Strategy and Culture: Hidden Secrets and Soft Skills in Supply Chain Best Practices from Africa

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Abstract: The paper identifies strategy and cultural hidden secrets and soft skills pertaining to supply chain management in African contexts that are pertinent to supply chain and operations management. Africa is increasingly becoming attractive for not only multi-nationals but supply chain businesses that either want to diversify or expand their foot print. The market is complex, turbulent and highly competitive (Porter, 1986) and requires significant knowledge and understanding of the local context but also culture (Johnson, 1987; 1992; 2000), diversity and institutional dynamics (Ogbonna *et al.*, 2002). Due to the complex nature of the emerging markets, the paper draws from multiple-disciplines (Sociology, Business, Management) and theoretical approaches namely: culture and strategy; *Ubuntu*, stakeholder theory and systems thinking, to elicit best practices. Utilizing qualitative methods comprising case study, interviews, focus group discussions and extensive document analysis, the study covers a variety of management practices ranging from strategy, culture to hyper market management. This paper highlights lessons from successful supermarket chains in Africa particularly the hidden secrets and soft skills that are often ignored in mainstream operations and supply chain management or strategy research. Findings underscore the lessons of understanding strategy and culture implementation through practicing cultural values, treating the customer as a queen/king, knowing political skills, being a learning organisation and implementing continuous improvement. It contributes to management theory for academics, researchers & managers through strategy and culture, proposing inclusion of the cultural diversity into strategy implementation as a critical force affecting the behaviour of people inside the organization. Managers should take into account the cultural context and use it to promote organizational business excellence. These lessons for business excellence are discussed within the context of external and internal organisational pressures in emerging economies and provides value to ward off competition in emerging economies. The paper fills a gap in qualitative research that is missing in supply chain or operations management and points out the fact that traditional supply chain management practices may be ineffective due to the complex and unique local characteristics of African emerging economies.

Keywords: supply chain management; African emerging markets; diversity culture; general management; multi-Inter and trans-disciplinary (MIT) approaches

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1. Introduction

African emerging markets like many others in the world are complex given their external and internal environments which are characterised by "intense competitive pressures as well as high levels of turbulence and uncertainty" (Braunscheidel & Surech, 2009, p. 119). I draw upon several theories and theoretical frame-work to explain supply chain business excellence in trying to answer one critical question: what hidden secrets contribute to business excellence? This approach often called the multi-, inter, and trans- (MIT) disciplinary approach and is suitable because several theories and philosophies are applied to this challenging problem. One such model is that proposed by Kanji and Wong (1999) comprising a supply business excellence model that integrated total quality management (TQM) for excellence. Business excellence was defined by Kanji (1998) as "the simultaneous measurement of customers' employers' and shareholders' delights within an organization to provide overall business success". Although this study does not measure all these aspects, nevertheless we recognise the value of this definition and found that most of the variables were amongst the key pillars for business success in the context African of supply chain management. Among these were management principles and processes (Kanji & Asher, 1993; Zairi, 1997) and customer satisfaction (Fornell, 1992; Gorst *et al*., 1998). Customer satisfaction was so elevated in this company that it was regarded as the most important pillar for success based upon four legs: administration comprising controls, finances and development; merchandise referring to establishing the needs of the customers in the right place and at the right price; advertising and social responsibility that caters for improving the economic and social responsibility as well as people.

In the African context, where working conditions remuneration and welfare are fundamental, the people factor is of vital importance. Poverty eradication remains an obstacle and any business that contributes to the improvement of people's lives is viewed positively by the society. The people factors are well woven into the company policies of human resource (HR) development and career paths for successful business. Other key factors for success include leadership, team work, continuous improvement and the secret soft skills. This paper identifies the key lessons embedded in culture into the day to day running of super markets and strategies for business excellence within emerging markets in Africa

1.1. Justification of the Study

Akyuz and Tulan (2010) underscore the need for further research on business excellence studies in supply chain management. Although earlier on, calls for qualitative research studies in operations management were made so far few studies have been reported (Akyuz & Tulan, 2010; Kanji & Wong, 1999). Akyuz & Tulan (2010) and Gunasekaran *et al*, (2005) reported that during the last few years, the focus has, "shifted from the factory level management of supply chains to enterprise level management of supply chains". Similarly, the study fills a gap between supply chain management and senior strategic management as suggested by Smith, Plowman, Duchon and Quinn (2009). Furthermore, for day- to- day operations, managers require an understanding of the people component of the organizational architecture in order to put all processes and systems in alignment. Due to the complex nature of emerging markets, mainstream supply management practices may not work and the need for further research into emerging markets is increasing (Flynn *et al*., 2013) particularly insights of what might produce business excellence and the critical role of understanding customer loyalty (Andreas *et al*., 2012).

Team work as reported by Scholtes, (1992) and Tjosvold, (1993) was central as was strategic leadership (Edgeman & Dahlgaard, 1998; Kanji, 1996; Tribus, 1998) and continuous improvement (Imai, 1986). All of these factors were underpinned by the value of people and relationships and formed the, "soft" secrets for the company's business success. In the African context, the *Ubuntu* philosophy underlay the values and morals of honesty, integrity and accountability and long traditions in the company's ethos. I concur with Christopher's (1992) definition of supply chain as the network of organisations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in form of products in the hands of the ultimate consumers.

2. Literature Review and Theoretical Background

I draw upon the stakeholder theory to explain the finding that stakeholder relationships were fundamental for business excellence. The firms have relationships with several partners or stakeholders that affect and are in turn impacted upon by the decisions the firm makes according to Freeman (1984). The theory further states that stakeholders have values with no particular hierarchy (Donaldson & Preston, 1995). The stakeholder theory also forms the basis of understanding the overwhelming importance of the "customer" and suppliers observed in the findings.

Secondly, we analyze the business and conduct a qualitative critical review of supermarkets focusing on the way business challenges and issues of the supermarket chain are dealt with. By applying several management models (Porter's five forces (Porter, 1980; 1985); industry analysis (Grant, 2010) the STEEP framework and business theory (Grant, 2010; Segal-Horn, 2009), culture (Schein, 1992) among others, insights of the external environment and business background have been realized.

Qualitative research methods, in particular, semi-structured interviews and focus group discussions in supply chain and operations management, on the other hand, have helped draw "secrets" of success in this complex business environment (Barratt *et. al*.2011). Finally, I incorporate the model of business excellence by Kanji and Wong (1999) superimposed by TQM to help explain the totality and wholeness and integration required in achieving business excellence in a dynamic and complex African market. Fisher, (2007) and Flynn et al. (2013) highlight the need for empirical research and conducting research on pertinent issues in operations management.

The need for qualitative research in business management cannot be underestimated (Barrat et *al.*, 2011). Despite many calls for qualitative approaches to productivity, efficiency and re-engineering through behavioural studies (Bendoly*et al.*, 2008; Feldman, 1987; Smith *et al.*, 2009) the business management continues to be dominated by industrial engineering in mind. The value of adding qualitative studies to operations management research is underscored by Smith *et al*., (2009) who studied the behaviour of top executives and found that political skill made them have a positive influence that culminated in business success. The managers were observed to have a, "dispositional traits (self-motivation, sense of humility, and affability), systematically employed interpersonal behaviours (creating accountability, leading by example, and developing trust), and focused on managerial processes" (Smith *et al.*, 2009, 428).

This paper identifies the traits and factors that contribute to successful operations management of supermarket chains in the current dynamic African contexts using a qualitative approach, that are otherwise hidden. In particular, cultural hidden secrets and soft skills pertaining to operations management are revealed.

The analysis has identified important themes namely: culture, values, traditions, building trust and the treatment of customer as queen/king; and the importance of a trusted leader/chairman. These were vital factors in addition to managing the external and internal environments. Turning to literature to explain these findings, several theoretical frameworks in a Multi- inter- and trans- disciplinary manner, to explain the results. Firstly, the external and internal environments are analysed followed by internal analysis of the people, their values and factors that lead to business excellence. Apart from the concept of political skill reported by Smith *et al*., (2009); the value of the customer and stakeholders such as supplier-buyer relationships, values, trust as well as soft skills, and continuous re-engineering were observed. I firstly review the literature on culture and trust aspects, followed by business excellence models for customer improvements and re-engineering or continuous improvement.

2.1. Culture and Trust Aspects

One of the key elements in supply business excellence was the culture of trust, commitment and long-term orientation. These aspects came out throughout interviewing the managers and supervisors especially those who had served the company for over 10 years. These traits have been reported to support buyer–supplier relationships by Griffith *et al.*, 2006; Johnston *et al.*,2004; Monczka *et al.*, 1998 and Trautmann *et al*., (2009). Other studies analyse the buyer-supplier relationships in the context of different cultures (Dong-Jin *et al*., 2001; Scheer *et al.*, 2003). The context of culture and supply chain management has been undertaken by Zhao *et al*. (2006) who showed that collectivism and high power distance in Chinese culture influences power and commitment in buyer-seller relationships. Many cross-culture studies in supply chain management are limited to the Asian and the United States of America (USA) markets (Wu *et al*., 2008; Zhao *et al*., 2006) and little has been reported in African contexts.

Culture in the African Context

The paper contributes to management debates related to strategy and culture and proposes inclusion of the cultural diversity into strategy implementation. The culture/strategy dimension is based on the indigenous knowledge systems (IKS). In Africa, the morals, values, attitudes and behaviour are heavily reliant on the "Ubuntu" philosophy. This is derived from the principle of caring for and about other human beings/people. The Ubuntu theory/philosophy is often ignored by management theories which concentrate on productivity. To succeed in the African markets, one lesson has been the need to ground the management of people into the IKS. These are the orally transmitted culture, values, morals and behaviours within the organization. For instance, in South Africa, it is a must for people (staff) to contribute towards funeral costs of relatives of loves ones. The person (staff) is given leave for at least 3 days to mourn. Knowing these values and, "hidden" secrets helps promote the good working environment which enhances productivity of the organization. I propose a model, the culture web (Johnson 1987; 2000) which provides insights into the inner workings of the organizations. The structure of the systems of any organization affects its operational efficiency in addition to the moral and behaviour of the people who work in it. For supply chains there are the managers, supervisors, cashiers and other stakeholders. Mintzberg (1979; 1990) reports on the structure and strategy but the model needs refinement when it comes to complex organization with diversity.

Defining culture and ideology

The ideology refers to the beliefs and traditions that surrounds the whole organization while the culture derives its meaning from anthropology, sociology, the African Renaissance and the MIT approach in defining the culture of the organization. As Schein (1992) states, organizations grow over time and navigate the complex environment and adapt. But they engage in collective beliefs and values called the, "culture". Culture is defined as," a dynamic set of assumptions, values and artefacts whose meanings are collectively shared in a given social unit at a particular time" (Ogbonna & Harris, 2002, p. 674).

Importance of culture in strategy implementation

Values are not what an organization does but why it does what it does and how it goes about fulfilling the mission and vision (Howe, 2004, p.38). Culture also means the identity, practices that reflect the ways of how things are done and the behaviour towards the customers. The culture underpins the behaviour and attitudes of the people. The culture intensity (depth) is the degree to which members accept the norms and values, while cultural integration is the degree to which the department in the organization share a common culture. The fruit of culture is to reflect and reinforce a common sense of identify/image; align employee values and norms to the organization; enable organizations to adapt in challenging conditions. In the emerging markets this is critical as the resources and capabilities of the organizations are embedded in the culture which propels a tacit nature in its operational effectiveness that will accelerate growth in competitive emerging climates.

The extent of impact of African culture in the success of organizations

The success or failure of the supply chain businesses is like to depend upon the strategy/culture implementation. Its vital for management to comprehend the role and importance of culture in implementing strategy. This is where the soft hidden s kills are engraved. This "soft" propensity is analogous to those intangible unseen elements that capture and mould the behaviour values and norms that underpin the organization day to day activities. These are collectively shared and ultimately impact on the organizational success.

The culture influences the supply chain in different ways for example directly – affects the basic manner in which management and employees interact (take the contribution of money towards a wedding; *lobola* (dowry); funerals and birthdays). It breeds collegiality among the staff and prevents strife. The organizational culture also determined the type of people to be recruited, retained and attract forthright jobs. The culture also promotes consistency across the organization allowing coherence. The consistency in behaviour. Norms, values and attitudes enhance collective sharing best practices, knowledge and allows mentorship for new staff thereby underpinning the operational effectiveness of the organization. Appropriate culture supports organizational goals but not all culture are positive towards change. The African culture, IKS shapes the people and therefore their behaviour, personality and practices of the organization. For supply chain it affects the tacit features of operation effectiveness and wards off competition. The supply chain A (Figure1) has women Cashiers who have a great culture of greeting customers.

2.2. Building Buyer-supplier Relationships

Reports on building partnerships and relationships among buyers and suppliers (Cannona *et. al.* 2010; Anderson and Weitz, 1992; Dwyer *et al.,* 1987; Goffin *et al*., 2006; Krause *et al.,* 2007; Liu *et al.,* 2009; Palmatier *et al.,* 2006) indicated that for long-term relationships, continuity, commitment and long-term orientation are important. The supply chains examined revealed similar efforts of building and empowering suppliers. The results emphasised the importance of close associations, engagements and relationships between supply chains and their suppliers.

2.3. Continuous Improvement

According to Anand *et al.*, (2009) continuous improvement is defined as s systematic effort to seek out and apply new ways of doing work for example actively and repeatedly making process improvements. This concept was identified as a key pillar to business excellence in African markets. The processes include designed sequences of tasks aimed at improving value- add transformations of inputs materials and information to achieve planned outputs. This ongoing activity aimed at raising the standard of the company performance through focused efforts that are incremental changes in processes as reported by Bessant and Caffyn (1997) Wu and Chen (2006).

In addition to the continuous improvement, these organisations exhibited organisational learning that helped them beat competitors. This dynamic source of capabilities (Wright and Snell, 1998; Helfat *et al.*, 2007) has been defined by Lyles (1985, p. 803) as institutions that improve actions through better knowledge and understanding to improve customer responsiveness (Zahra *et al.*, 2006).

2.4. Management Styles of Top Executives

It was noted that the management styles of the supply chains particularly of the chairs who were also founders of the businesses were different from the traditional management methods. Traditional managers apply a top-down approach-implementing strategic plans to control middle managers to ensure adherence (Montgomery, 2008; Tyler & Blader, 2005). These systems involve strategy formulation to top management and implementation to middle managers. The problem with this management system is that it crunches dynamic leadership, and innovation while preventing organisational learning. Peffer (2005) and Tourish (2005) explain this firstly through information leaks that happen along the chain of command taking decisions long to reach where they are most needed at the front line. Apart from reducing communication effectiveness, the layers secondly impede the tracking of what happens of the floor and inhibit bottom-up communication thereby reducing communication regarding changes in the environment (Elenkov, 1997; (Beer *et al*., 2005). What was clear in the successful supermarket supply chain was the management model of management by walking around (MBWA) exhibited by the chairman and founders philosophy to keep abreast of the micro environments. This change in the traditional management style, I believe was fundamental for the business success.

3. Approach

This study is based upon qualitative investigations comprising mainly semi-structured interviews, document analysis and focus group discussions. The data and findings are provided in a rich narrative supported by quotations from key informants and other forms of evidence (Yin, 1989) which is closely intertwined with the theory (Eisenhardt & Graebner, 2007) to convey and summarise the rich empirical evidence un earthed (Eisenhardt & Graebner, 2007; Miles and Huberman, 1984; Voss *et al*., 2002).To overcome bias, the issues of internal and external validity were addressed through the multiple data sources and triangulation as suggested by (Johnston *et al.,* 1999; Yin, 1994).

The data collection and analysis comprised many data sources namely: semi-structured interviews, observations that involved plant tours and attendance of meetings as well as archival resources (annual reports, documents, historical records, internet searches, organisational charts and annual financial reports). The use of multiple methods was for the purpose of triangulation of data from different sources for instance observation (Gersick, 1988), and the use of multiple methods for the “triangulation” of data from different sources

(Eisenhardt, 1989; Choiand Hong, 2002). Utilisation of multiple data sources (Jick, 1979) gives enhanced reliability of data (Benbasat *et al*., 1987; Boyer and McDermott, 1999; Hyer *et al*., 1999; Leonard-Barton, 1990) and stronger validation of constructs and propositions (Benbasat et al., 1987; Eisenhardt, 1989; Voss *et al*., 2002). This analysis was based upon document analysis, interviews, focus group discussions, desk top research and application of business theory and model details are provided in the sections below.

3.1. Design of the Study

This study comprised a mixed methods approach involving qualitative techniques and application of business Models including STEEP, Stakeholders models and Porters (1984). The design of questions, interview protocol and testing of hypotheses comprising three primary sections: (1) A series of focus group interviews and (2) a set of semi-structured interviews with senior managers and (3) focus group interviews with supervisors and client/customer managers in super market chains in Africa.

3.2. Semi-structured Interviews

Qualitative research methods such as in–depth semi-structured interviews were held with senior managers of the mega supermarket chains in the early 2012. Thematic areas such as customer loyalty, organisational culture, ethos, values, ethics, key pillars in the cohesion of the firm and what held the firm together to ward off completion were investigated. Where face to face interviews were impossible, teleconferencing with recorded data capture interviews were held and data recorded. The “hidden secrets” were obtained through observations and rich data obtained in the interactions.

3.3. Focus Group Interviews

Five focus group interviews conducted in the same period engaged middle level managers and supervisors from all different regions. Two of the focus group interviews were held with top-level purchasing managers who held the position of director or regional director; three other interviews were held with regional managers and regional market executive directors responsible for taking new territories or expansion. These have frequent contact with suppliers. The other focus groups were held with client managers who had constant relationships and face-to-face interactions with customers. These observed customer behaviour and solved day–to–day problems arising from customers. Therefore the homogeneity within the groups was based upon occupational status, level of responsibility within the super market chain and day to day interaction with customers or staff similar to earlier reports (Krueger, 1988).

Between 7- 10 participants were available for the focus group interviews whose aim was to discern how people perceive a situation (Krueger, 1988). Focus groups were held until repetitive information was gathered and no new elements were identified.

4. Findings and Discussion

4.1. External Environment

Application of business Models to the supply chain enterprises revealed topical issues. The three most important external issues impacting the business assessed through the STEEP, Porters (1984) and Grant (2010) included the economic meltdown and effects of globalisation, politics and socio-economic factors. These macro factors further comprised trends like the economic recession, changes in the demographic structure or socio-political trends. In South Africa, the change to democratic government meant a new strategy for the business as new policies came into place. In this rather complex environment, a unique customer was borne. The emergence of the black middle class meant a new way of needs for the customers. These factors shaped the strategy for super markets. Figure 1 below shows the environmental analysis based upon Grant, (2010) in which the globalization, technology, government policy, natural environment, demography and social environments influence the super markets that have had to manage the suppliers, customers and competition.

4.2. Strategic Challenges

The strategic challenges of the supply chain industry like many other businesses were enhanced by the global recession in 2009. To achieve economies of scale required not only aggressive marketing for brand awareness and a business strategy (Mintzberg, 1987; 1979) but also a transformation that left employees disillusioned at times.

4.2.1. The Economic Downturn and Uncertainty

The economic slowdown that occurred at the beginning of 2008 had eroded the spending capital of most of the supermarkets' target markets making it difficult to serve their customers best. This depressed consumer spending, rising costs ahead of internal sales coupled with inflation, created challenges. This explanation was provided by the Top management of the super market chains.

4.2.2. Political Changes within Africa

- In Southern Africa, the fall of the apartheid government in 1994 meant that human relationships had to change. This was against the backdrop of the post- election euphoria in South Africa, for instance, and the expectations of the new government, super market chains faced many strikes that formed turning points into the way they treated their staff.

- Transformation was put on the agenda of the supermarkets and the strive for business excellence continued amidst transformation.
- In Eastern Africa, it was the political uncertainty arising from elections and post-election violence in Kenya for example, that created an unstable business environment.
- Until recently, terrorism has arisen as a threat to the super market chain industry in Africa. The recent attach on the Garissa University in Kenya has raised new threats to the industry.

4.2.3. Marketing and Competition

Revealed through the Porter's model, the recent increase in competition. Considering an example from SADC, the merger of Mass Mart and Wall Mart in Southern Africa has taken many supermarkets by storm; the business needed to re-strategize to stay abreast of the giant hyper market aiming to take over most of African markets**.** Despite the rosy picture painted by many Southern Africa economies are in fact dual; one well developed economy on the International market run by predominantly white rich Afrikaans communities and the second one by the emerging black middle class mainly supported by Government programmes such the Black economic empowerment (BEE) with economic empowerment beneficiaries forming the larger target market. With the competition that resulted from the coming of Multi nationals, the dual economic situation is slowly being recognized as a big factor and social exclusion an important element. In order to be successful, Managers revealed strategies of managing such enterprises where the lower and middle classed form the bulk of employees. Such unique strategies included building trust, recognizing cultural diversity aspects and the principles infusing the *Ubuntu* philosophy discussed later in the paper in section 4.4.1.

With increasing competition, most super market chains found themselves focusing on the essential such as strategic goals. Due to high rocketing food prices, super markets were forced to concentrate on providing food, clothing and general merchandise with appropriate prices and positive shopping experiences for customers. Several other strategies were used to ward off competition, among which was surviving competition.

4.2.4. Surviving Competition

According to Grant (2002); Boojihawon, (2010) the business strategy determines how the firm would compete (Grant 2002; 2010; Boojihawon, 2010). The businesses were positioned in the customer defined market for operators which later changed to branding for middle level professionals, the so called black diamonds, in Southern Africa. This is the emerging middle class of previously disadvantaged group which is sweeping the market like a storm given their materialistic nature. All these relate to the dynamic context within which the decisions take place and the fact that they are dependent on the context for instance the macro factors (Boojihawon, 2010; Segal-Horn, 2010). Ansoff (1965) argued that the process of identifying the scope of the organisation focuses on two key dimensions namely: the product or services and the market it serves and develop a matrix of growth factors; organic (exploitation of existing products) or diversification (moving beyond). Several of the super markets transformed from super market stores (organic), to diversification (branding), hyper markets, and merged went into magazines, focused on a high-growth market, and co-operate strategies to acquire greater economies of scale, into close relationships with its suppliers and staff to re-brand themselves leading hypermarkets in Africa and beyond!

Figure 2 shows the market shares of supermarkets A-D. The potential loss to the new entrants, was a real threat. This was well defined by Porters (1985) model that describes the five forces. The threat of new entrants, bargaining powers of suppliers and buyers have shaped the supermarket's business strategy. For instance, supermarkets had to change their policy to support suppliers and develop staff. In fact some of the ownership of the franchises is by the BEE political forces. This shows the far and near environment in which the supermarkets operate. The political forces made the business empower the staff and train them. Meanwhile, they had to negotiate with strong trade unions like COSATU before any staff could be retrenched. Trade Unions remain both a threat and an opportunity in the industry. The social and economic environment has been demonstrated through their social responsibility.

4.3. Strategies

Porter defines competitive strategy as, "the search for a favourable position in an industry, and an industry as "the fundamental arena in which competition occurs"

Porter's generic strategy (Viney and Gleadle 2010, 15). An industry simply means a set of a particular product or service or clusters of such products or services (Boojihawon, 2010). Mintzberg defines strategy as 'a pattern in as stream of decisions' and as part of the process of strategy formulation in a firm. Strategy is not about positioning the supermarket business to meet certain opportunities but increasingly about finding ways to influence, shape and create those opportunities. Mintzberg (1979) further states types of strategy that are emergent as those that are realised despite the existence of any intended strategy, and this points to the fact that strategy is a continuous and adaptive process, and where formulation and implementation interact continuously. The interviews revealed an emergent strategy from continuous evolving organisational processes, resulting from the complex interactions between different individuals and groups, with diverse perceptions as previously reported (Boojihawon, 2010).

The competitive strategy for these supermarkets enabled the business to compete with other organisations within the sector. Application of the Porter's generic strategies, demonstrated the potential resources and capabilities of the organisation, the nature of the external environment in which it operates and the objectives of the key stakeholders- which are primarily the customers and employees. The supermarkets competed on the cost and differentiation. For example, supermarket A used an integrated cost leadership to supply products at a fair price in the low to middle income earner markets. Similarly, it derived profits from the middle class to upper class products at a cost derived from lower costs. Through differentiation and re-branding, supermarket A beat rivals by selecting customer attributes they perceived as important like a pleasant shopping experience and positioned itself to meet those needs. It focused on the emerging black diamonds' market segment and optimised strategy for the market segment thereby signifying the dual economic status that must be undertaken. The integrated cost leadership increased the sophistication of demanding middle class customers who are materialistic and habitually demanding by differentiating products at low prices.

4.3.1. Re-branding

The strategic direction that supermarket giants took involved re-branding themselves- a process that is still continuing. The rebranding was informed by evidence-based research obtained by commissioning for extensive surveys to understand the customers and social responsibility. In turn, this gave insights and provided the need for greater social responsibility and community engagement, whereby super market chains develop their suppliers and contribute to the social responsibilities of the countries.

4.3.2. Dealing with trade unions

The value of stakeholder participation is increasingly becoming recognised in operations management. One key stakeholder is the trade unions that have taken Southern Africa by storm. The supermarket giants realized that they could not ignore but should welcome the trade unions to the table in cost sharing.

4.3.3. Franchising

Franchising is becoming popular as a means of penetrating the previously untapped customer segments particularly those coming from lower economic levels. Such a group in Southern Africa would be for example the townships and in Eastern Africa, the rural areas and outskirts of the cities like Kampala, Nairobi, Mombasa and Dar-es Salam as well as the Islands.

Recommendations from the executive managers for managing the external environment included:

- innovation and creativity which would demand new products;
- introduction of the customer loyalty to bit the completion through rewards such as points or free specials;
- cost-cutting strategies and penetrating new markets not served by the new entrants.

4.4. Internal Environment

The analysis of the supermarket chains in Africa revealed business success secretes in the internal environment including: soft issues, customer care, people, culture and leadership.

The internal composition of the supermarkets investigated were ‘giants’ according to African standards. For instance, they were retailers of food, general merchandise and clothing. Taking one supermarket as an example, it had a total of 775 stores, made up of hypermarkets, supermarkets and family stores (which were franchise stores). The number of staff were over 40,000 people with an annual turnover of over USD $7 billion.

The “soft” issues of the companies were mainly obtained through the semi-structured interviews and focus group discussions. The hard strategic operational issues were obtained through document analysis and semi-structured interviews with managers. Below are some of the important lessons obtained through qualitative analysis:

4.4.1. Treat the customer like royalty

The primary lesson from supermarkets was the importance of firstly, understanding their customers in order to create value for them. As technology developed, it was integrated with the internal functions of customer care incorporating the new emerging trends such as the e-supply chain management. These pillars were integrated with key business processes, from the original supplier to the end-user customer, providing products and services, that added value to the customer and made them have a good positive experience. The customers were tracked by the introduction of the point system and rewarded with discounts and money cash-back incentives. In addition, it was possible to study their behaviour and buying habits from the electronic monitoring of their preferences. Therefore, apart from increasing the value for customers, the performance measurement systems were improved mainly in identifying customer needs and the fact that they were met and better understanding of processes.

Underpinning the customer satisfaction was a philosophy that was identified though the qualitative interviews. The customer was treated like royalty following pillars: administration, merchandise, promotion, social responsibility, respect, royalty, good shopping experiences, among others.

4.4.2. Human relationships and culture

Despite the symbiotic relationships between suppliers and the unions, the reality was that human relations within the companies under study was bad, and this called for immediate and even instantaneous transformation. These facts were underpinned by the apartheid legacy that continued to linger among some managers. On top of this fact was the overwhelming need for the company to get the supplier relationships right. According to Cannon *et al.* (2010) establishing trust was important for long-term buyer-supplier relationships, particularly among collectivist cultures. Furthermore, understanding cultural norms and values which emphasise supplier performance and/or trusting relationships were of help to both buyers and suppliers to develop or improve their buyer–supplier relationship strategies. Cannon *et al.,* (2010) recommended that, buying firms from individualist cultures should give special attention to ensuring that they don't "tie the hands" of procurement staff with policies appropriate for individualist cultures but inconsistent with collectivist values. Observations of the culture in Africa would seem to agree with the collectivist cultures reported by Cannon *et al*. (2010). Similarly, the implications of these cultural values would mean that relationships governed solely by performance expectations proved to be less successful than those that account of, "softer" values. This point underscores the importance of understanding cultural values within the African business contexts as observed by Graham and Lam, 2003; Pagell *et al.*, 2005; Scheer *et al*., 2003; Morgan and Hunt, 1994) on studies related to trust relationships in marketing.

The study suggests the need for integrating theories of culture into business excellence models and buyer-supplier or customer needs into operations management models. These findings emphasise the value of research based on a multi-inter and trans-disciplinary theories borrowed from sociology and business, which place importance of relationships, values and morals as well as political economy brought to the fore by Stern and Reve (1980).Compared to earlier research conducted in Asia, collectivism, (and not only Asian markets) offers a theoretical rationale for observed cultural differences in behaviours and attitudes in purchasing Guanxi (Gu*et al*., 2008).

4.4.3. Core Principles, Values, Ethics, Morals and Culture

Values are considered sacrosanct and remain consistent. The underlying philosophy of the supermarkets particularly of the most successful was that of, "*Ubuntu"* philosophy.

"Ubuntu" is a word from the Southern African Nguni language family meaning humanity. The Nguni languages include the isi Ndebele, isiSwati/isiSwazi, isiXhosa and isiZulu) and this word encompasses a variety of rich meaning such as kindness, respect, care and being mindful of others. In Eastern Africa, similar meanings have prevailed for instance, in Luganda, a language of the Baganda tribe of Uganda, the phrase "*Obuntubulamu*" means to be human, kind, respectful, generous, recognising and acknowledging the existence of other people, and being mindful of others. This collective philosophy transcends boundaries in African societies and is often misunderstood by individualistic Western societies. Among the African societies, the aphorism underpinning, "*Obuntubulamu*" is translated in Southern socities as, "*umuntu ngu muntu nga bantu"* meaning that a human being is human because of other people. This saying is common throughout African societies and refers to the respect and generosity among other moral and ethical considerations. It underpins the way people treat each other and how they share things, including money, food, clothing and is the coherent philosophy for the collective and communal nature of meaning and behaviour. The importance of understanding this philosophy lays in the management of people, culture and diversity in operations management. The *Ubuntu* philosophy extends far into the way customers are treated. Once the manager has an understanding of the phenomenon, they can build on it to improve customer care and satisfaction. One lesson learned from the African supermarkets was to treat customers like royalty thereby meeting the demands and needs of the customer and transforming businesses. It also helps manage absenteeism when staff ask for leave to go for burial ceremonies or weddings which are part of African culture, a fact that can upset operational management processes.

The observations among the supermarkets examined showed that the traditional ways of respect and moral values were carried through the organisation. These values of greeting each other and the customers contributed to the positive experience of the customers there making them come back to the stores. According to the senior managers of super markets these values were learned while new, and were inculcated into the staff members. The values have built loyalty of the staff over the years. It is for this reason that managers were found to be home grown- to have the morals and traditions of the organisations. The cultural transformation of organisations is important to operations management to maintain efficiency and control of the systems particularly the people conundrum.

The organizational ethos was run through maintaining abiding values, in spite of business practices changing with time. Fostering respect for individuals, not as a strategic advantage, but because it is morally correct and acknowledging the difference between timeless principles and daily business practices were important. One element identified was sticking to values – even if this appeared to put them at a competitive disadvantage, amongst others.

The hidden secrets therefore involved recognizing the culture and values of the employees and customers as well as building trust and loyalty among them. This behaviourist approach underpinned by the *Ubuntu* philosophy runs deep into the institutional ethos, culture buying habits of the customers and behavior of the employees and if properly understood, leads to business excellence among super market chains.

4.4.4. Management Structures and Impact on Operations

The management structures were found to be mainly vertical with managers for each of the branches distributed through the countries. The businesses were divided into core areas like the retail division with group enterprises and subsidiaries abroad. A general pattern was for the managers to be recruited young as trainees, and home grown within the organizations. Through the process of working for years in the company, the values and principles underpinning the philosophy of the company were inculcated.

4.5. Creating and Maintaining Sustainable Business

Given the need for a green economy and sustainable businesses, the supermarkets have developed over four decades a truly sustainable business attributable to two fundamental principles: (1) an unwavering belief in consumer sovereignty (2) the application of the four pillars to the customer namely administration, merchandise, promotion and social responsibility and people. The people element was very important to the day to day running of the organisation. These views appear contrary to the typical industrial operations management models that have dominated the world for centuries.

5. Discussion

Analysis and application of business theories and business success models to super market chains in African contexts have revealed several factors of business success among which are managing external and internal environments and the implementation of soft skills embedded into the culture of the organisation, many of which are largely ignored in operations management studies. Against a backdrop of post-election euphoria and a new government in 1994 marked a turning point for most businesses in Southern Africa and the continent as a whole. Demanding for better pay and conditions of work, strikes proved to be a useful tool in many supermarkets. In retrospect, the crisis proved to be the catalyst for a major change in attitude of both management and staff and unions became necessary stakeholders. A careful assessment revealed that a fundamental challenge facing was the issue of human relationships. Meanwhile, the external environment was dynamic and competition was a reality. The strength and secrets were found to be in the people factor that held the cohesion of culture, royalty and values underpinned by the *Ubuntu* philosophy, for over generations among other business practices.

Strategies to beat competition in the external environment included re-branding the supermarket chains, to be distinctive in the market place. The exercise was deeper than a mere face lift as it involved a holistic transformation, innovation and change in which the business was revitalised. The underlying principle was turning customer needs into actions, responses to provide a shopping experience next to none! This called for, "fresh thinking" and strategic leadership that entailed the application of Total quality management. The branding has been implemented across all products (fresh perishables, groceries and general merchandise).

Understanding culture was a key pillar for business success in the African markets. Traditions passed down the organisation for instance treating the customer like royalty and a culture of care and moral values that comprised soft skills. Although many of the supermarkets interviewed were originally family businesses, they were transformed through good governance to remain productive, "Family ownership underpinned by professional management has empowered the Company to plan and act in the long-term interests of all shareholders" (executive chair, supermarket A). They further explained that while the family remained in control, the board acted in a supervisory capacity to stabilise the running of the company, while management was in what he described as "the best possible hands". This culture was supported by a policy of refunding goods-no questions asked- that built customer loyalty and long-term associations. To achieve this, the companies established a climate of dignity, respect and freedom amongst every employee. Meanwhile the organisation had to become a learning organisation with people in the company's culture.

Franchising was seen as a strategy to provide a retail service to the emerging market consumer in both urban and rural areas. This helped the companies to penetrate the lower income earners and in the case of Southern Africa be BEE compliant in effecting considerable transformation which allowed the transfer of over a billion Rands worth of assets to new black entrepreneurs who are franchise owners. To ward off local competition, Supermarket A had to adapt a winning attitude, "winning isn't everything – it's the only thing!". As far as diversification was concerned, it brought into the supermarket the concept of "one-stop-shopping" to the Southern Africa consumer for the first time. As the supermarkets grew, benchmarking was a pillar. For example, supermarket A borrowed the model from Europe and the USA to build the hypermarkets.

Building customer loyalty to ward off competition, the supermarkets customer services played an important role in keeping customer loyalty. The strategies employed included keeping their customers happy by establishing baby rooms; baby seat trolleys; customer service managers; cash withdrawals, at ATMs inside the super markets or at the tills; cheque card; double your money back guarantee; discounted airtime; easy entertaining; free delivery and their most recent innovation- online shopping. The supermarkets have introduced pay-points to keep the customer base and loyalty. The points were redeemable by cash when shopping in some of the super markets. This phenomenon is not new as it is being used in Airlines.

Challenges in the macro environment including global markets, political and social factors, unions and retrenchments were faced with communication strategies regarding the Labour Relations Act.

6. Conclusions

In this study, several factors were identified that led to business excellence in the African supermarket chains embedded in the way they managed the external environment namely, re-branding; empowering its work force, diversification, creating values for their customers and understanding the African culture.

The study analysed the findings based upon a multi-disciplinary theoretical framework in supply chain business and investigated their soft skills often ignored by main operational research. First, besides culture and values through the *Ubuntu* philosophy, the understanding of customer needs through extensive research and the provision of products coupled with a pleasant shopping experience were fundamental. Secondly, to ward off competition, they not only cut prices, but also lowered their costs through a supplier programme that trained them to produce quality. The bargaining power of suppliers and buyers were well handled. Now, the threat lies not only in the drop in consumer spending, but also in the competition of new multi-national entrants. Three challenges they face includes the economic downturn and uncertainty which has eroded the spending capital of the target market making it difficult to serve its customers best. This depressed consumer spending, raising costs ahead of internal sales inflation has been dealt with by introducing customer royalty points and shopping experiences. Political changes within Africa meant that human relationships had to change.

Thirdly, the study has contributed to the refinement of the supply chain body of knowledge investigating the antecedents of culture, trust and caring for people which has become paramount underpinned by the *Ubuntu* philosophy, in operations management research.

This study also contributed toward a better understanding of the complex nature of African supply markets contexts of managing supply risks in supply chains. These are vital in the service operations management contexts. The external and internal environments leaves supermarkets with no choice but to innovate and be creative for new products; introduction of customer loyalty to beat the competition and to differentiate further into integrated low cost through cost-cutting strategies and penetrating new markets not served by the new entrants. All in all a combination of soft skills and good operational management led to the business excellence in the African supply chain markets. The paper fills a gap in qualitative research that is missing in operations management and points out the fact that traditional supply chain management practices may be ineffective due to the complex and unique characteristics of African emerging economies.

7. References

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