functioning unit, these activities include providing motivation and encouragement, attending to group concerns and exercising conflict resolution when necessary. The leadership also gave recognition to specific identified employees by awarding them with certificates at an annual organisational performance meeting, in recognition of their performance and contribution to living the organisational values.

Dubrin (2001) states that to build effective teams, it is necessary to perform activities such as introducing ideas that result in improved group morale; conduct open meetings which the CDC CEO does to allow staff to express their concerns, successes and problems; and ensure acknowledgement of team member's successes through appraisal letters signed from executive managers. Rewarding staff performance is typical of a 21st century strategic leadership type, indicating the importance of human capital within the organization Hitt and Ireland (2002). At CDC, staff members are encouraged to express themselves and allowed to hold different views, which fosters a sense of unity when in agreement on critical aspects. Furthermore, staff members are allowed to explore and develop within their operational boundaries (i.e. given freedom to research and acquire competencies to master new terrains of work). This is a morale booster for not only individual staff members but also for teams. CDC has diverse and multi-cultural staff. Part of CDC executive's role was to strengthen these teams in order to achieve desired goals and reaching long term targets. One respondent describe the teams as "formidable", indicating the level of group dynamics present in these teams. According to Gregersen et al. (1997) the diverse cultural setup of teams is a good platform for achieving better business results if managed well by the executive. The mere fact that team members have different backgrounds and perceptions gives them the advantage to develop into ideal global leaders.

According to Hitt et al. (2005:341) organizational structure supports strategy implementation as structure is concerned with processes used to complete organizational tasks. CDC's organizational structure is a well-managed structure which is in line with its current business functions and internal operations. The organizational structure is a fairly flat (horizontal) structure, which makes operational flow of activities smoother and facilitates easy communication between top managers and staff. The flat structure commits employees to perform better and enhances their participation and interest in effecting the organization's strategic objectives Ridderstrale and Nordstrom (2002). Coega IDZ developed eight business units over time, which is indeed a result of the organization's strategic process. Initially only six business units were established, with another two evolving later. However, one respondent indicated that CDC's organizational structure is too heavily aligned towards an engineering discipline and criticized the executive for not introducing a more commercialized organizational structure in order to accommodate both wings of services, i.e. engineering field and sales and marketing.

5.2.1.4 The role of the negotiator

This role, according to Dubrin (2001), consists of bargaining for resources amongst the organisational divisions and superiors, together with suppliers and vendors. As stated in the previous chapter, the CDC leadership and key representatives of the various business units gather together during their strategy workshop where various aspects are discussed. Amongst these topics are bargaining for business unit budgets and human resource requirements. This role does not feature as a prominent role in the literature of strategic leadership, however CDC leadership prominently displayed this role.

5.2.1.5 The role of the team player

According to Dubrin (2001), to be an effective team player the leader must cooperate with other sections of the organisation, and show loyalty to superiors by supporting their strategies and decisions with manifesting their own suitable conduct. It is apparent that teamwork is an inherent part of the CDC modus operandi, and this is expanded by one respondent in the previous chapter where the respondent stated that the single strategic role that he has played as an executive manager was to keep the team together and be a team player. Respondent No. 6 highlighted the fact that team work and being team players contributed to the success of the organisation and described the CDC teams as “formidable”.

5.2.1.6 The role of the visionary transformer

According to Richardson (1994) the role of a visionary transformer is to manifest his/her abilities to determine the strategic direction of the organisation, its market image and profile, social interaction, attractive workplace and manage stakeholder relationships. These roles form the core goals and values to which staff must commit them. In addition the leader should know how to restructure the organisation in its entirety. Since the establishment of the Coega IDZ project, gradual changes over time were observed, as the organization transformed. Aspects of transformation were becoming more tasks orientated, but also leadership adopted a more value-based approach as the organization progressed. The mere fact that Coega IDZ was a green-field project provided a platform for the executive to envision the future, sell the vision to staff members and enable them to relate it to the developed strategy.

Strategic leadership implementation as a process was evident within the CDC executive structure through the time and effort that was allocated to planning to ensure staff inclusivity. Firstly the strategic and operational shift that Coega IDZ underwent, i.e. from providing engineering infrastructure towards a more investor and service driven focus, composed of investment promotion, marketing and sales, consulting and training. This can be linked to one of the facets of the visionary transformer's role as stated above which entails that the strategic leader should be able to determine the organizational profile in terms of its market image. Secondly, from the data it was evident that CDC was able to identify and develop the following business areas: infrastructure development, health and safety and quality management. The CDC shifted their focus from infrastructure provision to an investor-driven focus as indicated in the previous chapter.

One can therefore conclude that providing strategic direction as a visionary transformer and strategic planner in so far as determining the organizational profile and market image, was a key role that the CDC executive leaders displayed, as they were able to shift the people's mindset from an infrastructure to an investor and service-orientated approach. This was vital for CDC's current success "as CDC attracted R4.5 billion of investment and leveraged in excess of R12 billion investments by other national State Owned entities that would not have invested had it not been for the Coega IDZ" CDC (2010). The leadership therefore played a fundamental role in influencing people to believe that this was the right path both internally and externally. The above also relates to Boal and Hooijberg's (2001) definition of strategic leadership, which underpins the concern for the holistic change of the organization, including its changing aims and capabilities.

In the case of Coega IDZ, it is evident that providing strategic direction was not the sole responsibility of the CEO, as stated by Ireland and Hitt (1999), a more egalitarian process was followed, allowing for ongoing dialogue among all levels of staff in terms of strategizing, envisioning and implementation plans.

- (i) Maintaining, nurturing and expanding stakeholder relations are another facet of the role of the visionary transformer (Richardson, 1994). The process of investor attraction to the Coega IDZ region was a highly rated activity among the executive members. Although this responsibility was partially owned by the national government and CDC, much effort was put in by both parties to attract investors. This

dual responsibility caused unhappiness due to the influential role of the national government, which imposed certain restrictions on CDC's operations. One such restriction was the demarcation of the operational area that seemed to be too limited. CDC executive members perceived stakeholder attraction as Coega IDZ's primary role, given the low impact that national government had on the project. In light of negative perceptions about Coega IDZ initially, including viewing it as a "white elephant", much effort was put in to attract investors and change the perception of stakeholders. An increased focus on stakeholder relationships was evident as the executive realized the importance thereof. Several activities can be shown as evidence in terms of valuing stakeholder relationships. Firstly, they ensured that stakeholders are acknowledged for success achieved. Secondly, stakeholders are engaged in exploring solutions. Input of relevant stakeholders was sought in order to utilize it for problem solving. Lastly, CDC ensured that stakeholders take ownership of the project and in doing so sustain long term relationships. One got a sense that CDC realised the power of stakeholder relationships as they affected the survival and growth of the organization. The above activities can also be associated with the role of the stakeholder management defined by Richardson (1994), who puts emphasis on the power relationship of the stakeholder with the organization. Stakeholder management remains a key challenge for CDC.

5.2.1.7 The role of human capital development

Innovation and creativity at CDC was encouraged by a culture of flexibility, which allowed staff members to explore solutions to their work situation. CDC staff members were able to express their abilities, and were therefore provided with an opportunity to contribute meaningfully towards the organization's goals. This flexible culture was the gateway for staff to explore solutions for obstacles and addressing crises when they arise. Through this, staff have learned to be innovative and responsive towards organizational needs. In this way innovation and creativity were fostered, which were highly beneficial to the organization, both in terms of revenue and human resources development. It is evident that CDC's executive members were instrumental in the development of a process fostering innovation and creativity as they acknowledged the uniqueness of the situation.

Allowing them to be led by staff members who they trusted with highly specialized skills, CDC leaders immediately established a trustworthy relationship with their subordinates,

which in turn earned them respect and motivated and inspired people. Laabs (1996) in Simonsen (1997) emphasizes that trust is a critical ingredient for any business change process. According to Simonsen (1997) trust is based on effective communication, respect and honesty. CDC's leaders instil trust among their staff members, which in turn earns them respect and honesty in exchange.

Research conducted by Tonge, Larson and Ito (1998) indicates that among the critical successful factors identified for high and super growth companies were the attraction and retention of quality staff. The executive of CDC have managed to attract among the best talent since the start of the project, which was critical since the development of industrial development zones was a new initiative in South Africa. Not only did they ensure the employment of the best but also started with internal organizational training and empowerment of all staff members adding staff development as a key balance scorecard item. Employees are viewed as a critical resource by strategic leaders and should be invested in to ensure a well educated and uninterrupted work force Ireland and Hitt (1999).

It appears that CDC executive continuously strive to develop people to their full potential. Williams (2002) states that defining performance management is difficult, however there are three main areas which performance management systems seek to manage, these being a system devised to manage employees, a system to manage the organization and a system to manage the integration of the two systems. The education policy linked to the balance scorecard of individuals is aligned to above-mentioned theory and integrated approach of the CDC. One respondent described CDC's staff as very competent, giving meaning to the empowerment of staff. The limited total of outsourced projects as compared to the past is a result of staff's competence to manage such services. CDC's executive acknowledged the strength of their employees and in doing so build trust and good relationships. The annual bursary policy which forms part of each employee's annual performance assessment clearly indicates that Coega IDZ's human resources development plan is aligned to the organization's vision and objectives. Rewarding staff and encouraging self-enrichment through further education are designed to encourage employees to deliver high quality services and equip them to compete. To this effect Hitt and Ireland (1999) believe that leadership should influence organizational change and maintain flexibility, which the CDC executives clearly demonstrate. This is further supported by Boal and Hooiберг (2001), who

believe that organizational leaders should always embrace change as the basis for the improvement of organizational capabilities.

5.2.1.8 The role of design school planner and entrepreneur

According to Richardson (1994), the role of the school designer is one of the core functions of the strategic leader as it entails the planning the medium to long-term development of the organization. It also involves the crafting of the strategic development process in an organized and conscious mindset as well as the formulation of strategies. The crafting of the strategic development process and formulating strategies in response to changing needs is an entrepreneurial role, and it emanates in the exploration of ways to improve the organisation's performance by observing other organisations and communicating with customers and staff Dubrin (2001).

Strategy formulation and development was another important organizational process, which provided direction and ultimately contributed to CDC's successes. Data sources also indicated that strategy development was vital for the survival of Coega IDZ in terms of generating revenue. The strategic review process was implemented at a time when Coega IDZ was facing financial difficulties, indicating that both an effective strategy and the implementation time schedule were crucial. Part of CDC's strategy was to create a new market after innovation and creativity, and resulted in the organization's ability to offer specialized services to government entities through its recently established business unit, Coega Strategic Solutions. As the first successfully developed industrial development zone, CDC had the first mover advantage to capitalize on their experience and expertise, which enabled them to supply certain services to provincial and national government departments, as mentioned in the previous chapter, and generate additional revenue. In turn, there is a strong customer relationship with provincial government despite many obstacles between national government and CDC. Therefore, the relationship was key to establishing a niche market, benefitting both provincial government and CDC. The executive also realized the importance of blending strategy implementation and formulation with flexibility in the event of any imperative changes.

The entrepreneurial aspect comes strongly to the fore, as one can argue that Coega IDZ engaged in a combination of a corporate diversification strategy and business-level competitive strategy. Firstly, CDC established a new business unit envisaged to supply

consulting services utilizing internal capability, further supplying engineering infrastructure as the main service in the development of the IDZ. The key competence of infrastructure development was harnessed and further expanded to, among others, the Department of Health, Department of Economic Affairs and Department of Education, which struggled with service delivery related to infrastructure. Jackson and Schuler (2002) highlight two important aspects of corporate level strategies, which are the degree and the type of diversification. In the case of CDC, a low level of diversification is experienced while the businesses are highly related to one another.

5.2.1.9 The coaching role

Dubrin (2001) states that coaching team members can be done through the acknowledgement of member's successes, feedback on unproductive performance and making sure that team members are updated about steps that can improve their performance. Dubrin's (2001) theory is further supported by Mosia and Veldman (2004), who advocate that strategic leaders provide direction and set key objectives coupled to operational trends as these are key aspects to ensuring organizational excellence and performance.

5.2.3 Challenges hampering leadership abilities to succeed

Stakeholder management and corporate culture are the two most controversial themes that emerged from the data. Respondents expressed mixed feelings in terms of whether indeed these aspects contributed to success or hampered CDC's success.

5.2.3.1 Stakeholder management

Different opinions emerged from the data, suggesting that stakeholder influence from national government is viewed as a major contributor towards Coega IDZ's success. One respondent appreciated the planning role played by national government at the initial stages of the Coega IDZ project. The importance of getting stakeholders, and in particular investors, on board was viewed as a critical contribution by CDC. It is also evident that the political support at national level assisted significantly in gaining international interest in the project. Another major form of support from national government was the funding provided for the implementation of various projects, mainly infrastructure. Coega IDZ remains a national asset and key priority development project and hence the lack of national government financial support nearly put CDC in a financial crisis as the project is not yet self-sustainable, with vast pieces of land that still require infrastructure. As one respondent explained it was

not the issue of funding but the inadequacy of the broader policy framework. Here, clarifying roles and responsibilities between national government and CDC, as well as establishing fundamental operational policies, are the most important strategic aspects prior to funding. Hence, a reduction in national government's political commitment, or not using their political mandate to attract investors, could jeopardise the survival of the project. Yet it is evident from the data that national government lacked a coherent national support strategy to mobilize South African markets, stakeholders and various departments, therefore failing to link Coega IDZ with the main stream South African economy. From the CDC Strategic Plan it is evident that the shareholding profile of CDC needs to be resolved urgently as it hampers the task of obtaining future alternative funding.

On the other hand, political influence was viewed as a stumbling block to achieve desired outcomes. One respondent claimed that national government failed to provide strategic direction to Coega IDZ, since the project was initiated by national government. A second factor that hampered progress was the attraction of investors by both national government and Coega IDZ. Here, CDC as the manager and operator of the project was clear on the type of investors needed to invest, due to their internal organizational knowledge regarding operational capacity and other strategic plans.

Apart from the above, it also appears that national government failed to express a keen interest in the project and services provided by CDC. One respondent raised his concern about government's lack of leadership responsibility to hold Coega IDZ accountable for funding granted by government. Financial reporting and financial management improvement are key aspects to maintain the integrity of CDC, which are a high priority in terms of the CDC Strategic Plan.

Funding and ownership of the IDZ program or initiative remained a challenge. National government was continuously influencing the CDC executive in terms of decision making as well as mandating of tasks and certain assignments. One example was the policy framework on the demarcation of IDZ boundaries, which was formulated by the national government. Amendments to such policies by CDC are a lengthy process, hampering progress in securing potential investors and funding.

Duplication of tasks or roles in terms of stakeholder engagement and policy development that hamper operations can cause serious organizational inertia due to the leader's limited discretionary powers Thorne (2000). CDC is therefore challenged to reduce such limitations as it interferes with the leader's vision and organizational culture. The CDC recently applied for changes to the IDZ demarcation as this was one of their challenges as well as liaising with the Department of Trade and Industry on the review of IDZ policies and incentive regimes.

5.2.3.2 Corporate culture

Teamwork was viewed by the respondents as one of the most dominant cultural aspects in pursuance of organizational success. The data indicated teamwork as a vital day-to-day activity of CDC. According to Grossman (2003), the clan culture is composed of tradition, loyalty, personal commitment, teamwork, self-management and social influence. A clan cultural context, which is most suitable for the teamwork and personal commitment as required in CDC, seems to be evident. CDC exhibits loyalty towards the national government, which was referred to by the respondents as political will and commitment. Political will and commitment ensure that the project initiated by government succeeds. Furthermore, decision making styles are not bureaucratic but foster inclusivity of everyone. The formation of a flat organizational structure can be regarded as intentional and part of CDC's strategy to encourage teamwork.

The research data revealed that CDC leadership has conducted a survey to address cultural issues, which highlighted the importance attached to orientating new employees at CDC, in order that they understand and fit into the organizational culture. According to Nel et al. (2004) new employees are exposed to existing cultural differences and such effects are observed in their work behaviour. CDC ensured that new staff members are orientated in an attempt to prevent any cultural variations which clearly remained a challenge.

Most of the respondents indicated that amongst CDC managers, trust and openness are key ingredients for success. According to the CDC Strategic Plan, trust and mutual respect are among the core values. Trust as a value is regarded as the most critical ingredient for any business change process Laabs (1996) in Simonsen (1997). Openness is another fundamental cultural aspect as it encourages informal communication and influences organizational processes Simonsen (1997). In addition, the high level intensity regarding visioning,

understanding the mission and organizational strategy favours a more market and service delivery orientation, as it identifies with values and norms as the primary base to achieve anticipated goals Simonsen (1997).

To sum up, corporate culture within Coega IDZ is based on teamwork as one of the fundamental operational behaviours leading to CDC's successes. The core corporate values of which trust and openness are highly prioritized is also viewed as critical to ensure constructive communication and relationship building.

5.3 Conclusion

The findings that emerged from the data were discussed in this chapter emanating from document sources available from CDC. Dubrin's (2001) roles of strategic planner, team builder, negotiator, team player and entrepreneur featured as the most successful and prominent roles together with roles from other authors such as Richardson (1994) and Ireland and Hitt (1999). The most successful and influential roles related to providing strategic direction and crafting the strategic intent. The latter role entails embracing the vision and clarifying the mission statement in order to provide strategic direction. It became evident from the data that CDC made a strategic move, i.e. from the delivery of infrastructure as its primary function to a more service, sales and marketing approach. The data suggests that the roles of innovator and entrepreneur initiated the above change.

Empowering employees to create strategic change and build strong team relationships emerged as a role in transforming CDC to deal with unpredictability. Inter-team interaction is encouraged to ensure proper communication and strategic alignment throughout the organization. The above behaviour led to a series of activities, which filter through as effecting value to the people within the organization. Part of it was the human resources and development strategy coupled with staff retention policies, which played a fundamental role in aligning organizational structure and processes with strategy.

Stakeholder management also emerged as a key aspect of organizational success and barrier for organizational growth. Here, different opinions and perceptions towards national government's role have been observed. Perceptions of these roles vary, from securing Coega IDZ's survival to portraying the image of a stumbling block.

Lastly, the role of corporate culture emerged with significance towards CDC growth. Various aspects such as trust, openness, valuing people and communication styles evolved over time. It appears that the above informal behavioural values influenced the organization's overall activities, which supported the CDC's strategy and various operational protocols.

Chapter 6

Conclusion

6.1 Introduction

In this chapter a final conclusion is drawn of the study by listing the summary of the findings. The chapter also highlights the limitations of the study and provides recommendations to the CDC in line with findings from the research. Recommendations for future research studies have also been made since it emerged that there are various areas of which research could be done to add to the body of knowledge. The value of the research has also been highlighted.

6.2 Summary of findings

The aim of this study was to analyse the role of strategic leadership in the development of Coega IDZ looking at the strategic leadership contribution and the challenges they were confronted with while executing their duties. The findings, contemplated in Chapter 5, identified strategic leadership and strategic management roles played by CDC's executive that contributed towards the success of the Coega IDZ. One of the most prominent roles was the role of strategic planner and visionary transformer. This role comprised various strategic leadership activities, such as selling the vision and embracing the mission among staff, strategy formulation and development, providing strategic direction in terms of services and managing stakeholder relationships.

The fact that CDC operates in an uncertain environment enforces the role of future predictor to emerge and align the executive's behaviour as more cautious and sensitive to external factors, which are predicted by continuous research in the form of feasibility studies and market analysis. It is important to highlight that although the latter can be regarded as a prerequisite for similar business operations, CDC's leaders were more focused on these organizational activities due to the nature of the environment in which they operate.

The dynamics of team formations for project implementation were fundamental in ensuring organizational effectiveness and performance. Leaders spend time improving the internal relationships of team members to ensure long term outputs through teamwork. The egalitarian organizational structure of CDC provided a constructive platform, encouraging teamwork and open communication.

Valuing and installing a sense of pride upon staff and giving them ownership to manage projects, were emphasised by CDC executives as they believe in people's capability. Throughout the findings, the quality of CDC's leadership emerged. Evidence of the above is flexibility, i.e. providing space for employees to explore and enhance innovation and creativity. The latter resulted in increased competency levels of staff and provisioning of new types of services.

Another role performed by CDC's executive was the role of human resources developer, comprising the following key aspects: continuous staff development, recruitment of the best talent and retaining the current leadership calibre within the organisation.

In addition to the strategic roles, the study also highlighted some challenges. The controversial role of the national government, expressing its political will and commitment towards the project's survival on one hand but on the other hand failing to provide strategic direction, is viewed by CDC's executive as a major challenge.

The findings also highlighted the fundamental role of corporate culture. Here, the cultivation of quality assurance through orientation of staff to prevent cultural anomalies and to promote excellence was observed.

6.3 Recommendations to CDC

This research has revealed certain findings which were presented as well as various other data and information from the CDC. This section presents the following recommendations based on the research findings.

- CDC has evolved as well as the IDZ landscape with most of the core development areas or zones being ready for investment. Thus the organization should be less engineering-driven and more marketing-driven to fill their IDZ with investors.
- CDC as an evolving organization requires leaders who continue to provide leadership by inspiring, motivating, maintaining a platform of creativity and selling the vision of the organization to ensure all activities are aligned to achieve their goals.
- Understanding National Government department's requirement is key. Thus CDC

needs to continuously network, to understand what is required from national departments and to build enduring relationships with the Department of Trade and Industry, the Finance Ministry and Transnet.

- CDC should ensure that stakeholder management receives the importance it deserves and keep all relevant stakeholders linked to the project abreast of the project status on a regular basis.
- Strategic leadership should master and develop funding mechanisms by creating and designing new ways of soliciting and obtaining funding so as not to continuously depend on national government funding.
- CDC should provide feedback to national government with regard to national policy aspects that hinder economic development.

6.4 Limitations and recommendations for further research

While the interpretive nature of this research values inter-subjectivity, the research findings have a potential bias due to the researcher's working relationship with the participants. To deal with this, interviews were transcribed verbatim and raw interview data was used to provide rich descriptions. Data from the interviews was also linked to relevant documentation for verification. In addition, by disclosing this relationship, readers are in a better position to assess the potential for bias.

The focus of this study was from the viewpoint of the strategic leadership team of the CDC. However, not all the members of the top management team were available to be interviewed. Furthermore, the scope of the study did not allow for the views from the employees and other stakeholders to be investigated. Engaging with a wider range of respondents could have added value to understanding the role of strategic leadership within the CDC. Extending the research by adopting a stakeholder perspective of strategic leadership is recommended.

6.5 The value of the research

The value of this research was two-fold in that, firstly, it enriched research participants by providing a better understanding of strategic leadership and its practices within the CDC. Secondly, while strategic leadership roles have been investigated in other government entities, research on the exercising of strategic leadership roles in IDZs has not previously

been conducted. Furthermore this research contributed to the CDC in that it made them more aware of the challenges the organization face and the prospects for national government – specifically the Department of Trade and Industry and Department of Finance – to realign policy to enhance economic development in IDZs.

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**Annexure “A”
Research Information Sheet**

- 1. The rationale of this research study is for the fulfilment of a Master of Business Administration (MBA) degree at Rhodes University.**
- 2. The researcher will investigate strategic leadership as a possible contributor to Coega IDZ’s success and will subsequently conduct interviews and peruse relevant documentation.**
- 3. In view of the standard ethical code, the researcher undertakes to ensure anonymity of all participants who will be recorded as respondent no. 1, 2 etc.**
- 4. It is also undertaken that all interviews conducted will be treated with strict confidentiality.**
- 5. The information obtained during this research study will not be used by the researcher for any commercial advantage but for the purpose of obtaining the MBA degree.**

Signed on thisday of May 2010 at Port Elizabeth.

**Researcher: M.S. Davids
(Rhodes University)**

Signature:.....

Annexure “B”
Semi-Structured Questionnaire for research study

No.	Question
1	Coega IDZ is regarded as one of the successful projects initiated by government. Discuss the factors that contributed to this success and share your views on whether strategic leadership impacted in this regard.
2	What are the most important strategic leadership roles and activities that you have played or utilised during your experience with Coega IDZ?
3	In view of your practical work experience at Coega IDZ, is there a fundamental difference between managerial tasks and strategic leadership roles in obtaining success? Discuss.
4	Are you aware of any challenges facing strategic leadership in your work environment, if any what are those challenges?
5	Share your views on corporate culture as an effective tool to bring about the desired success in any work environment. Relate to Coega IDZ.