"Managing the household of God"

A study on the managerial principles and skills needed in the effective and efficient management of the church as an organization.

Submitted in fulfilment of the requirements of the degree of Doctor of Technologiae: Business Administration at the Faculty of Management Sciences at the Central University of Technology, Free State.

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2016

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1. Abstract

Church leaders are considered "managers of the household of God" (1 Corinthians 4:1, 2) and responsible to give the transforming message of the gospel its rightful place in the organization of the church as well as in the broader society. Consequently, the church as an organization has the responsibility to formally educate and equip its leaders to manage the church as an organization effectively and efficiently within a growing consumer society and fast-changing contexts.

However, the church as an organization has not been studied extensively by management science. Furthermore, the formal education of church leaders through faculties and institutions of theology are also not engaging properly with management science. The research question therefore is whether management science principles and skills do apply to the church as an organization. In addition, if these skills and principles do apply to the church, why has the church as an organization not engaged properly with the principles and skills of management science and why has it not incorporated and applied sufficiently such management science principles and skills that can contribute to managing the church more effectively and efficiently?

Through research on the basic definitions and characteristics of organizations, the church was found to be a unique organization whilst sharing some commonalities with other organizations. Therefore, it can be managed and is in need of sound management.

Qualitative research on a church denomination in South Africa emphasises the uniqueness of the church as an organization as well as the desperate need for sound management principles and skills within the organization.

The basic functions of management remain fundamental to strategic management and therefore need to be applied to the church whilst considering the uniqueness of the organization.

In order to present a strategic management framework for managing the church, different strategic management models are considered. The PIC (acronym for Plan-Implement-Check) strategic management framework is designed and applied specifically to the church as an organization, and it presents important principles and skills to assist leaders in the effective and efficient management of the church as an organization. To prove the value of the PIC strategic management framework in the effective and efficient management of the church as an organization, a case study is presented where elements of the PIC strategic management framework are applied to a chosen congregation.

The study emphasises the importance of leadership to visualize the strategic direction of the organization. Strategic intent serves as a roadmap to realize the vision and goals set by die organization. However, the true value of the strategic intent as a tool to set direction lies in setting ambitious goals, even far greater than the limitations of resources.

Because the church functions within fast-changing contexts and environments and is increasingly influenced by the consumer society, proper analysis of internal as well as external factors that may influence strategic intent need to be identified and addressed. The church needs to react faster to change and be pro-active rather than re-active to change. Tools for strategic analysis and choice are presented to assist church leaders in the effective and efficient management of change in the church as an organization.

In order to implement strategy, drivers of and barriers to strategy implementation is identified. Resistance to change is considered as one of the major barriers to implementation that needs effective and efficient management. Strategic leadership is considered as an important driver for implementation, especially when dealing with the volunteer participation of members in the mission of the church as an organization. Pastors as the strategic leaders of the organization should understand that they have been entrusted with the responsibility to influence and transform the lives of people and society.

Establishing organizational control, a focus on continuous improvement and recognition as a reward system will assist the church as an organization to evaluate continuously its efforts and ensure future enthusiasm and participation in its mission.

Apart from the PIC strategic management framework that adds valuable management principles and skills, the habitat of expectation is also a unique contribution of the study and the platform from where the strategic management process is launched. Expectation challenges the available resources and sets goals even far beyond the initial reach of the organization. Expectation always challenges the status quo and existing resources, and therefore, without expectation, there is no need for strategic management!

Within the habitat of expectation, valuable management principles and skills are applied through the PIC strategic management framework to the church as an organization in order to manage the household of God effectively and efficiently.

2. Key words

Management

Transformational service

Church as an organization

Household of God

Managerial principles and skills

Effective and efficient

Strategic management models

Strategic leadership

Habitat of expectation

Management of expectation

3. Declaration of originality

I, André Johannes Oosthuizen, identity number 7908305129089 and student number 209080655 do hereby declare that this research project submitted to the Central University of Technology, Free State for the Degree DOCTOR TECHNOLOGIAE: BUSINESS ADMINISTRATION, is my own independent work; and complies with the Code of Academic Integrity, as well as other relevant policies, procedures, rules and regulations of the Central University of Technology, Free State; and has not been submitted before to any institution by myself or any other person in fulfilment (or partial fulfilment) of the requirements for the attainment of any qualification.

27/01/2016

SIGNATURE OF STUDENT   **DATE**

4. Dedication

To Jesus Christ, for the inspiration and privilege to ponder on His great kingdom.

To my wonderful wife Annel, children Elré, Anri, and AJ. Thank you for all your loving support, all the days, nights, and holidays you spent alone while I was working on this.

5. Acknowledgements

Professors Lategan and Le Roux, for expert, professional, and inspirational guidance, not only through this study, but also in my own personal growth and understanding.

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Introduction and overview

1. Introduction

Management is an integral part of life and society. Everyone is involved in management at one level or another, whether working alone or in an organization, or just managing your own time. From the earliest recorded times, people began forming groups to accomplish goals they could not achieve individually. Consider for example the management skills required to build the Tower of Babel in Genesis 11. Within this community, people had the common vision of building a great city with a tower reaching to the skies. This obviously required a vision, a plan, large amounts of organising and controlling of human effort and resources to achieve the desired outcome.

The magnitude of management has been rising as humankind developed, as equipment, skills and techniques became more sophisticated and as dreams realized and visions grew bigger. Consequently, the groups of people working together became larger, placing an added responsibility on leaders effectively to achieve desired goals (Hunter 2000). This brought about the natural evolution of basic managerial skills and principles in all of the various social, economic and ecological systems.

Basic management principles and skills are needed to lead an organization when and where people are working together towards a common goal or vision. Within the unique framework of the church as an organization, it is metaphorically referred to as a body. The different parts and contributions, together with the allocated resources, also need to be managed effectively and efficiently in order for the organization to realize its intended goals and visions.

2. Literature review

In an attempt to integrate management science with the management of the church as an organization, it is necessary to clearly outline, interpret and apply managerial definitions, principles and skills to the unique context of the church as an organization.

From the various definitions of management, it will become evident that management functions such as the planning, organizing, leading, staffing and controlling of human and other resources to achieve organizational goals should be successfully implemented in the effective and efficient management of the church as an organization. Although the church shares some characteristics with other organizations, the distinct character of the church as a faith-based, non-profit organization should always be recognized and respected when engaging with management science. The proposed framework for church management is therefore defined by the understanding and interpretation of the definition "the church" as an organization.

For example, within the unique framework of the church as an organization, management has to deal with the participation of members based on individual gifts, talents and passions to help achieve the organizational goal. The voluntary participation of church members in its activities and the growing culture of the church member as a client are but a few managerial challenges the unique character of the church as an organization poses.

An empirical study of the Dutch Reformed Church (Church Mirror Survey 2010) will further outline the distinct character and challenges the church as an organization face in terms of leadership, personnel, membership, and management. The Dutch Reformed Church was taken as an example of church management because of three reasons:

a) Sound empirical data was available as reference on the Dutch Reformed Church in South Africa.

b) The Dutch Reformed Church is greatly marginalized within the South African context because of its involvement and influence during the Apartheid-era. The Dutch Reformed Church does not have the same societal and political influence after 1994 and is consequently fighting for a living and substantial sphere of influence in the new South Africa.

c) Apart from the external environmental factors such as the political and societal influences, internal environmental changes are also challenging the church as an organization. It faces various challenges regarding declining membership and finances and is therefore in need of sound management and strategic change in order to precede its calling as an organization in South Africa.

Although the Dutch Reformed Church is the main source of empirical data in this study, the managerial principles and skills derived from the research can universally be applied to the church as an organization within various contexts, upholding the universality of management as well as the principle that management is both a science and an art (McElroy & Van Engelen 2012). As in any other organization, the church as a non-profit, faith-based organization cannot escape the influence of different contexts and systems as well as the global changes in the economic, political and social environment. The church therefore needs to adapt an open-systems approach in order to adapt faster to changes in the internal as well as external environments.

Sound managerial skills and principles are needed to equip leaders to manage the church effectively and efficiently. Therefore, the leader of the church as manifested in the local congregation or organization is rightly, as Paul says in 1 Corinthians 4:1, 2 the "manager of the household of God", responsible to give the transforming message of the gospel its rightful place in the organization and structures of the church. Within a Biblical context, the original meaning of "manager" (also translated as steward) was that of an administrator in charge of large estates (Butler 1991:1303, 1304). Therefore, in the Biblical context, a manager is a servant of the highest rank who needs to take care of, administer and direct the work within his household.

The managerial principles and skills presented in this study are therefore directed at pastors as the strategic leaders of a congregation. However, it is also directed at leaders within the different departments or services of the organization such as council, elders, church managers and service-group leaders who are taking care of, administering or directing the work within this household.

Because sound managerial principles and skills were not sufficiently incorporated in dealing with the church as an organization, leaders in the church often spend a great deal

of time on administrating personnel, members and services. In the process, they confuse it with sound management skills and principles that render leaders capable of recognizing and maximizing opportunities based on the resources available.

Part II of the study will therefore focus on the managerial principles and skills needed strategically to manage the church as an organization effectively and efficiently. Different strategic management frameworks or models will be discussed and evaluated in order to present a strategic management framework, the PIC strategic management framework (acronym for **P**lanning, **I**mplementing, **C**hecking), as the proposed vehicle of essential managerial principles and skills with which the church needs to engage and which it needs to utilize in effectively and efficiently managing the organization. For the sake of this study, a management skill can be defined as an ability or acquired capability to carry out a task effectively and efficiently. To acquire a specific skill, an understanding of the fundamental principle of the expected task is needed. When the fundamental principle is identified, the necessary skill can be acquired or applied. Within the ambit of this study, skills and principles are therefore mutually inclusive and interactive in their meaning and application.

The habitat in which an organization sets its strategic management process is essential in choosing and implementing a strategy. The typical challenge that the habitat poses is to determine what the current important issues are that needs to be dealt with. The unique habitat of the organization then presents issues and dilemmas that need to be addressed and resolved strategically. The habitat therefore sets the agenda for strategic management.

In Part III, the habitat of expectation will be presented as an essential element in the strategic management process of the church as an organization. Expectation always challenges the status quo and existing resources. If there is no expectation within the church as an organization, there will simply be no need for strategic management!

The study will conclude with strategic management skills and principles that can be adapted in order to manage the church effectively and efficiently. These elements will reflect on the nature of the church, the role of leadership, organizational culture and the structure of the church as an organization.

3. Problem statement

The church as an organization, and concomitantly the formal education of leaders through faculties of theology and other institutions, has not engaged properly or incorporated sufficiently developments within management sciences in order to lead the organization in an ever-changing environment. Literature and curricula suggest that management is often disregarded in the training of pastors in the management of the church. In return, the church as organization has also not been studied extensively by management sciences in order for the church to understand the role of management in its different activities. However, pastors and church leadership (such as elders) have the responsibility of strategically managing the organization in challenging and ever-changing contexts, of leading, expanding and organizing services and of maximizing opportunities based on the resources available. They have to do all of this without any education in the underlying fundamentals of management science. The problem is therefore a lack of engaging with relevant management practices. The appropriateness of business literature and models is informed by the specific profile of the church as a faith-based organization.

4. Research question

Based on the problem stated the following research question can be formulated:

Do the principles and skills of management science apply to the church as an organization, and can the application of the principles and skills of management science contribute to managing the church more effectively and efficiently as an organization?

Sub-question:

- How can managerial principles and skills be applied effectively and efficiently to the church within the unique context of the organization?

5. Objective

The objective of the study is to present the fundamentals of management science as well as managerial principles and skills through and within a strategic management framework (PIC strategic management framework) in order to assist leaders in effectively and efficiently managing the church as a non-profit, faith-based organization. The basis of

this objective is that sound managerial principles and skills will have a positive influence on managing the church within ever-changing contexts and challenges.

To realize this objective, arguments will be driven and presented in three parts, namely:

a) defining the unique character of the church as an organization and proving the necessity of managerial principles and skills in order to attain its desired goal or intention

b) defining and illustrating how the framework of strategic management (the PIC strategic management framework) adds valuable managerial principles and skills to the management of the church as an organization

c) presenting the habitat of expectation as the unique platform from where strategic management principles and skills are introduced and applied in order to manage the household of God effectively and efficiently.

6. Methodology

Research methodology is a way to systematically solve the research problem (Kothari 2004:8). To answer the research question and objective, the study is conducted by using three research methodologies, namely qualitative research, quantitative research and a case study.

Anderson and Poole (2009) characterize qualitative research as "ethnographic and historical studies where the findings are more commonly expressed in words than in numbers" (2009:22). According to Kothari (2004), a qualitative approach to research is concerned with the subjective assessment of behavior, attitudes and opinions. With a qualitative approach, the function of the research is to generate results from insights and impressions that are not subjected to quantitative analysis. The research will therefore predominantly be qualitative research that will be done by means of a theoretical analysis, evaluation and systematization of various management science skills, principles, and frameworks presented in the literature. The theoretical analysis, evaluation and systematization of management science skills, principles and frameworks will be selected from literature based on the perceived value and contribution they have to the effective and efficient management of the church as an organization.

Because the quantitative samples and data of the church as an organization in South Africa is small and no other reliable data on the church as an organization, other than the Church Mirror Survey 2010 were found, a qualitative study is essential in analyzing and evaluating various management principles, skills, and frameworks in the literature to manage the church effectively and efficiently.

Quantitative research will be presented by means of the Church Mirror Survey 2010. Quantitative research means that findings or results are usually expressed and summarized in numerical form [Anderson & Poole 2009, Lodico *et al*. 2010). Qualitative research will therefore confirm, analyze, and further explore the research question on the management of the church as an organization. The quantitative research will be used to maximize the theoretical implications of the research findings in order to further support, drive arguments, and inferences based on the qualitative research and analysis.

Apart from the qualitative and quantitative approach, a case study on a local church in Bloemfontein South Africa will be presented. Simons (2009:21) defines a case study as follows:

> A case study is an in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, programme, or system in a 'real life' context. It is research-based, inclusive of different methods and is evidence-led. The primary purpose is to generate in-depth understanding of a specific topic (as in a thesis), programme, policy, institution or system to generate knowledge and/or inform policy development, professional practice and civil or community action.

The case study is therefore presented as a purposive sample to generate a better understanding of the general management challenges and shortcomings in a congregation. It proves and illustrates how managerial principles and skills can be applied and adds value to the effective and efficient management of the church as an organization, not only in terms of the institution but also individual congregations in different contexts and denominations.

Research in general though, has to do with the creation of new knowledge. New knowledge is the result of a systematic analysis of a problem in order to find a suitable solution or answer to the research question. This is known as applied research (Lategan, Uwah & Swanepoel 2012). According to Lategan *et al*. (2012) the process of critical analysis has three important components:

a) Critical knowledge inquiry

b) Discovery of new knowledge

c) Implementation and application of new knowledge

The methodology of this study accounts to all three components. The knowledge (discovery of new knowledge) gained from the qualitative and quantitative analysis (critical knowledge inquiry) will be used to solve or answer the posed research question and objective (implementation and application). The new knowledge discovered and presented in this study will bring a new and extended understanding of the management of the church as an organization. Consequently it will benefit the church to be more effective and efficient in its management, leadership, as well as the future formal education of its leaders.

Any possible subjectivity was avoided by supporting statements with evidence and literature was search to identify any opposing views. Where such were identified, it was discussed in the text.

With regard to the identification of information I was guided by the following three motivations:

a) to focus on literature from the fields of organizations theory, strategic management theory and the sociology of religion
b) to understand the fundamental nature of management sciences and its implication for and application to the church as an organization
c) to identify appropriate principles that will inform the management model for the church as an organization.

7. Delineation of study

Although the managerial principles and skills presented in this study are universally applicable to the church as an organization and will therefore not be limited to one church grouping only, the empirical data gathered was from only one denomination in South Africa.

Part 1

Management within the unique framework of the church as an organization

Chapter 2

The unique character of the church as an organization

1. Introduction

In order to apply managerial skills and principles on the church as an organization, the nature or character of the church as an organization needs to be determined. To start by simply applying management principles on any organization before the nature and character of the organization has been studied would be irresponsible. The distinct character of the church will therefore be investigated and considered before management skills and principles are applied to the organization.

The managerial skills, principles and frameworks for the effective and efficient management of the church is defined and demarcated by the understanding and interpretation of "the church" as an organization in need of management.

Before the unique character of the church as a non-profit, faith-based organization will be proven and outlined, it is important to understand the basic definition and characteristics of organizations. A classification of organizations will give insight to the common goal and nature of different organizations and is a helpful tool in defining and classifying the church within the broader scientific classification of organizations. It will also assist in discovering the differences between the church and other non-profit organizations.

Different organizations have different structures, managerial needs and styles. A basic understanding of different organizations will assist and compliment the interaction between management science and the church as organization. It will also outline the unique character of the church as an organization that needs to be upheld in order to

manage the church within the reference of its distinct and unique character. In this chapter, I define the church as a non-profit, faith-based organization by referring to the basic types of organizations.

An overview of the Dutch Reformed Church in South Africa based on the Church Mirror and Church Life survey conducted in 2006 and 2010 will prove, support and compliment the unique character of the church as an organization in need of basic managerial principles and skills.

2. Defining and understanding the organization

2.1 Defining organization

The word organization derived from the Greek word ὄργανον (organon), meaning "tool". Organization is commonly used in management science within two broad semantic categories, namely as a noun (group of people, company, corporation, institution, etc.) or a verb (the action of organizing, e.g. planning, coordinating, administrating).

Organization as a noun refers to

- a group of people or the relationships between people working together in the attainment of a goal (Daft 2009; Griffin & Moorhead 2013)
- a system interacting with various other systems or structures towards the attainment of goals (Freeman 1999; Kaufman 2003).

Organization is also used as a verb or action, referring to

- the act of organizing, where the work of individuals or groups are combined, co-ordinated and delegated in the effective pursuit of the goals of the business (Allen 2013)
- the process of grouping the activities of a business in order for the activities to be most effectively executed (Griffin & Moorhead 2013; Vom Brocke & Roseman 2010).

From the above, a basic definition for the reference of this study is that organization is a tool or structure that is used to coordinate human and other resources towards a common goal or objective. The structure consists of different manageable components (resources) that need to be integrated effectively and efficiently in order to facilitate the achievement of objectives or goals. Organizing involves leadership where strategies need to be developed for achieving goals (Rainey 2009). Organization is therefore constituted when and where people share a common vision and focuses human and other resources on the attainment of these goals or purposes.

2.2 Types of organizations

Organizations are classified or grouped based on different criteria. The reasons for classifying organizations are, for instance, to group available information and to make information more accessible, and it gives a scientific reference for categorising organizations. The classification or grouping of organizations is further of importance because it outlines the primary function of groups of organizations. The most common distinction, based on ownership, source of finance as well as the profit motive, is in terms of two generic groups, namely public-sector and private-sector organizations.

Public-sector organizations are concerned with providing various governmental services such as the police, the military, public healthcare, public education, public social services, public transport and infrastructure. Apart from the services provided by government, the public sector also has many other role players or partners, usually referred to as non-governmental organizations (NGOs). These organizations assist the government in the execution of various services to society.

In South Africa, the church is listed as a non-governmental organization (Rainbow Nation Connecting South Africa 2014). In terms of the Income Tax Act (Government Gazette 2014), a church can apply to qualify as a Public Benefit organization (PBO). In order to qualify and be eligible to claim exemption from tax, the church must be registered as a trust, an association or a Section-21 company. Applying to become a PBO is most often not the chosen category for churches. The reasons are based on theological views. Firstly, the church belongs to its members and is not, as in the case of a trust, owned by

individuals. Secondly, in its calling to have a social impact and to effect transformation in society, the church often needs to distance itself from government and government policy to be able to reply to and be critical of acts and legislation. Therefore, although it is a possibility, very few churches apply as PBOs based on the reasons above.

In contrast, private organizations consist of the business sector, are managed by individuals or groups and are usually set on earning a profit. When organizations within the business sector are not set on earning a profit but rather on performing a social duty or activity, they are referred to as the voluntary sector, community sector or non-profit sector. Apart from the public and business sectors, the non-profit sector is often referred to as the third sector either serving or addressing the needs of its members or the public or society as a whole.

The two kinds of private organizations, for-profit and non-profit, differ in important ways. The main goal for existence and therefore primary measure of performance of the profit organization is obviously making a surplus or profit. Although the primary objective of non-profit organizations is not making profit, in order to survive, non-profit organizations must ensure that there is a surplus of revenue over expenses. If not, there will not be capital resources to keep delivering services effectively and efficiently.

As stated above, the mission or purpose of non-profit organizations are not to make a profit but to deliver services or products that will benefit or be of interest to society. The primary goal and measure of performance of the church as an organization is clearly not profit but, rather, influencing society with the transforming message of the gospel. The classification based on genotypic function by Katz and Khan (1978) adds valuable importance to the mission or purpose of non-profit organizations. Classification based on genotypic function implies the primary function of an organization as a subsystem within a larger society (Katz & Kahn 1978).

They identified four broad types of organizations, namely economic, research, political and maintenance organizations. The primary function of maintenance organizations, which include schools and churches, is to maintain social norms and standards within society. These organisations thus add importance to the interest in and benefit from non-

profit organizations in society, which include the church as an organization based on its universal mission to transform and impact society.

Another noticeable difference between profit and non-profit organizations is that profit organizations often have a well-structured and organized workforce or staff while non-profit organizations usually depend heavily on unpaid volunteers to help the organization reach its goals (Drucker 2011). The importance of church members as voluntary participants in the mission of the church will be discussed later in this chapter.

Granting the uniqueness of the church as an organization, churches have much in common with the structure, function and organization of other non-profit organizations. Although, as will be discussed in this chapter, there are some distinct characteristics that differentiate the church from any other organization, the church is still an organization, sharing some common principles with other enterprises and therefore crying out to be managed effectively and efficiently.

As stated, an organization is constituted when and where people share a common vision and focuses human and other resources on the attainment of these goals or purposes. A church is an assembly of people with some shared history, identity and culture. Members are bound together by a common factor, namely faith. This common factor is also the driving force behind its efforts. The abovementioned constitutes the church as an organization based on a group of people sharing a common vision as stated in the definition of organization.

It is evident that the church as an organization is not a public-sector organization because it is not managed or partly owned by government and in its institution is managed by its own Biblical values, ethics, procedures and legislation. The church as an organization therefore fits in the category of the private sector, being owned and managed by a group of people, the church members themselves. It is clearly not set on making a profit (non-profit) but on being beneficial or influential in society and being responsible for maintaining and developing social norms and standards.

3. The unique character of the church as an organization

A very important element that distinguishes the church from other non-profit organizations is the fact that it is faith-based. In other words, the social duty or activity of the church as an organization is founded on the shared belief or faith of the members of the organization.

As a faith-based organization, the church is unique in terms of a distinct origin, a distinct purpose and a distinct reliance. The uniqueness of the church as a faith-based organization needs to be upheld in the conversation and interaction with management science.

Throughout the history of Christianity, basic Biblical principles were laid down in defining the church as an organization. Apart from the principles found in the Bible relating to the structure, function, organization and mission of the church as a community of believers, the organization is also demarcated by the external environment, context, confessions and traditions in which it stands.

3.1 Definition of "church"

The unique character of the church as an organization needs to be defined further in terms of the definition of "the church" and the distinct characteristics of the church as an organization.

For the reference of this study, "the church" is defined as follows:

> A church is a group of individuals bound together by faith. This group of believers is also referred to as a community of faith or the household of God. This implies that there is a dynamic, mysterious relationship between God and his responsive community or household. This relationship calls for action, praxis, involvement and participation in God's ongoing mission. A congregation is the local manifestation of the church in a specific context and society, and it needs to be managed effectively and efficiently in order to obey the given responsibility towards its members but also towards society as a whole.

Although there are many different churches or denominations based on confession, spirituality, preference, culture and context, language, *et cetera*, the definition of "the

church" as given above can universally be applied to all the different churches and denominations, not limiting it to a specific church or denomination. In the analysis of the church as an organization and the application of management skills and principles, the given definition of "the church" will render it capable for application in different contexts.

3.2 Distinct characteristics of the church as an organization

Although the church has much in common with other organizations in terms of structure, function and organization, some aspects differentiate the church from other organizations. According to Hunter (2000), five aspects make the church a different kind of organization:

a) **The church has a distinct origin:** The church was placed on earth by God. He calls and puts people together in communion. This organization is built on Jesus Christ, the rock of faith, Messiah and risen Lord. The church is often metaphorically referred to as a body with Christ as the Head of the body and the members each fulfilling an important role in the functioning of the body.

b) **The church has a distinct message:** From the ancient apostles up to the disciples today, the distinct, transforming message of the gospel of Jesus Christ is still being proclaimed. The message of the church is the transforming "product" that was commissioned to be spread to all people all over the world.

c) **The church has a distinct purpose**: This purpose was given by Jesus Christ, and it entails the commandment to reach all the peoples of the earth with the gospel that can transform society.

d) **The church has a distinct ethic:** Through sources in the Bible such as the Ten Commandments, the Sermon on the Mount and the Great Commandment to love God and neighbour, the church is given the ethic that should limit, shape and focus how Christians live, manage and do business.

e) **The church has a distinct Driving Force:** As "no one can say 'Jesus is Lord' except by the Holy Spirit" (1 Corinthians 12:3), not much else that is supremely important in the church's total mission is likely to succeed without the power of the Holy Spirit behind, attending and blessing the efforts.

Together with these five aspects, the unique character of the church needs further explanation in terms of the goal or mission, the members and personnel and the reliance of the organization.

f) **The goal or mission**

The identity of the church is missional by its very nature (Bosch 1991:392). This implies that the organization's focus is on delivering a service to society as stated earlier in the discussion on non-profit organizations. The mission and primary measure of the performance of the church is therefore on delivering services that will benefit or be of interest to its members as well as the broader public.

This service is twofold. Firstly, it is to serve God by being obedient to his calling. Secondly, it is to serve the members of the organization by equipping, encouraging and motivating them. However, this service is not only directed at the members but also needs to be focussed outside of the boundaries and membership of the church and should include spreading the message (gospel), maintaining good ethics and values and rendering practical services (i.e. physical help, support, preservation in terms of the ecology).

Thus, the goal or mission of the church is not solely set on its members but also on a greater mission focussing outside of the borders of the church. The goal is distinct because of the spiritual nature of the mission and therefore often challenging control and evaluation.

Because of their spiritual nature, churches often find it difficult to measure and evaluate the effectiveness of their efforts. Consequently, this results in an organization that often struggles to react to changes in time because of the shortage of instruments of evaluation and control.

g) The members and personnel

Within any organization, there are managers, personnel and clients to whom a product or service is delivered. Each of these has a specific identity, role and work sphere. Within the human-resource department of the church, roles and work sites are not defined clearly enough and often overlap in execution.

Inside the organization, members are commonly considered (even self-perceived) as clients (Lategan 2004). A client is defined as a person expecting or using some sort of service or product from and within an organization (Oxford Dictionaries 2014). Within the unique context of the church, clients expect services such as pastoral care, leadership, preaching and emotional and material support. However, when these clients move outside of the boundaries of the organization, they in essence become workers or personnel responsible for delivering transforming social, ethical and practical services to society.

Workers or personnel within the church as an organization are therefore also considered as clients when they are equipped, served and motivated, and clients become personnel when they are send to be agents of change, contradicting every management framework in terms of resource and objective! When clients (the members of the church) take on leadership roles such as responsibility for some parts of the formal services delivered by the organization through commissions or divisions, they in turn become managers!

The uniqueness of the church in terms of its members and personnel lies in the fact that members can be managers and managers can consider themselves as clients, but within the execution of their mission, they take the position of personnel.

Another important factor to consider in the church as a non-profit, faith-based organization is the voluntary participation of members in the mission.

Although membership is voluntary, it has a condition, namely faith. The members or personnel of the faith community consist of volunteers and full-time personnel. This is reflected in the distinction that is often made within the theological framework of the church between:

- administration (done primarily by paid employees) - personnel, finance (*kubernesis*)

and

- the management of the services of the church (largely done by volunteers in partnership with the ministers) - e.g. the pastoral care (*paraklesis*), community (*koinonia*), teaching (*kerugma)* and services (*diakonia*).

Within the organization, members are driven to achieve the objectives not by incentives or promotion but by appreciation and a deeper understanding of the meaning of their mission. The understanding of the individual calling within the greater mission is one of the unique aspects of the church as a faith-based organization. The voluntary participation in the mission often challenges the effective management of the organization. However, for the church to deliver a sustainable service, it needs to embrace the necessary managerial skills and principles to involve, equip, encourage and motivate the great number of voluntary participants within the organization in its mission.

h) Reliance as an organization

If only scientific measures of performance and evaluation were used on the management style, leadership, organization and utilization of resources, the church would have been doomed as an organization long ago. The continued existence of the church therefore does not solely depend on human effort and management efficiency but on the headship, guidance, inspiration and participation of God in its mission. God's presence makes the church a credible organization despite members and staff that may not be credible. The foundation of faith on which the church as an organization is based, therefore, makes the reliance on God a distinct characteristic of the organization in its future existence.

3.3 Shared characteristics of the church as an organization

Granting the uniqueness of the church as an organization, churches also have much in common with the structure, function and organization of other organizations. Although there are some distinct characteristics that differentiate the church from any other organization, the church is still an organization, sharing some common principles with other enterprises and therefore crying out to be managed effectively and efficiently. This view is supported by Hunter (2000:22), who puts forward the following argument:

Though the church is a different kind of organization, however, it is still an organization; the church is an interdependent aggregation of people with some shared history, identity, and culture, who pull together in coordinated activities to achieve the organization's objectives. Granting its distinctive source, message, mission, ethic, and reliance, churches nevertheless have much more in common with other organization, particularly other voluntary organizations.

Apart from the fact that the church has a "product" (transformation through the gospel), clients, members, personnel, structure, finances and administration, another similarity between the church and other organizations that needs to be highlighted for further discussion is the distinction between formal and informal organizations.

- **Formal and informal organizations**

A brief discussion on the principles of formal and informal organizations will follow to indicate how the church functions in terms of its organization.

Formal organizations are organizations with a formal structure of the organization as seen on organizational charts. This is most often a hierarchical structure with a CEO on top followed by different divisions and managers lower down. In terms of the church as an organization, the formal structure is one with the church council/board on top with the staff and different commissions or divisions lower down.

Formal organizations are well-structured organizations in terms of organizational goals, job descriptions, positions with clearly defined functions, relationships and lines of communication as defined and prescribed by top management (Goldsmith & Katzenbach 2007). The realization of objectives is bound by rules, systems and procedures to which the individual must adjust and which the individual must even obey. Based on the division of labour and specialization, staff are assigned a certain responsibility and awarded a specific amount of authority.

Because formal organizations have definite measures of authority, responsibility and accountability, they are designed to achieve goals, which is essential in any well-functioning organization.

Informal organizations, in contrast, do not appear on organizational charts and are almost never explicitly stated because they encompass all the different relationships and

networks based on attitudes, emotions, prejudices, *et cetera* between people that are necessary to succeed and achieve the organizational goal (Karmakar 2012). Whilst the formal organization provides an overarching framework, the informal organization is an integral part of formal organizations because it actually supplements the formal organization in achieving organizational goals effectively and efficiently through informal relationships, networks and communication.

Informal organizations arise spontaneously, unplanned and without any formal authority. Informal organizations tend to focus on relationships between people whilst the primary focus in a formal organization is on the official position held by individuals. Informal organizations are formed on common taste, language, religion, culture, *et cetera* and are therefore influenced by personal attitudes, likes and dislikes of the people in the organization.

Below (Table 1) is a summary of some of the main differences between formal and informal organizations.

Table 1: Differences between formal and informal organizations

Characteristic	Formal Organization	Informal Organization
1. Structure		
a. Origin	Planned	Spontaneous
b. Rationale	Rational	Emotional
c. Characteristics	Stable	Dynamic
2. Position terminology	Job	Role

3. Goals	Profitability or service to society	Member satisfaction
4. Influence		
a. Base	Position	Personality
b. Type	Authority	Power
c. Flow	Top-down	Bottom-up
5. Control mechanisms	Threat of firing, demotion	Physical or social sanctions (norms)
6. Communication		
a. Channels	Formal channels	Grapevine
b. Networks	Well defined, follow formal lines	Poorly defined, cut across regular channels
c. Basis of attachment	Loyalty	Cohesiveness

Source: (Gray & Starke 1988:432)

From the above-mentioned summary, some inferences on the importance of formal and informal organizations can be drawn.

Whilst influence and leadership in formal organizations come from the top down through official positions and given authorities, it is evident that influence in informal organizations is based on the status ascribed to leaders by the other members of the informal organization. Leaders therefore have a considerable amount of personal power

that can affect the productivity positively or negatively. Although an informal organization might have more than one leader, the person who exercises a greater degree of control over the other members is generally considered the primary leader of the informal organization. It is of importance for any organization, including the church, to identify these informal leaders and develop a good professional relationship with them in order to ensure the smooth functioning of the organization.

The primary focus or goal of formal organizations is set on profitability or effective and efficient service whilst, in informal organizations, individual satisfaction is commonly more important than the goal. The informal organization therefore positively influence the attitudes of group members, creating a sense of security and belonging within the organization that consequently results in improved productivity and job satisfaction (Gray & Starke 1988:432).

In formal organizations, external control mechanisms need to be in place in order to ensure quality and control whilst social norms and ethics are the internal control mechanisms of employers within an organization.

Communication within informal organizations is often referred to as "through the grapevine", outside of and often beyond the formal communication channels as members interact socially and informally. It is interesting and actually very important to take note of grapevine communication. In earlier management, the "grapevine" was partly ignored. Now however, many organizations acknowledge the presence of the "grapevine". Important information is captured in identifying the content, key players and the manner in which information travels along the grapevine (Kumar 2010:118). It is therefore important for any manager to study the working pattern of informal relationships in an organization for achieving organizational objectives.

The relationship between formal and informal organizations is especially important within the framework of church organization.

Within the church as an organization, the focus is mostly on the informal organization. This shift in focus from the formal organization and structures to the informal organization is often described as a movement from a modern to a post-modern paradigm. This movement or paradigm shift was enhanced by the social-political changes in the

early 1990s in South Africa. The church as an organization became more aware of its responsibility to make theology public, charged with the responsibility of a prophetic voice in and often against government policy, thus putting the church in the market place. This enhanced the necessity of change within the formal structures of the church to adapt more quickly to changes in the external environment.

Historically the focus of the church as an organization was based on the formal organization of the church. In fact, there were territorial boundaries set around churches that determined the boundaries of congregations and membership. It had clearly defined and prescribed organizational charts, stipulating certain phrasing, names and lines of authority. It had permanent staff, often assigned according to a formula of the number of members in a congregation. Staff had clearly outlined job descriptions articulated in different articles of the church order and implemented in different congregations. The church order defined procedures often to the letter, varying from instruction procedures to outlining the principles and practicalities of meetings. These clearly defined policies and procedures were often uniformly applied to churches within the same tradition. Independent churches, however, are more liberated to use and implement own procedures and policies.

Congregations had commissions that were formally organized and set within certain frameworks. The structure and often the functioning of congregations were uniform as far as the dress code of the offices, liturgy, songs and instruments used in Sunday service were concerned. Rational thought processes overpowered emotional pleas for change. Whilst the formal structuring of the church gave stability to the organization, in the process, innovation, dynamics, adaptability and change were inhibited. The informal organization was often neglected.

Although authority settled in the church counsel, the pastor was the formally appointed leader, also prescribed to be the appointed chairperson of the church counsel. Therefore, leadership was top down, hierarchical, in most cases autocratic, and control was often implemented by fear or even demotion. Communication was mostly done through formal channels, namely announcements, minutes and newsletters, but informal communication was always present in the church. Church members were attached to the congregation because of history and tradition and were therefore extremely loyal to the organization.

Although some churches still rely heavily on a formal organization, the shift of focus to an informal structure is evident (Burger 1995; Hendriks 2004). Membership is spontaneous and originates from beyond territorial or even categorical boundaries. There is a growing appreciation for diversity that is evident in Sunday services. Different spiritualities are accommodated, which creates space for more emotional and innovative decisions to be made. Staff is assigned based on gifts and roles within the congregation and not only based on a job description. There is a focus on the importance of relationships within the organization. People are influenced by the personality of leaders and not merely by their position or status. There is a loyalty to leaders and personalities and not merely to structures or the tradition of the organizations. People are attached to the congregation based on cohesiveness. Congregations are consequently more structured around the responsibility of each member in realizing the goals set.

One of the greatest shifts within the organizational structures of the church lies in the identification of goals. In formal organizations, goals are set on profitability or service to society. In informal organizations, the goal is often set on member satisfaction. Lategan (2004) outlined the growing culture of the church member as a client that needs to be satisfied. He explains the influence of the consumer society on the church and subsequently emphasizes the necessity of the church to listen and even to incorporate the developments in social sciences in the organization. "To understand the societal role of the church, it [*the church*] cannot be understood as detached or apart from societal developments" (Lategan 2004:135). Any organization needs a focus on the needs, satisfaction and expectations of clients. This needs to be addressed responsibly within the unique context of the church as an organization in its formal as well as informal organization.

The influence of formal and informal organization within the church as an organization cannot be overlooked or underestimated. Although the church is well structured in terms of its formal organization, structures and procedures, the informal organization that includes the influence of leaders, relationships and individual motivation is very important in the satisfaction of the members as well as in the participation of members in the mission of the organization.

4. An empirical overview of the Dutch Reformed Church in the 21st century

To support and understand the dynamics of the church as an organization, an empirical overview of the Dutch Reformed Church will assist in determining the uniqueness, challenges and characteristics of the church as an organization. The quantitative research of the Church Mirror Survey 2010 will be used to support arguments and inferences made on the church as an organization in need of management skills and principles.

The availability of sound, reliable empirical data is one of the reasons why the Dutch Reformed Church in South Africa is taken as an object of empirical research in order to form a better understanding of the church as an organization in general. The Dutch Reformed Church is also still one of the largest Protestant denominations in South Africa but finds herself in a changing environment, especially after great political, social and economic changes forced the church to adapt and re-organize itself in the marketplace.

The empirical data will show managerial ineffectiveness and inefficiency within the church and its leadership in dealing with change in the external as well as internal environment. This exposes the lack of management skills and principles within the church as an organization. The data extracted from the survey will be used to reflect on the management, leadership, goals and involvement of the church within the broader community.

I shall use the Church Mirror Survey 2010, conducted within the Dutch Reformed Church in South Africa, as a kind of reality-based organizational analysis that will assist the organization to listen to the voices of congregations in general as well as to the voices of church members. This survey will assist in the understanding of the bigger picture in terms of management within churches in South Africa. The Church Mirror Survey 2010 is used because there is no other comprehensive empirical survey available for any denomination in South Africa, except this one for the Dutch Reformed Church.

According to Woolever and Bruce (2002), people demand better results from every organization or institution they encounter. This includes better results from the leaders within their own congregation as well. Woolever and Bruce emphasise that

congregational leaders therefore need the same kind of reality-based organizational analysis that is often used within growing, healthy, excellence-orientated companies.

Schoeman (2013) argues that part of a practical-theological reflection is to ask: What is going on in this congregation? To answer this question, it is necessary to listen to the different voices within a congregation. Therefore, according to Osmer (2008), listening can be a formal process done through empirical research. "Listening is a hermeneutical and communal process of discernment. In doing this, congregations make decisions using certain resources" (Osmer 2008:38).

From March 1981, the Dutch Reformed Church used the census and survey called "Church Mirror Survey" as its official and empirical way of listening to congregations and ordinary members.

Part of the basic function of management is not only to listen constantly but also to evaluate the status quo in comparison to the context and changing environment. Drummond (2009) supports this by saying that leaders "… who wish to gather information and to make evidence-driven decisions are constantly evaluating" (Drummond 2009:5). In order to make evidence-driven decisions, sound empirical data are needed. I shall use "Church Mirror Survey 2010" selectively in identifying patterns, tendencies and challenges within the organization and management of the church. In the words of Osmer (2008), the value of such an empirical study lies in "… gathering information that helps us discerns patterns and dynamics in particular episodes, situations, or contexts" (Osmer 2008:4).

Data gathered from the Church Mirror Survey will therefore be used to listen to and evaluate the management of the church as an organisation in changing contexts and environments.

4.1 Methodology of the survey

A task team under the leadership of Professor Kobus Schoeman conducted the research. The task team identified the following dimensions that are important in the understanding, growth and activities of congregations (Schoeman 2013:4):

- spiritual development which focuses on the individual member of the congregation
- activities and relationships within the congregation
- impact in the community
- understanding of the goal and future of the congregation.

The Church Mirror Survey was conducted by means of questionnaires that were completed by church members older than 15 years, attending a Sunday service. A random sample of 10% from 1 146 congregations was selected. In response, 85 (75%) of the congregations completed 12 286 questionnaires during August 2010. The results of the 2010 survey were compared with the results of the 2006 survey that was conducted in the same manner.

The Church Mirror Survey study followed a data-based approach and not a case-study approach. The focus of the empirical evaluation in this study will be on the following:

a) members and membership

b) pastors and leadership

c) enthusiasm about the future.

4.1.1 Members and membership

Table 2: Membership of the Dutch Reformed Church

	1981	1985	1989	1993	1996	2000	2004	2006	2010
Confessing (adults)	912 380	959 720	920 274	917 247	941 556	941 037	898 615	904 374	873 220
Baptized (children)	459 804	468 578	407 239	370 060	358 759	313 589	279 890	259 769	*254 517

Not baptized	22 533	21 164	12 552	13 109	16 549	15 248	7 169	14 693	
Total	**1 394 717**	**1 449 462**	**1 340 065**	**1 300 416**	**1 316 864**	**1 269 874**	**1 185 675**	**1 178 837**	**1 127 737**

*Combined figure of baptized children and not baptized, not-baptized statistics not available

Except for Schoeman's (2011) interpretation and discussions of the data of the Church Mirror Survey, I could find no other interpretation of the data and will therefore further analyse and interpret the data in reference to the management of the church as an organization. Although the Church Mirror Survey technically can be regarded as secondary data in this study (since it has been collected by someone else), observations and comments made in this study should not be regarded as a re-interpretation but rather an interpretation relevant to the study. In addition, Schoeman's interpretation of the data was more directed to the general stance of the church and not to the management of the church as an organization. Some general comments can be made concerning Table 2 above:

- The number of confessing adults stayed more or less the same over the last 10 years.

- There has been a decrease in the number of children, approximately 100 000 over the last 10 years. The reasons can be the following:

  o the aging of the traditional white Afrikaans-speaking community

  o a decreased birth rate over the last 10 years, in other words, fewer children than in the past.

- Immigration plays a role in the decrease of membership, but the exact figures are unknown.

- Only 1.5% of church members left the Dutch Reformed Church to join other denominations (Kerkspieël 2010).

- The 2006 survey had a question on the number of members who are older than 60 years. The survey found that 22% of members were older than 60. In 2006, children comprised 23% of the total number of members. This implies that there were almost as many members older than 60 than members younger than 16. This figure stayed more or less the same in the 2010 survey with 23% of members older than 60 and 23% members younger than 16.

Although the number of confessing adults stayed the same over the last 10 years, it is a concern that the church has 100 000 fewer children. In terms of the future, this indicates an even greater drop in numbers, based only on natural birth rates and future families. Where congregations in the past "automatically" grew numerically, based on the birth of children, this will not be the case in the future. Congregations that rely solely on adding children to their membership number will find themselves declining fast. The church will have to focus on new and innovative ways to reach non-members and add members to the congregation.

Table 3: Members from outside of the congregational borders

	2000	**2004**	**2006**	**2010**
Confessing (adults)	59 573	92 638	116 523	*
Baptized (children)	25 297	31 707	41 472	*
Not baptized	5 224	715	2 167	*
Total	90 094	125 061	160 162	183 334
% of total members outside of congregational borders	7	11	14	16

*Data not available, only total number of members outside of congregational borders.

As is shown in Table 3, there has been a steady increase in members joining congregations from outside of their territorial boundaries. Within six years (2000-2006), the total number of members from outside of the congregational borders doubled from 7% to 14% and grew with another 2% in 4 years (2010). This figure might even be greater and is still growing as some of the worshippers linked to a church from outside of the territorial boundaries do not consider official membership to be very important. This is supported by the fact that nearly 10% of people completing the questionnaire during the Sunday service were not officially members of the congregation (Kerkspieël 2010).

This supports previous comments (par. 3.3) about the informal structure and influence of the consumer society where church members move more freely between organizations to satisfy their needs and are bound to the organization by relationship and satisfaction rather than loyalty.

Table 4: Members' sense of belonging

Do you partake in group activities of the congregation?	2006	2010
	%	%
1 Yes, in the Sunday School	11	12.8
2 Yes, in prayer meetings, Bible studies and small-group gatherings	31	28.9
3 Yes, in other small groups or service groups of the congregation.	23	24.4
4 No, we don't have such activities	5	4.1
5 No I'm not involved regularly	42	42.4

It is evident that nearly half (42.4% of respondents not involved and 4.1% where there are no such activities) of church members are not involved regularly in any group activity of the congregation.

Table 5: Participations in activities

Do you partake regularly in the activities of the congregation that impact on the wider community?	2006	2010
	%	%
1 Yes, mission outreaches of the congregation	8	10.4
2 Yes, community service done by the congregation	22	25.1
3 No, we don't have such activities	7	6.6
4 No, I am not involved regularly	65	61.9

In the 2010 Church Mirror Survey, 46.5 % of church members did not partake in the group activities of the congregation whilst 67.5 % of members did not partake regularly in outreach activities to the broader community (see Table 5). This indicates a low level of participation by members' in-group activities presented by the congregations.

Table 6: Participation in activities: Comparison

In comparison with 2 years ago: How is your participation in the activities of the congregation?	2006	2010
	%	%
$_1$ Partake more	26	25.4
$_2$ The same	54	55.6
$_3$ Partake less	14	13.2
$_4$ Not applicable (member less than 2 years)	6	5.8

In comparison to two years before (Table 6), 25.4% of members were more active. This is slightly lower than the 26% in 2006. These findings indicate that leaders are not able to commit more people to a greater involvement in ministry.

There is a direct correlation between involvement and belonging. "Strong congregations find ways to encourage emotional attachment while giving people the freedom to be themselves" (Woolever & Bruce 2002:47). The correlation between involvement and belonging is supported by the data in the table below.

Table 7: Bond with the congregation

Do you experience a strong bond with the congregation?	2006	2010
	%	%
1 Yes, a bond that grows stronger	40	43.2
2 Yes, a strong bond, the same as last year	30	29.0
3 Yes, but not as strong as in the past	11	11.2
4 No, I am new to the congregation	5	4.1
5 No, but I wish it were the case	6	5.0
6 No, but I am satisfied with it as it is	5	5.5
7 Do not know or not applicable	2	2.0

Although the figure increased since 2006, still less than halve (only 43.2 %) of the respondents feel a growing sense of belonging to the congregation (Table 7). This supports the fact that if involvement is low so is the sense of belonging. Conversely, in order to have members committed and loyal to the church, the levels of involvement need to increase.

4.1.2 Leadership

In terms of the leadership of pastors and utilizing the gifts of members as a human resource, the following data are presented (Table 8).

Empowering leadership: Do leaders encourage you to use and discover your gifts and talents?	2006	2010
	%	%
₁ Yes, to a large extent	49	32
₂ Yes, sometimes	36	51
₃ No, never	6	8
₄ I don't know	9	9

As can be seen in Table 8, there has been a significant decrease in the utilization of the gifts and skills of members over the past 4 years (1 in the table). Although it is a small percentage (2%), there was an increase in leaders not encouraging members to use and discover their gifts and talents. Not encouraging volunteer participation in the utilization of individual gifts, skills and talents of members within non-profit organizations is organizational suicide!

Empowering leadership: To what extent do leaders consider the ideas of members?	2006	2010
	%	%
1 To a large extent	42	46
2 To an extent	36	34
3 To a lesser extent	6	5
4 Not at all	1	1
5 Don't know	14	13

Although the data in Table 9 attest to a slight increase in leaders considering the ideas of members (1 in the table), fewer than halve of the members feel that their ideas are really considered.

Table 10: Empowering leadership

Empowering leadership: Does the congregation have a clear vision for the ministry?	2006	2010
	%	%
[1] Not what I know of	11	9
[2] There are ideas, but not a clear vision and goal	19	15
[3] Yes, and I am committed to it	28	32
[4] Yes, I am partly committed to it	28	27
[5] Yes, but I am not committed to it	16	16

There has been a slight increase in members committing to the vision of the congregation (3 in the table), according to Table 10, but this is only a small percentage of the congregation. In contrast, 40% of church members neither relate nor respond to the vision of the congregation.

The question in terms of leadership and management skills and principles that arises from the data is the following: Why is there is an increase in members committing to the vision and mission statements of congregations and consideration of members' ideas but a decrease in the utilization of gifts and talents in attaining these goals? The inference can be drawn that, although pastors take the ideas of members seriously, it seems that leaders do not effectively and efficiently utilize the skills and gifts of members as valuable resources in the execution of objectives. As was stated earlier in the chapter (par. 3.2), members, and particularly volunteers, are in essence the most important resource for any non-profit, faith-based organization. Ammerman (1999:49) emphasises that "... congregations needs person power if they are to provide services to their members and to

the community". Any changes in human resources such as numbers, skills, age or gender will have an effect on the functioning of the congregation.

One of the most fundamental and important management functions and skills is to utilize resources effectively and efficiently to achieve objectives. The conclusion that can be drawn from the abovementioned is that it reflects a lack and in some cases even the absence of basic management skills and managerial understanding.

Table 11: Leadership style

Leadership style: How can the leadership style in the congregation be described?	2006	2010
	%	%
₁ Leadership of control	18	21
₂ Leadership that inspire to act	47	46
₃ Leadership in terms of set goals	20	20
₄ Leadership that allows members to take initiative	5	4
₅ There is no leadership	2	1
₆ I don't know	8	8

In order to utilize the person power, gifts and talents of volunteers in the realization of the goal, leaders need to effectively and efficiently manage, involve and control the contributions of volunteers in the mission. However, according to the data in Table 11, only 4% of members feel that the leadership allows them to take initiative. It is also significant that there has been a small increase in leadership that takes control because control often inhibits innovation and the participation of members in an organization

(Hamel 2008). This evidence supports the arguments that leadership within the church as an organization does not utilize human resources effectively and efficiently enough.

Table 12: Leadership expectations

Leadership expectations: What do you expect your leader to do?	2006	2010
	%	%
₁ Preach and Sunday service	82	73
₂ Home visit	42	32
₃ Spiritual guidance	56	59
₄ Spiritual leadership	39	42
₅ Equipping members	14	11
₆ Small groups	5	3
₇ Catechesis	11	11

When members were asked what they expected of a leader, there was a noticeable increase in the requirement of leadership and accompaniment (Table 12). The surprising factor, however, is the decrease in the expectation of members to be equipped for ministry. This is especially alarming because of the importance of the voluntary participation of members in the mission, as discussed earlier. One would think that voluntary participation would necessitate more equipping of members. This can be the result of the influence of the consumer society where members increasingly see themselves as the clients of the organization.

4.1.3   Optimism about the future

Focusing on the future is an important aspect of an organization. It often determines the enthusiasm and involvement of members towards a better future. In the words of Woolever and Bruce (2002:63): "Optimism about the future is associated with greater levels of congregational involvement among worshippers and, at the same time, involvement promotes greater optimism about the congregation's future." It is therefore important to measure the optimism of members towards the future of their congregation empirically to determine future involvement.

Table 13: Excitement about the future

Do you agree or not: I feel excited about the future of my congregation	2006	2010
	%	%
1 Definitely yes	37	34.2
2 Agree	42	43.3
3 Neutral or unsure	16	17.9
4 Do not agree	4	3.7
5 Definitely disagree	1	0.9

There has been a decrease in the excitement of members about the future of the church (Table 13) However, the majority (78.5%) of members are still excited about the future of their congregation. This is especially of importance in the future management of the church because optimism is a valuable asset that, if managed effectively and efficiently, can bring greater levels of involvement.

Table 14: Openness to new things

Do you agree or not: The congregation is always ready and open to try something new?	2006	2010
	%	%
₁ Definitely agree	24	24.9
₂ Agree	50	49.3
₃ Neutral or unsure	17	18.4
₄ Don't agree	7	6.3
₅ Disagree completely	1	1.0

The willingness or openness to change or to try something new is a very important and noticeable aspect within the organizational culture, especially because resistance to change is one of the greatest barriers to manage within an organization in need to adapt, change or re-structure. From the data (Table 14), one finds a significant deal of willingness and openness to change and innovation within the church. Leaders must utilize this important asset in the effective management of the church in the future.

Table 15: Direction of the congregation

In which direction is the congregation moving?	2004	2006	2010
	%	%	%
$_1$ Dying	1	3	4
$_2$ Maintaining	45	49	46
$_3$ Growing	43	42	44
$_4$ Dynamically growing	11	6	7

The data in Table 15 indicates that most members see their church as one that focuses on maintenance (2). In other words, the church exists only to satisfy current members and sustaining current services. A great number of worshippers see their church as growing (3), but only a small number (7%) see it as growing dynamically.

The Church Mirror Survey gives valuable empirical data and information on the nature and character of the church from the perception and point of view of the members of the congregation. Valuable information was gathered in terms of the volunteer participation, leadership expectations and perceptions about the future of the church as an organization.

The limitation of the Church Mirror Survey, however, is that it is based solely on the perception of the church members and does not account for the opinions and perceptions of the leadership of the congregation. Another study that accounts for the perceptions of the leaders is the "Minister, his life and working environment." This study was also conducted by the Church Mirror Survey team, but it focuses on the pastor as the leader of the congregation. The data from this survey will give valuable insight into the well-being of the pastor as the leader of the organization as well as the management of the church from a leadership point of view.

5. Ministers, their life and their working environment

5.1 Methodology

In the Church Mirror Survey on leaders, a random sample was taken of 10% of the 1540 pastors in the Dutch Reformed Church in South Africa. Of the 154 ministers to whom questionnaires were sent, 104 replied, and 99 of these questionnaires were completed in full. The response rate was 68%, and the study was conducted during November and December 2011. Of the respondents, 97% were male and 3% female. Furthermore, 9% of the respondents were younger than 40 years, 29% were between 40 and 49 years, 50% were between 50 and 59 years, and 12% were older than 60 years.

The focus of the empirical evaluation will be on the pastors and their employment relations, personal finance and working environment.

5.2 Pastors and employment relations

Some interesting facts about pastors and their employment relationships are represented in Table 16.

Table 16: Employment

	Yes (%)	No (%)
Does your congregation have an employment-relations commission?	79.8	20.2

	Effectively (%)	Reasonably (%)	Badly (%)
How does the employment-relations commission function?	30.1	42.2	27.7

	Yes (%)	No (%)
Is your salary linked to your work?	3	97

	Yes (%)	No (%)
Is there a discussion between you and the church council once a year in terms of the evaluation of your work?	30.3	69.7

Table 16 above provides the following figures:

- 80% of congregations have an employment-relations commission, but only 42% of these function properly.

- 3% of pastors' salaries are linked to the evaluation of their work, but only 30% of church counsels evaluate the work of the pastor once a year.

5.3 Pastors and their finances

In terms of the financial position of ministers, Church Mirror Survey (Kerkspieël 2010) found that:

- 57% are satisfied with the salary and benefits while 16% are dissatisfied

- 40% of pastors feel that the church give them financial security, but only 47% feel that the church council will fill their position when they leave.

5.4 Pastors and their working environment

Some interesting observations can be made in terms of the organization and organizational culture of the church from the survey on the working environment of pastors. The survey found that:

- 47% of pastors sometimes experience that they do not know exactly what their role is in the congregation while 33% often experience a lack of knowledge and understanding of their leadership role

- during the last two years, 56% thought of leaving the ministry for a secular job while 52% thought of leaving the ministry for another ministry.

- 30% indicated that they were frustrated with their job and 30% indicated that they were not

- 31% agreed that they feel drained by the tasks given to them in the church while 48% felt fulfilment in the work they do.

Within the church, pastors are possibly the most influential leaders in the organization. Although pastors are often supported by groups and councils in the execution of tasks and

vision, their vision, leadership and enthusiasm cannot be underestimated in the health and growth of the organization. This said, more than half of the pastors thought of leaving their current ministry! This emphasises the importance of management science engaging with the church as organization and with its leadership. Basic managerial skills and principles will address the abovementioned issues. For example, management science addresses the importance of leadership that understand and clearly define the different roles of leaders in the organization. In a situation where 47% of pastors do not know exactly what their role is in the congregation whilst 33% often experience a lack of knowledge and understanding of their leadership role, management skills seem to be of the essence!

Effective management means to focus on the intent or goal of the organization, by implication focussing on tasks of importance. Currently, 30% of pastors feel drained by the tasks given to them and frustrated by their efforts to focus on tasks of importance! It is evident that basic managerial skills and principles will assist pastors in their leadership capacity and will even bring new understanding, vision and focus to their ministry. This will be to the benefit of the organization.

Schoeman (2011) summarizes the Church Mirror Survey 2010 by focussing on strong and weak connections in the church. According to Schoeman (2011), the growing spirituality is considered a strong connection, but there are some weak connections within the organization of the church that need attention. He differentiates between inside and outside connections. Inside connections focus on the well-being of the internal organization whilst outside connections focus on the relationship of the organization to the external environment. Schoeman (2011:123) phrases his argument as follows:

> Inside connections: These connections are not as strong as they can be. Both participating and belonging to the congregation are weaker. Congregations in the DRC have a strong geographical base and loyalty may be taken for granted because the members reside within the boundaries of the congregation.
>
> Outside connections: The community is not in the sights of the congregations. The congregations are not strongly involved and connected to the community. The involvement of congregations in the community needs to improve.

To add to Schoeman, and based on the empirical research in the surveys "Church Mirror" and "The minister, his life, and working environment", some other important conclusions can be drawn:

- There has been a definite change in leadership style in the Dutch Reformed Church over the past 10 years. This is greatly caused by different expectations of members and a change in expectation about the role of the pastor within the organization. Members expect pastors to focus more on leadership and accompaniment.

- Greater emphasis is placed on shared responsibility and the utilization of the gifts and talents of members.

- Leaders need to utilize members' efforts, ideas and initiative more in the decision-making process.

- Focus, vision, knowledge and an understanding of their leadership role in the organization is needed for leaders to manage congregations effectively and efficiently.

6. Conclusion

In the introduction (Chapter 1), the research question was posed, namely whether the principles and skills of management science can be applied to the church as an organization. In order to answer this question, the character of the church as a manageable organization needs to be defined. Although there are some distinct characteristics that differentiate the church from other organizations (origin, message, purpose, ethic, Driving Force, goal, members and personnel and reliance as an organization), the church is by definition an organization that shares some common principles with other enterprises (personnel, structure, finances, administration, formal and informal organization, *et cetera*).

Qualitative research on the church as an organization based on the Church Mirror and Minister Surveys shows that the organization finds itself in an environment that is

constantly changing in terms of external factors as well as the internal expectations of its members. The qualitative research also emphasises the fact that church members are increasingly being influenced by the consumer society's expectations of effective service and leadership. In a consumer society, people look at the way in which businesses are run, they work in highly effective companies, expect change and good service, but then often find the church struggling in performing basic services within outdated traditional structures and management styles.

This is not only the effect of the consumer society but also the fruits of a certain ecclesiological framework where church members expects to be served by a pastor as the sole paid employee of the church responsible for attaining goals. Too often, pastors take up this responsibility by means of a leadership style not conducive for member participation and innovation.

In this chapter, I presented the church as a manageable organization, as set out in Chapter 1. As an organization, the church therefore needs to be managed, based on the application of sound management principles and skills. In a fast-changing, highly sophisticated and scientific environment, the church, as a non-profit, faith-based organization, will become more and more irrelevant in its formal organization if it does not engage and interact properly with management science. However, in the analysis and application of management principles and skills on the church as an organization in this study, the distinct character of the church set out in this chapter needs to be upheld.

Chapter 3

Defining and understanding management science

1. Introduction

In Chapter 2, the unique character of the church as an organization was discussed in order to apply a framework of sound and applicable management skills and principles to the organization. An organization was defined as being constituted when and where people share a common vision and where human and other resources are focussed towards the attainment of goals or purposes.

Sound management skills and principles are needed to focus human and other resources towards the common goal or purpose of an organization.

A historical overview of the evolution of management is important in the understanding and interpretation of the current and future position of modern-day management science. In addition, an overview of the history of management science will set a point of reference from where the evolution and development of management within the church can be understood and interpreted in Chapter 3.

It is difficult to identify a dozen innovations within modern management over the last 30 years on the scale of those that laid the foundations of modern management (Hamel 2008). It is impossible to date the beginning of modern management as we understand it today, but what is evident is that most of the modern-day theories are no more than a current evaluation of the theories of yesteryear. The revisiting of these theories within this chapter will provide conclusive evidence that the history of management theory is central in the modern manager's understanding and education.

The fact of the matter is that the fast and continuous changes inside and outside of the borders of organizations constantly ask for the evaluation of current and historical theories. A continuous interaction between the status quo, future and historical position will ensure that organizations do not become stuck in old paradigms. According to Hamel (2008:8-9), it is especially troubling for modern management in a post-modern era that most people are still working in the management prisons of the Industrial Age:

> The machinery of modern management gets fractious, opinionated, and free-spirited human beings to conform to standards and rules, but in so doing it squanders prodigious quantities of human imagination and initiative. It brings discipline to operations, but imperils organizational adaptability. It multiplies the purchasing power of consumer the world over, but also enslaves millions in quasi-feudal, top down organizations.

Over the last century, many theoretical approaches have been adopted to make sense of the manner in which organizations are effectively managed. These approaches, also called schools of management or management theories are generally divided into 5 categories, namely:

a) classical school
b) human-relations school
c) open-systems school
d) social-action school
e) contingency school.

These five schools consist of various management theories that were developed by management thinkers over the past few decades. A review of these theories, according to a specific timeline, will give a clearer understanding of the major developments within management science over the past 100 years and will set the background for interpreting the development of management theory in the organizational structures of the church.

2. A brief overview of the history of management

2.1 The beginning of management theory

The industrial revolution that swept through Europe and America in the closing decades of the 19th century began the evolution of modern management. The new economic climate and major technical and cultural changes that came with the revolution necessitated managers to find better ways to satisfy growing customer needs. The introduction of steam power and the major development of machinery and other sophisticated equipment resulted in managerial crises where skilled workers were being replaced by large factories. This new development placed huge pressure on leaders to ensure ongoing productivity, sophisticated and motivated workers and high-quality products and service.

2.2 Scientific management theory

Frederick W Taylor, Henri Fayol, Peter Drucker and Max Weber represent the most influential writers and thinkers of the classical school, which hosts the scientific management theory. Although all of these influential writers will not be introduced or discussed in depth in this study, the most important characteristic or property they brought to the classical school is an analysis of the corporate organization in terms of its purpose and structure. The scientific management theory is seeking to improve the efficiency of the organization by formulating rational rules of conduct (Goddard 2009).

Many organizations and work methods today are still influenced by Taylor's concept of 'scientific management methods'. In modern management today, the practice of applying and emulating standard procedures, demanding compliance with company-wide processes and policies is the brainchild of Taylor (1911). For example, it is common today to refer to people as resources. This descends directly from Taylor's concept of how management could be made scientific (Dawson 2005).

Each person is seen as a unit of production, treated as a rational, economic agent and motivated by monetary gain linked to personal output (Noble 1984). This can be seen in factory assembly lines where each member of staff is allocated a specific, usually small, boring and repetitive task in the manufacturing line.

Taylor (1911) emphasizes the importance of management to productive working methods and effective organization. He brought a certain ruthless efficiency to management and developed a concept of work design, work-measurement and production control that completely changed the nature of business and industry. Before scientific management, departments such as work-study, personnel, maintenance and quality control did not exist.

The result of Taylor's view on management (also referred to as Taylorism) is the danger that workers become mindless automated robots complying with the instructions given by seniors and managers. People felt demeaned and became resentful, his approach de-skilled labour, and it denied people pride in the work they did. The rule of thumb for scientific management is sticking by the rules and laws, which have been developed and tested through hundreds of trials and experiments (Taylor 1911).

Underlining Taylor's views on motivation, management and organization were the assumption of the Protestant work ethic that assumes that people will work hard and behave rationally to maximize their own income, putting the perceived requirements of their organization before their own personal objectives and goals (Saha 2006). Unfortunately, these presupposed conditions are not always present.

2.3 Administrative management theory

Working within the same timeframe as Taylor, the renowned German sociologist, Max Weber followed. He was a contemporary of Taylor and viewed bureaucracy as the pinnacle of social organization (Weber 1947:337)

> Experience tends universally to show that the purely bureaucratic type of administrative organization is, from a purely technical point of view, capable of attaining the highest degree of efficiency and is in this sense formally the most rational known means of carrying out imperative control over human beings. It is superior to any other form in precision, in stability, in the

stringency of its discipline, and in its reliability. It thus makes possible a particularly high degree of calculability of results for the heads of the organization and for those acting in relation to it.

Bureaucracy, according to Weber, is an efficient and successful form of administration. Weber (1947:231) believes that the following features are the pillars for the efficiency of bureaucracies:

- Specialization: Work is divided into smaller tasks that are typically more permanent than the succession of persons who hold them.

- Legality: Legal authority is used.

- Hierarchy: Levels of authority are defined, particularly between management and workers.

- Written rules and procedures: The operations of the organization are specified, defined, controlled and easily understood, and this will lead to a stable, efficient and fair system.

- Technically trained bureaucrats.

- People are appointed to positions based on technical expertise.

- Impersonality: Power and privilege are exercised in accordance with an explicit, rationally derived, published set of rules and procedures.

- Promotions are based on technical competence.

- A clearly defined career path is set out.

According to Weber's bureaucracy, administration works best when it is grounded in expertise and founded upon discipline. By doing this, decisions are based on facts and made according to existing written rules and procedures. This ensures actions that are more likely to be rational, transparent, uniform and aligned.

Although Taylor and Weber were working in different continents, their ideas have much in common. They spring from the rational modernistic tradition by which everyday activities can be made more effective and efficient through the application of logic,

observation and argument. They are founded upon expertise, professionalism and objectivity. They are hostile to sentiment and tradition. The danger is that, because rules and procedures cant by definition no cover every eventuality, they tend to stifle initiative and inhibit change. Sometimes, the rules and procedures become ends in themselves, and a culture of "red tape" takes over, often ignoring change an innovation (Goddard & Jules 2009).

Bureaucracies often lead to poor, shallow and mistrustful relationships. It is also antithetical to the psychological development of the individual and draws upon only a small part of human potential. Bureaucracies crowd out creativity, autonomous choice, a sense of responsibility, commitment, self-control and innate ambition. Shajahan (2004:11) puts it elegantly:

> Working in a bureaucracy can all too often become a dehumanizing experience which does not permit the natural and free expression of feelings; they are phony or non-authentic and result in decreased interpersonal competence. Without interpersonal competence or a 'psychologically' safe environment, the organization is a breeding ground for mistrust, intergroup conflict, rigidity, and so on, which in turn lead to a decrease in organizational success in problem solving.

Control, precision stability, discipline and reliability – the traits that Max Weber saluted in his anthem to bureaucracy – are still the virtues of modern management (Hamel 2008).

2.3.1   Henri Fayol

Henri Fayol is generally known as the 'father of modern management theory'. Fayol was a successful mining engineer and senior executive prior to publishing his *Principles of administrative science* in 1916, about the same time as Frederick Winslow Taylor published his *Principles of scientific management*.

Fayol (Gray & Fayol 1987) identifies 14 principles that he believed to be essential to increase the efficiency of the management process. Although some of these principles such as unity of direction, a sense of order and purpose and fairness and equity remain relevant, these principles, especially those such as the division of labour, centralization of authority, enforcement of discipline and stability of jobs and positions are products of their time (Witzel 2003:85).

The 14 principles are grouped as follows according to their current relevance. The following principles are currently relevant:

- unity of direction where control emanates from one source

- a sense of purpose and order

- fairness and equity in dealing between staff and managers

- fair remuneration of personnel

- development of individual initiative on the part of managers

- esprit de corps and the maintenance of management and staff morale.

The remaining principles seem to be products of their time

- division of labour in order to achieve the maximum efficiency from labour

- establishment of authority

- enforcement of discipline

- unity of demand where employees report to one supervisor

- subordination of individual interests to the common interest

- centralization of authority and control

- hierarchy where every employee is aware of his/her place and duties

- stability of positions to ensure low turnover of staff and managers

Fayol (Gray & Fayol 1987) takes a broad view of administration, and his 'five elements of management' is applicable to all types of organizations, public or private. Although Fayol developed the five elements decades ago, they are well known, documented, and universally used as the basis of management definitions within management today. The five elements are:

- planning - setting objectives, and strategies, policies and procedures

- organizing - setting tasks to achieve the objectives and allocating the tasks to groups or individuals; organizing entails empowerment of those responsible for that task

- commanding - instructing those carrying out the given task

- coordinating - ensuring a common approach by groups to meet the objectives of the organization

- controlling - ensuring the performance of individuals and groups fits with the plans, and correcting as necessary.

Fayol's five elements of management are as relevant today as they ever were, and most, if not all managers use his elements of management within their own management paradigm. This proves the sustainability and appreciation of Fayol's five elements which still are the fundamental elements of strategic management. This will be discussed later in this chapter of the study.

2.4 Behavioural management theory

The classical school, with its bias towards the rational, scientific design of organizational structure, job content and working methods, tended to ignore the psychological dimension of those working in these environments and adhering to these principles. The truth is that people are not machines, subject solely to the will of the designer. They like to feel in control of their own behaviour. They take positive enjoyment in variety, and they relish in exercising their own imagination and ingenuity.

They are happy to adopt challenging assignments and to take responsibility for the result. Setting aside people's feelings, preferences and aspirations in the cause of simplicity, efficiency and perfection can often be self-defeating.

In the 1920s, many observers of organizational behaviour noticed just how important these personal, human attributes were to work efficiency and group performance. The

Great Depression had brought home to many people the critical importance of the social dimension of work and the role of human relations in the workplace. Jones and George (2003:55) are of the opinion that "[b]ehavioural management is the study of how managers should behave to motivate employees and encourage them to perform at high levels and be committed to the achievement of organizational goals".

The Hawthorne experiments, conducted for the most part at the Western Electric Company between 1924 and 1932, led by Elton Mayo, are some of the most important empirical investigations ever to have been conducted into the nature of the working environment and the causes of high performance. The astonishing discovery is known as the Hawthorne effect and is the finding that a manager's behaviour or leadership approach can affect the worker's level of performance. In other words, researchers discovered the importance of the social element in management. These researchers became known as the Human Relations School of Management and their theory as the Behavioural Management Theory, which advocates the idea that supervisors receive behavioural training to manage subordinates to achieve goals more effectively and efficiently (Schermerhorn 2010).

This opened new opportunities within management and organizations, but it also set some challenges to managers that was used to a rational approach to management.

2.4.1   Theory X and Theory Y

After World War II, several studies within the Human Relations School were done of which one of the most important and influential approaches was that of Douglas McGregor. McGregor was influenced the Hawthorne studies, and he advances the idea that managers should attend to the social and self-actualizing needs of people at work (McGregor 2006).

McGregor identifies and describes two broad styles of management, which he termed Theory X and Theory Y. Each takes a different and admittedly extreme view of human nature. Each view has dramatically different implications for how management should be

practised. McGregor himself believes that Theory Y comes much closer to the truth of human nature.

Theory X assumes that people are lazy, dislikes work and always try to do as little as possible. They actively resist taking responsibility for anything if they can and would much rather prefer to take instructions from others. They lack ambition and crave security above anything else. They are motivated only by the lower levels of Maslow's hierarchy: the need for pay and job security. For these people, the appropriate management style is directive, coercive and controlling. Managers therefore should not give workers autonomy to solve problems but rather monitor the workforce to ensure that their contribution does not threaten the quality of the product. "These supervisory behaviours create passive, dependent, and reluctant subordinates, who tend to do only what they are told to or required to do" (Schermerhorn 2010:38).

Theory Y takes the opposite view. It sees in people a natural desire to work and to excel. People enjoy bringing their energy and ambition to work in the service of a shared set of organizational goals to which they are happy to subscribe if fairly remunerated for their efforts and achievements. They are comfortable taking responsibility for themselves and directing their own lives. Like everyone else, they can be creative, committed and conscientious under the right conditions. They are motivated primarily by the higher levels of Maslow's hierarchy: by the need for affiliation, esteem and self-actualisation. For these people, the right management style is the creation of those conditions in which all employees serve the organisation's goals by serving their own higher-level needs.

The human-relations approach highlights the importance of management practices that enhance employee satisfaction. According to this approach, factors that influence satisfaction are relatively straightforward to identify such as relationships and communication in the workplace, and pay and promotion (Miller 2008:42). The legacy of the human-relations school is profound as far as a focus on employee satisfaction, job enrichment, empowerment strategies and learning and development activities is concerned. Thus, it can be found in any successful organization today where personal empowerment and self-esteem are important aspects within the management of the organization. In order for an organization to reach its goals, a key element of effective and efficient management is the responsibility to motivate, direct and control human

effort to fit organizational needs. Without this intervention and direction, people become passive or resistant to the achievement of organizational needs.

2.5 The systems view

If the Classical School was biased towards studying organisations without people and he Human-Relations School was biased towards studying people without organisations, the Open-Systems School of Management chose to try to reconcile these differences and produce a more coherent, more balanced model of effective management.

Whilst the Classical and Human-Relations schools tended to deal only with the internal workings of the organisation itself, the systems approach enables managers to think of the organization as containing sub-systems, such as departments and functions, as well as itself being part of a much larger system which include the environment from which it draws its resources, market and services (Schermerhorn 2010:41). Each part of the total system interacts with all the other parts, and the performance of the whole can only be understood in terms of the interactions of the various parts.

The Systems School emphasises the importance of the connections and interdependencies that make up the modern corporation. Researchers adopting the systems approach therefore often compare the biological organism and the commercial organisation as systemically alike. They believe that the latter has much more to learn from the former than *vice versa* (Morgan 2006). Like any living organism that either lives in environments that support them or need to adapt to environments in order to survive, organizations should also be able to draw from and adapt to environments in which it is operating in order to survive. The metaphor of an organism living in and adapting to the environment is known as the "open-systems approach". In contrast to a closed-system view, organizations with an open system interact with the external environment.

The importance of the systems view will be discussed later in this chapter as one of the critical views in understanding the modern organization, including the church. The systems view is critically important especially because the church is Biblically described by means of the same metaphor, an organism (Ephesians 4, Romans 12 & 1 Corinthians 12). Within the Biblical metaphor, the human body is commonly used as an example of

an organism consisting of different parts and systems, interdependent, interlinking and working systemically together.

This synergy, when departments and individuals within the body or system coordinate their actions, often enhances performance, bringing about better efficiency and effectiveness.

2.6 The Contingency School

Modern management theorists like Hamel (2008) are particularly sceptical of anything that puts itself forward as a normative theory of business or a winning strategy. Any theory claiming to offer universal advice or formulae for success often condemns itself as fraudulent science. This view is in contrast with the modernistic view in previous schools and theories that offered formulas for success, theories and set strategies. The shift in paradigm came with the transition from modernism to a post-modern society where set rules, norms, procedures, formulas and even tradition are openly questioned (Best & Kellner 1997). For this reason, over the last 20 years, particularly with a resurgence of interest in strategic innovation, business-school scholars have challenged the notion that there can be such a thing as a science, or indeed a theory, of management at all.

The contingency approach to management is one where every business situation is considered unique and where quality management depends on sound judgement, art and skills and never simple adherence to a rule or formula. The most important characteristic of the contingency theory is that there is no one best way to organize because the organizational structures and control systems are contingent on, meaning they depend on, the characteristics of the external environment (meaning the context) in which it operates (Schermerhorn 2010:41).

The contingency approach is a development out of the systems approach, but it goes a step further by enumerating the countless environmental and situational factors that have a bearing upon organisational design and performance. It was developed in the 1960s by Tom Burns and G.M. Stalker in Britain and Paul Lawrence and Jay Lorsch in the United States.

The emphasis of the contingency approach is upon the flexibility of organizations to adapt to environmental change and challenges. This important focus brought by the Contingency School plays an integral part in modern management, especially strategic management, where the relationship between the organization and its external environment play an integral part in effectively and efficiently managing change in an organization.

The development of management science provides a valuable reference and framework to track and evaluate the evolution of management within the church as a non-profit, faith-based organization. It is evident that management science evolved from a highly scientific, systematic approach and bureaucracy to an understanding of the importance of people, their skills and relationships as a valuable resource within management. Within modern management, the importance of connections and the interdependence of organizations to work in systems and networks are commonly acknowledged. The metaphor of an organization as an organism is not only a managerial understanding but also a Biblical understanding of the church as an organization. This emphasises the fact that the church as an organization cannot function effectively and efficiently without proper analysis of the current and consistent changes in the internal and external environment.

3. Defining the nature of management

3.1 Definition of management

Dyck and Neubert (2008:16) define management as the process of "… planning, organizing, leading, and controlling human and other organizational resources with the aim of achieving organizational goals efficiently and, therefore, effectively".

This definition or variants thereof will be found as a framework in almost any management handbook and derive from Henry Fayol who described the work of management as planning, organizing, commanding, coordinating and controlling. From this definition, different variants of the so-called management functions were born, all

relating to Fayol's initial definition almost 100 years ago! This has become the framework for modern management and has been used and tested for decades.

Koontz and Weihrich (2004) define management as the process of designing and maintaining an environment in which individuals, working together in groups, accomplish selected aims efficiently. They expand this basic definition by adding staffing to the four managerial functions and consider planning, organizing, staffing, leading and controlling as the framework in which managers can accomplish selected goals efficiently. Harold Koontz (1961) confers with this definition through the well-known phrase that management is the art of getting things done through and with people in formally organized groups.

Hamel (2008) argues that innovation in management is needed to give organizations the leading edge in a new era. Although Hamel is trying to cut the umbilical cord with old management models and definitions, in his own definition of management innovation surprising similarities are found to all five characteristics of the abovementioned management functions. In his definition of management, Hamel envisions management as serving a more general objective - to multiplying human accomplishment. The goal of management is therefore first to amplify and then to aggregate human effort in order to get more out of individuals than one might expect. In order to amplify and aggregate human effort, management needs to provide individuals with the appropriate tools, incentives and working conditions and then compound those efforts in ways that allow human beings to achieve together what they cannot achieve individually. A competitive or performance advantage is created when organizations invent better ways of amplifying and aggregating effort and in the process push out the frontier of individual and collective achievement.

Although management innovation is trying to set new boundaries and paradigms, it cannot escape the basic elements of the tried and tested definition. This definition with the five functions of management is still the underlining principle of modern management. Hamel is correct though that modern management needs to be innovative with old principles to stay relevant in the changing macro and micro contexts of organizations. When management is defined and applied to the church as an organization, the five functions will also form the framework for effective management. However, the

church as an organization needs to present these functions in a creative and innovative manner in order to stay relevant in fast-changing internal as well as external environments.

3.2 Management: An art or science?

It is only in the last 100 years that management as a science evolved, but as was indicated in the introduction, long before that, the basic principles of managing people, finance and projects were performed naturally as an art on a daily basis.

In the South-African context, it is notable that many of the leading managers in leading companies do not have formal degrees in management, underlining the importance of the art of management. Examples include Adrian Gore, founder of health-care and insurance company Discovery Holdings; Steve Ross, group managing director and CEO of Edcon and Zarina Bassa, managing executive of Absa Private Bank and Executive Director: Private Banking of the Absa Group. None of these people has formal academic education within management science, but they are highly effective managers (Labuschagne & Crous 2007).

The well-documented question in modern management and especially in management innovation today is whether management is in fact a science or actually an art.

In an article by Tanz, 'A brief history of management', he paraphrases Elliot Jaques, saying that management science today is where the natural sciences were before the discovery of the circulation of blood. Jaques envisioned that some theorist might discover the most efficient way to run a company but added that, until then, management will remain more art than science (Tanz 2003).

The question therefore remains: Is a scientific approach to management necessary, especially if the footprints, innovations and products of pre-scientific management performed and delivered by managers acting instinctively and creatively can still be seen today? How important is science to manage companies effectively and efficiently if many managers successfully manage without formal scientific and academic education?

Weihrich's (1993) states that managing when practiced is an art, but the organized knowledge underlying the practice is a science. In this context science and art are not

mutually exclusive but are complementary". Massie, Terry and Barnard, in Kumar and Sharma (2000), reiterate the fact that, in any activity that is classified as an art, some sort of skill and scientific knowledge is needed to produce the desired results.

It is clear that, as management evolved, modern management has codified and communicated the basic principles of management that was acquired and tested in the act and art of managing. This gave birth to the concept of management as a science. The essential features of science are that it is a systematized body of knowledge; it uses scientific methods for observation and has scientific principles that have evolved, based on continued observation. The principles are exact and have universal applicability without any limitation. The validity of scientific principles can be verified and therefore provide a reliable basis for predicting future events.

As stated earlier, it is important for the church as an organization to engage innovatively with the basic functions of management in order to stay relevant and adapt to changes in the internal as well as external environments. In terms of management innovation, it is therefore important to recognize that as science develops and improves so should the application of this science (the art). This is especially true because of the many and often extremely complex variables with which managers have to deal. Teele (in Kumar & Sharma 2000:11) writes the following:

> Management is a mixture of art and science. The present ratio is about 90% art and 10% science, though a very great deal of developments are presently increasing that proportion which can properly be called science. I am willing to venture a guess that by die end of another generation the ratio will be 80% art and perhaps 20% science.

Therefore, if management knowledge is available, this will help to improve managerial practice. For this reason, the only meaningful place to which managers can turn for managerial guidance is the accumulated scientific knowledge underlining their practice. This emphasises the importance of interaction between management as a science and art (managerial practice).

The principle that management is in practice an art based on organized, clear and pertinent science will be underpinning the argument in this study, driving the argument for modern management, management innovation and acquiring management skills

within faith-based organizations. The complementary nature of art and science is one of the critical challenges within management today that needs to be addressed and upheld.

From the abovementioned, a definition of management can be formulated as follows:

Management is the art and science of creating an environment where:

- individuals are lead to their full potential

- individual effort is aggregated and amplified to make the best contribution to group objectives

- available resources and appropriate tools are used to accomplish pre-set goals and targets effectively and efficiently

- the organization acts innovatively in order to stay relevant in fast-changing environments.

4. Functions of management

In paragraph 3.1, the definition of management was founded on the basic functions of management. Without describing each management function in much detail, I shall give an overview of the fundamentals of the functions of management. Although it may be convenient to separate the five functions of management, in practice, these functions tend to overlap in nature and are actually inseparable. Each function affects the performance of the others. The figure (Figure 1) below shows the interdependence and interactivity of the five management functions. The five functions that will be discussed are planning, organization, staffing, directing and controlling.

Figure 1: The interdependence between the five management functions
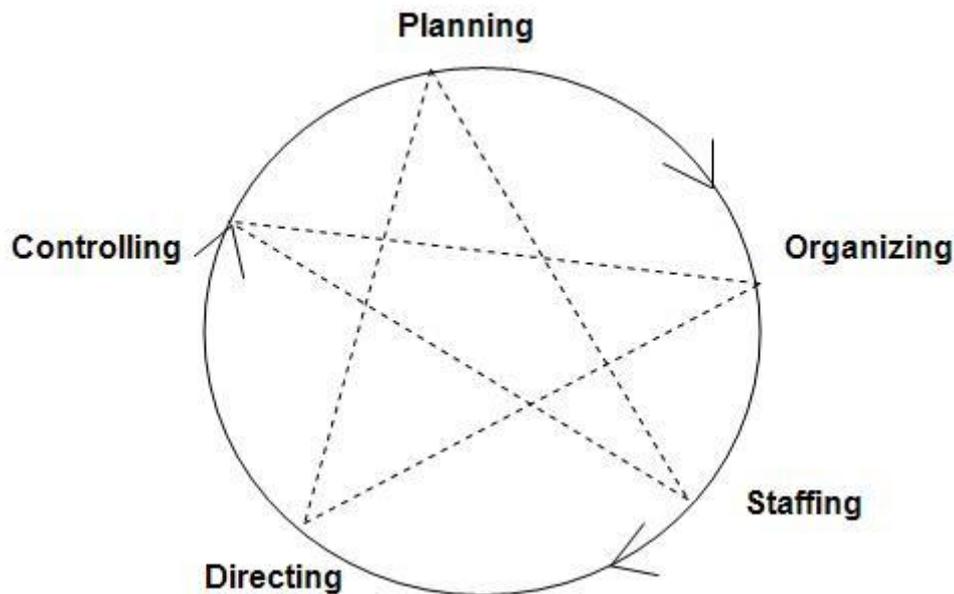
Source: (Management Study Guide 2008)

4.1 Planning

Planning is, firstly, the process that managers use to determine what the organizational goals are, secondly, setting objectives on how to achieve those goals and, thirdly, answering the question as to the resources needed to achieve the set goals? It is a systematic activity to determine when and how a specific task is going to be performed and by whom, to achieve the goals set.

Planning therefore has everything to do with vision. Planning is looking ahead to the future. The definition of Koontz and O'Donnell (1972:113), that planning is to decide in advance what to do, how to do it and who has to do it, is still relevant today. Planning bridges the gap between where the organization is and where it wants to go, rendering the organization capable to achieve things which would not otherwise occur. Although it is impossible to predict the future exactly because of many factors beyond anybody's

control can interfere with the best-laid plans, without planning, events are left to chance. Therefore, planning is an intellectual process, "… the conscious determination of courses of action, the basing of decisions on purpose, facts, and considered estimates" (Koontz & O'Donnell 1972:113). Terry defined planning as "… intellectual in nature: it is mental work. Reflective thinking is required; imagination and foresight are extremely helpful" (Terry 1960:123).

Planning is necessary to ensure that organizational goals and objectives are set and to utilize human and non-human resources properly in obtaining the objectives that have been set.

4.2 Organizing

Organizing is the process where physical, financial and human resources are put together, coordinated and developed into a productive relationship to achieve the plan or goal set (Schermerhorn 2010:17). Organizing an organization is to provide it with everything needed for its functioning, namely tools, capital and personnel (Jones & George 2003). The outcome of organizing is the development of organizational structures, lines of authority and responsibility between different groups and the coordination of resources, in particular, human resources.

Organizing has to do with relationships. It concerns the classification or grouping of activities, the assignment of duties, the delegation of authority, the creation of responsibility, the coordination of authority and the responsibility for relationships.

4.3 Staffing

Staffing is all about getting the right people in the right places and structures to work effectively and efficiently towards the objectives set. It involves the recruitment and selection, the training and development, the remuneration and performance appraisals and the promotion of staff. In any organization, the recruitment, placement, development and

utilization of human resources directly influence and determine the effectiveness of the organization.

4.4 Directing

Planning, organizing and staffing are the preparations that need to be done in order to act towards the achievement of objectives. Directing deals with the influencing, guiding, leading, supervising and motivating of staff. It also pertains to implementing the organizational methods to work efficiently towards the achievement of organizational purposes. Schermerhorn (2010:18) emphasises the importance of motivating, inspiring and encouraging staff by defining the role of management to lead or direct as "… the process of arousing people's enthusiasm and inspiring their efforts to work hard to fulfil plans and accomplish objectives. Therefore, the common elements of directing is supervising, motivation (inspiring and encouragement), leading (enabling staff so that they understand the part they play in achieving the organizational goals) and communication.

4.5 Controlling

Controlling as a function of management is to monitor the activities of employees to determine whether the organization is on target toward its goals and to make the necessary corrections to ensure that the organization is moving toward its goals (Daft 2009:5).

The important function of controlling is to evaluate the progress and achievement of the organization in terms of its goals and desired performance. It is not only a function of evaluation, but it also entails taking action in maintaining effectiveness within the organization.

There have been no new ideas or findings within management that cannot be placed within the classical categories of planning, organizing, staffing, leading and controlling. These five functions still form the framework for effective organization.

For the purposes of this study, the acceptance and understanding of three critical concepts within management, namely universality, an open-systems approach and productivity, are vitally important within the framework of the church as an organization. These will be discussed in further detail.

5. The universality of management

The basic responsibility of managers (the five functions of management) on every level of management is to take action in order for individuals to be able to make their best contribution towards the goal or outcome of the organization. For this reason, management applies to all kinds of formally organized groups, small and large organizations, profit and non-profit as well as service and manufacturing industries. Management therefore also applies to the different departments and levels of organizations. It is true that the time spent in each function will differ, and the skills required by managers at different organizational levels may vary according to the type of organization or level of management.

Furthermore, the scope of authority held may vary, and consequently, the types of problem dealt with may be considerably different. Although the practices and methods must be adapted to the particular tasks, enterprises and situations, the managerial activities or functions are common to all managers regardless of their place in the organizational structure or even the type of enterprise in which they manage (Weihrich 1993). This is called the universality of management.

Accepting the principle of the universality is critical, especially because this acknowledges the multi-disciplinary nature of management as a science, which makes it capable of influencing other organizations or disciplines and acknowledging the interaction between management science and the church as an organization.

6. An open-systems approach

The importance of the systems view was discussed in paragraph 2.5. The value of the systems school was a focus by organizations on their relationship with the external

environment or organizational environment. No organization exists on its own or in a vacuum. Rather, it depends on its external environment, it is part of other systems in the industry, and it is influenced by various external factors such as economics, the environment, social culture, relationships, ethics and moral. In other words, the organization is open to its external environment.

It is impossible for any organization to survive without a proper understanding of the external environment in which it operates. Managers cannot manage effectively and efficiently without interpreting and responding to the external environment such as the economic, social, political, technological and ethical factors and variables that affect their areas of operations.

Because the church as an organization functions as a system within and together with other systems, it needs to have an open-systems approach. Like any other organization, the church cannot escape the global changes in the economic, political and social environment. If it does not consider the context, it could easily happen that the church loses its impact on society and experience entropy. This will leave the church with a transforming message (product) but with little or no impact.

Lategan (2005) correctly suggests a balance between the church being influenced by other systems and the effectiveness in the calling of the church to influence society (other systems). In searching for balance, Lategan (2005) warns against the negative influence of the consumer society on the core values and principles of the church (the message of the gospel). However, he encourages the church to be open and to listen to other systems and even incorporate the lessons that can be learned from the consumer society in order to adapt the services of the church to changing times, contexts and circumstances.

Unfortunately, the church, in its structures and organization, often still tends to be a closed system, not always calculating the influence of external factors and systems quickly enough. This results in the fact that the church often reacts to external inputs slowly and with great difficulty. It often takes a very long for change to be implemented within structures because the church is often the last safe haven for members within a fast-changing world.

For the church to be efficient in the realization of its universal and missional and visional goals, it needs to have an open-systems approach that is also reflected in the organizational and formal structures of the church.

7. Productivity and effectiveness

Any organization is created to produce either products or/and services for customers. The product or service that the church as an organization delivers is the transforming gospel in the lives of individuals but also in the broader community. In addition, to produce products or services, resources are needed. One of the primary objectives and responsibilities of management is to achieve organizational objectives through the efficient and effective utilization of resources. Lussier (2003:5) describes this point in more detail as follows:

> Management can be defined as a process that gives the necessary direction to an enterprise's resources so that its objectives can be achieved as productively as possible in the environment in which it functions.

The basic manager's resources include assets such as people, knowledge, machinery, financial capital and information technology. The goal of any organization is to increase productivity with the resources available (Smit & Du Plessis 2004:1). Peter F. Drucker (1973:69) observed productivity and stated: "The greatest opportunity for increasing productivity is surely to be found in knowledge, work itself, an especially in management."

Two key elements that are directly linked to productivity are effectiveness and efficiency. They are also two critical concepts in the measurement of organisational performance as it is well known that organisational performance increases in direct proportion to increases in efficiency and effectiveness.

Effective management therefore entails pursuing and achieving the goals set by an organization whilst efficiency lies in the productive utilization of resources in achieving the goals set. Efficiency is doing things right, and effectiveness is doing the right things. The arguments regarding the management of the church will be driven from the viewpoint of effectiveness and efficiency as set in the definition of management as well as the objective of the study to present a strategic management framework in order to

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assist leaders in effectively and efficiently managing the church. In this objective, efficiency and effectiveness were set as two critical concepts within any organization that does not only affect productivity but the general direction in which organizations move.

Based on productivity, efficiency and effectiveness, the church as an organization will have to evaluate and measure its own services in all the management functions. For example, one can ask the following questions:

- Is the church succeeding in delivering the transforming "product" of the gospel to its members and society (a question on effectiveness)?

- Is the church acting creatively and innovatively enough to stay relevant in fast-changing environments (a question on effectiveness)?

- Does the church succeed in leading and motivating staff and members to their full potential (a question on efficiency)?

- Is the church succeeding in maximizing opportunities based on the available resources (a question on efficiency and productivity)?

Managing the church effectively and efficiently implies that the goals set by the church as an organization will be pursued and achieved (effectively) through the productive utilization of the available resources (efficiency).

8. Conclusion

In Chapter 2, the church was defined as an organization, which is consequently in need of the application of management principles and skills. In this chapter, the comparison of an organization to an organism (systems view), where each part of the body has a unique function and where the organism interacts with various other systems, further supports the fact that the church:

a) is by definition an organization or organism
b) is in need of sound managerial principles and skills to ensure that this organism functions effectively and efficiently in pursue of its goals.

In this chapter, I argued that the church, like any other organism, cannot exist on its own but need to engage, draw information and influence the environment in which it functions. Adopting an open-systems view will fundamentally address the importance of the church to manage the organization in ever-changing contexts, adapt to change and deliver transformation to different systems in society (stated in the Problem Statement in Chapter 1).

In order to answer the research question whether the application of management principles and skills can actually contribute to managing the church as an organization more effectively and efficiently, the development of the fundamentals of management were presented through an overview of the history of management science. Through this overview, it was found that management develops to and is defined by the five functions of management. The development and application of the five functions of management add important management principles to the church as an organization that will eventually form the foundation on which the strategic management framework (PIC strategic management framework) is based.

Accepting the universality of management is another critical aspect in answering the research question, namely whether management principles and skills do apply to the church as an organization. By accepting the universality of management, the multi-disciplinary nature of management as a science is acknowledged, rendering it capable of influencing any other organization or discipline and acknowledging the necessary interaction between management science and the church as an organization.

As stated in the objective of the study (Chapter 1), the aim of managing the church is to achieve goals effectively and efficiently. Effectiveness and efficiency, as set out in this chapter, will therefore be key elements in managing and evaluating the efforts, goals and strategic management processes of the church as an organization. It should therefore be clear that the application of managerial principles and skills within the framework of managing the church is not only possible but also necessary and will have a positive influence on the future management of the church as an organization.

Chapter 4

The application of management principles in the church as organization and in theological education

1. Introduction

In Chapter 2, the uniqueness of the church as an organization was defined in terms of the metaphor of an organism and in terms of the basic characteristics of organizations. In Chapter 3, the definition and basic principles of management were discussed in order to clarify the objective of the study, namely to prove that the church is an organization that can benefit from applying basic management skills and principles. Revisiting the history of management proved the importance of continuo in order effectively and efficiently to manage organizations in changing contexts.

In this chapter, I shall further define and apply management principles within the unique context of the church. Although the unique character of the church as an organization was dealt with in Chapter 2, a Biblical and theological understanding of the management of the church will assist in setting the managerial framework for managing the church effectively and efficiently within its unique context.

Apart from the exegesis, I shall address two other critical aspects in the understanding of the management theory of the church in the 21st century. I shall:

- reflect on how the evolution of management science influenced the management of the church
- evaluate the position of the church as organization and theological education within the current and future management paradigm.

2. Exegesis of the church as an object of management

Exegesis derives from the Greek word ἐξήγησις, literally meaning 'to lead out'. In other words, the aim of exegesis is to lead the reader into a better understanding of the message that was sent to the original receiver. Exegesis is therefore a critical explanation and interpretation of a Biblical text and includes a range of critical disciplines that are applied in order to arrive at the message that the original receiver understood (Wolvaardt 2005). These critical disciplines include investigating the historical and cultural backgrounds of the author as well as that of the original audience, analysing the type of literary genres present in the text and the grammatical and syntactical features in the text itself (Smit 2006). When the message to the original receivers is understood, it can then be applied (hermeneutics) to current situations, audiences and contexts.

For the reference of this study, exegesis will be done on the following two aspects or terms in order to define further the church as object of management:

- the definition of management in the Bible as the primary reference for understanding the church
- the definition of the church within a Biblical and broader Christian framework

2.1 Management in the Old Testament

Examples of management in the context of the Bible are found right from the moment that God created Adam and Eve in Genesis 1. God gave them the command to name the different animals, look after them and rule over everything He has made. In Genesis 4, the first two farmers, Cain and Abel, obviously had to have some or other basic managerial skills to plant and reap a crop or to take care and manage a flock.

Noah got a very specific command from God (Genesis 6) to build an ark before the earth was flooded. This took a huge managerial effort. The task set out by God consisted of a goal (finishing before the flood) and a plan (physical plan of the diameters of the arc). Noah obviously had to plan his work and progress. The task also included organization (obtaining the resources in terms of equipment and material) and control (getting the measurements correct and organizing all the animals in pairs into the ark).

In other words, the basic managerial functions discussed in the previous chapter, namely planning, leading, organizing and controlling, were present at the time although in a very primitive way.

We find Joseph in Genesis 39 in the midst of the household of the Pharaoh. In Genesis 41:41, his managerial domain was enlarged when he was put in charge of Egypt and had the responsibility of looking after and distributing the resources available in the Pharaoh's kingdom.

As God called his people and the group of Israelites grew bigger, a greater emphasis was placed on the managerial skills of the appointed leaders. Although this was thousands of years before scientific management, basic managerial skills are found as God's people moved to the promised land, settled down and organized social structures.

Another example relates to the management skills that Moses utilized when leading a huge group of thousands of people and animals out of Egypt. Consider the management of daily resources, the distribution of food and water, the organizing of and care for animals as primary transport, the selection of campsites, the general organization of camping and setting up daily, the emotions of people, the management of relationships, the division into smaller, more manageable groups, *et cetera*.

This responsibility eventually grew too big for him, so much so that he learned, based on the advice of his father-in-law in Exodus 18, to utilize the basic managerial function of delegating authority, sharing responsibility and the division of labour to help him with the daily management.

Later in the Old Testament in Daniel 2:, we find Daniel working in the palace of king Nebuchadnezzar of Babylon, having been appointed as ruler over the whole province of

Babylon as well as chief over all his wise men. In the execution of his tasks, Daniel needed some basic managerial skills to administer the kingdom of Babylon.

After the exile of Israel to Babylon, Nehemiah took the responsibility of rebuilding the wall around Jerusalem. This was a huge managerial challenge, considering the planning, organizing, leading, staffing and controlling of the human as well as other resources necessary to complete the goal of rebuilding the wall around the city.

There are many other examples where management skills were used by leaders in the Old Testament. Therefore, although in a primitive way, the art and fundamentals of management were present and developed further as the leaders were challenged to manage bigger groups of individuals, taking on bigger tasks with greater responsibility within changing contexts.

2.2 Management in the New Testament

Although there are many references to management in the Old Testament, the focus will primarily be on the definition of manager/management by identifying passages in the New Testament relating to the understanding of "management" within the framework of management science today. Two passages are extracted as examples of how the term "managing" is used within a Biblical context.

- Matthew 24:45: "A faithful, sensible servant is one to whom the master can give the responsibility of managing his other household servants and feeding them."

- 1 Timothy 3:5: "...but if a man does not know how to manage his own household, how will he take care of the church of God?"

Although the context of these two passages are different, it is striking that, in both examples, "managing" is used in combination with the term or concept "the household", thus managing the household. This needs further exploiting.

2.2.1 Manage

The reason for the combination of the two terms (management and household) lies in the morphological meaning of the word οἰκονόμος (oikonomos). A clearer understanding of the meaning of *oikonomos* will help to define and understand church management within the context of the New Testament.

"Oikonomos" cognates from "oikos" and "nemo":

- Oikos has the meaning of "house or household".

- Nemo means "to manage".

Thus, *oikonomos* literately means "household-manager".

Oikonomos is translated differently throughout the Bible, according to the context in which it functions. It is commonly translated as steward, servant, manager, superintendent, chamberlain, governor, householder and even treasurer to whom the head of the house has entrusted the management of his affairs, namely to take care of receipts and expenditures and to share out the proper portion to every servant.

To prove some of the different applications of *oikonomos*, a summary of some texts are given (Lexicon, Thayer's Greek 2011):

- the manager of a farm or estate, an overseer - Luke 12:42; 1 Corinthians 4:2; Galatians 4:2

- the superintendent of the city's finances, the treasurer of the city - Luke 16:1, 3, 8; ὁ οἰκονόμος τῆς πόλεως, (Vulgate: *arcarius civitatis*)

- the treasurers of kings - Romans 16:23

- metaphorically, the apostles and other Christian teachers are called οἰκονόμους μυστηρίων τοῦ Θεοῦ (managers of the mystery of God) –1 Corinthians 4:1

- a bishop (or overseer) is called οἰκονόμος Θεοῦ, overseer of the Christian theocracy, hereby declaring the managerial role the office of bishop has within the church - Titus 1:7

- all Christians who rightly use the gifts entrusted to them by God for the good of their fellow Christians belong to the class called καλοί οἰκονόμοι ποικίλης χάριτος Θεοῦ (managers of the grace of God) - 1 Peter 4:10.

It is evident that *oikonomos* has a practical as well as spiritual meaning and application. It is interesting to note that there is also reference to different levels of authority and even delegation of responsibility in the Bible when it comes to the managers of the household. For example:

- 1 Peter 2:18: "Household servants, be submissive to your masters, and show them the utmost respect - not only if they are kind and thoughtful, but also if they are unreasonable."
- Matthew 20:1: "For the kingdom of heaven is like unto a man that is a householder, who went out early in the morning to hire labourers into his vineyard."
- Matthew 24:45: "A faithful, sensible servant is one to whom the master can give the responsibility of managing his other household servants and feeding them."

In the context of the New Testament, there often was a clear line of authority within social structures: manager, servants and labourers. Jesus delegated authority to his apostles and disciples and eventually to the church where ministers, elders and deacons were appointed to help with management and leadership within the household. It is evident that, from a Biblical point of view, the manager is someone entrusted with the responsibility to serve, lead and oversee projects or action and protect or look after the people that are entrusted to them.

2.2.2   Household

The common meaning of a household is that of a family or even extended family, including housemates and servants. This is supported by texts like the following:

- Acts 16:31: "They said, 'Believe in the Lord Jesus Christ, and you will be saved, you and your household'."

- Acts 18:8: "And Crispus, the Warden of the synagogue, believed in the Lord, and so did his entire household; and from time to time many of the Corinthians who heard Paul believed and received baptism."

- Romans: 16:10: "Greet Apelles, the approved in Christ. Greet those who are of the household of Aristobulus."

Within a Biblical context, household also has the collective meaning of a community of faith or the church as defined as a group of believers. This is supported by texts like the following:

- Galatians 6:10: "So then, as we have opportunity, let's do what is good toward all men, and especially toward those who are of the household of the faith."

- Ephesians 2:19: "So then you are no longer strangers and foreigners, but you are fellow citizens with the saints, and of the household of God."

- 1 Peter 4:17: "For the time has come for judgment to begin with the household of God. If it begins first with us, what will happen to those who don't obey the Good News of God?"

- 1 Timothy 3:12: "Let deacons each be the husband of one wife, managing their children and their own households well."

- 1 Timothy 3:15: "But, for fear I may be hindered, I now write, so that you may have rules to guide you in dealing with God's household. For this is what the Church of the ever-living God is, and it is the pillar and foundation-stone of the truth."

In these passages, a direct comparison is drawn between the family as a household and the household of God. A church resembles a family. It is indeed larger but also consists of an assemblage of brothers and sisters who are bound together by the same goal and purpose with common feelings and needs.

Therefore, when there is a reference to managing the household of God, it refers to the members of the family as well as to everything else needed for the well-being and sustainability of the family, i.e. finance, administration, resources, maintenance and protection.

For managing this household with all its different facets, caretakers, leaders or managers are appointed. Interestingly enough, apart from the formal appointment of leaders and managers, each member of the household is also given a very specific place, responsibility and function or role based on the gifts received (Ephesians 4, 1 Corinthians 12, 14). These responsibilities are given to accomplish the common goal.

The shared responsibility of the leaders as well as the members of the household is threefold:

a) towards the head of the church (Jesus Christ)

b) towards other members of the family of Christ (the church)

c) towards those not yet members (people outside the church).

The household of God has well-stipulated rules and principles on how it should function. These rules are founded on the services and responsibilities laid upon the household as well as Christian ethics and is defined in terms of the context and tradition in which it stood. It therefore needs interpretation within new contexts. Take, for example, the position of women, their dress code and stipulated behaviour in the organization (1 Timothy 2:9) that needs to be interpreted in terms of ancient traditions and societal understanding of the roles of men and women in the congregation. One example of how Christian ethics define the manner in which the church as an organization is managed is the great command to love one another as yourself. This command implies a certain way in which a manager acts, leads, interacts and communicates with people, deals with conflict, *et cetera*. Rules and principles are laid down in terms of conflict between members (Matthew 18), court cases between Christians (1 Corinthians 6), the rights and duties of apostles in terms of remuneration (1 Corinthians 9), *et cetera*. The absolutes of these rules and principles define the unique manner in which the church needs to be managed.

From the exegesis of "household", it is clear that a household resembles a group of people or a family bound together by a common goal and purpose. The management of this household is not only the formal responsibility given to different caretakers, leaders, or managers, but it is also the responsibility of each member to accomplish the common

goal, based on the gifts the different members received. In pursue of its goals, the household functions on well-stipulated rules, principles and ethics that demarcate the way the household operates.

2.2.3 Qualifications of managers

There are also some standards and qualifications that need to be met when someone wants to become a manager of the household of God.

Take for example 1 Timothy 3:1-7 as point of reference. As it is evident that Timothy was to be partly employed in the appointment of suitable officers for the church in Ephesus, and as the kinds of officers referred to were to be permanent in the structures of the church, it was important that a full statement should be put on record, respecting their qualifications and duties. The standards and qualifications of a bishop or manager for the household were set out as follows:

- S/he must be someone of good character – (1 Timothy 3:2-3).

- S/he must manage her/his own household well and, by doing so, show that s/he has some managerial skills and is qualified to manage the household of God – (1 Timothy 3:4-5).

- S/he must have experience and be of suitable age – (1 Timothy 3:6).

- S/he must have a fair reputation among others to be influential – (1 Timothy 3:7).

A great responsibility is evidently put on being a manager of the household of God. This responsibility holds for the character as well as the experience and reputation of the manager to manage the household of God.

2.2.4   Administration

In the New Testament, the office of bishop is often used in relationship with the office of the deacon. Deacon derives from the Greek word *diakoneo* or *diakonia* meaning "service". *Diakonia* can be described as performing a service of official duty or various forms of spiritual or social services. Within the structures of the church or the household of God, the *diakonia* often has a practical, administrative and service function where the bishop has a leadership or decision-making function. This distinction is well known within the ecclesiology and stipulated in, for example, the church order of Protestant churches.

In Acts 6, deacons were appointed to help the apostles in their mission. The deacons had the administrative responsibility of practical service, that is, the daily distribution of food, looking after the widows and orphans and collecting and managing funds for the services provided.

Different translations of the Bible use administration and leadership alternately. It is not only applicable to physical daily tasks but is also used in terms of a spiritual meaning. The following could count as examples of this.

According to the apostle Paul, having the responsibility of administration is a gift.

Romans 12:7: "… if it is the gift of administration, let the administrator exercise a sound judgement in his duties". In the New Living Translation, administration is translated as serve or serving, clearly also indicating the spiritual meaning of administration: "If your gift is serving others, serve them well."

Romans 12:8: "If God has given you administrative ability and put you in charge of the work of others, take the responsibility seriously." Administrative ability is translated as leadership ability in the New Living Translation: "If God has given you leadership ability, take the responsibility seriously."

1 Corinthians 12:28: "God has set some in the assembly: first apostles, second prophets, third teachers, then miracle workers, then gifts of healings, helps, governments, and various kinds of languages." The Living Translation translates governments as "[*t*]hose

who can get others to work together". The New Living Translation speaks of "… those who have the gift of leadership".

2 Corinthians 8:19: "And more than that, he is the one who was chosen by the vote of the Churches to travel with us, sharing our commission in the administration of this generous gift to promote the Lord's glory and gratify our own strong desire." Here Titus is appointed with the responsibility of administrating the offerings of the church.

It is evident that administrate has various interpretations within the Biblical context, referring to practical service, the administration of funds and basic leadership.

The following conclusions can be made in terms of the Biblical framework of management within the church as an organization:

- An understanding of management in various forms and within different contexts is supported throughout the Bible.

- In its structure and organization, the church is often described as the household of God. The household is delineated by the Bible, Christian ethics, rules and procedures, and standards.

- Leadership has a high priority derived from the specified qualifications for leaders or managers of the household.

- Part of managing the household is the practical service and administrative functions that need to be performed.

It is evident that management within the context of the household of God concurs to the basic management functions of planning, leading, organizing, staffing and controlling of human and other resources towards a common goal.

2.3 A Biblical framework for management

As proven in the exegesis, the management of the household of God is delineated by an understanding and application of Biblical values, norms and standards, that is, Biblical ethics. Kokt and Lategan (2011) define ethics as, on the one hand, the principles, norms, and values that guide people in dealing with a particular situation and, on the other hand, the attitude and manner with which the situation is dealt. Based on these two aspects of ethics, the importance of a calling to service and, consequently, the responsibility of leadership within a Biblical framework need further explanation.

2.3.1   A calling to service and responsibility

Being a manager or leader in the church as an organization is deeply embedded in the obedience to God's calling to his service in this world. This service is summarized in the command to love and serve God and to love and serve your neighbour (Matthew 21:37-40). Love for God and neighbour therefore always needs to culminate in responsible acts (ethics) of man towards God and fellow persons (service) (Le Roux & Lategan 2010). "Responsible" is delineated by Biblical principles, values and norm, whilst the "acts" or services refer to the attitude or manner in which these acts are performed. Therefore, a calling to service addresses both aspects of ethics (norms and attitude) as stated above.

Within a Biblical framework, service relates to concepts such as koinonia (caring for people in need) and diakonia (helping people in need) (Chapter 2, par. 3.2). This is the practical shape that love and service takes in the calling to serve God and manage the household of God.

However, this calling is not only related to leaders or managers but to each and every member of the household of God. Kokt and Lategan (2011) correctly state that a calling to serve God is not only restricted to service to the church by pastors, but it is the given responsibility of every member of the organization. This is a very important aspect of management and leadership in the church as an organization that is supported by the exegesis of oikonomos or household-managers in paragraph 2.2.2 above. Managers and leaders therefore will have to accept and embrace the responsibility to involve members

as collaborators in mission. These members all have different gifts, responsibilities and work spheres. However, responsible leadership will give people the needed respect, freedom and empowerment to be obedient and responsible in their own calling to service.

In order to achieve collaboration in service and responsibility, Le Roux and Lategan (2011) suggest that ethical leaders adopt a stewardship approach. They (Le Roux & Lategan 2010:89) put it in the following words:

> In a stewardship work community the leader's power is shared with each subordinate – stewardship is therefore a collective idea, suggesting that leadership is most successfully demonstrated by sharing power and responsibility with others in the work community.

According to Le Roux and Lategan (2010), stewardship is a core value for ethical leadership. This corresponds with the research and exegesis that a manager within a Biblical framework is indeed a steward, someone given the responsibility of taking care of people and services but, importantly, also someone show has the ability to delegate responsibility (stewardship).

Embedded in the fundamentals of service and responsibility are valuable principles and skills that need to be applied to the management of the church as an organization.

3. Management evolution within the church as organization

As stated in the previous chapter, management evolved from a highly scientific, systematic approach and bureaucracy to an understanding of the importance of people, their skills and relationships as a valuable resource within management. The fast and continues changes inside and outside of the borders of organizations constantly ask for the evaluation of current and historical theories. A continuous interaction between the status quo, the future and the historical position will ensure that organizations are not stuck in old paradigms.

The question arises, how did the evolution of management science influence the management of the church? Furthermore, were there continuous evaluation, interaction and evolvement in terms of management between the status quo, the future and the

historical position of the church as organization? To answer this, I reflect on how the management of the church evolved in the 21st century and how the evolution of management science influenced the management of the church.

3.1 The evolution of management within the church as organization

3.1.1 The Roman Catholic Church

As early as 380 AD, the Roman Catholic Church was declared the official church of the Roman Empire. Although the Roman Catholic Church existed over centuries of change, including the middle ages, enlightenment, industrial revolution, World War I and II, it still functions based on a strong hierarchical organizational structure. Today, the Roman Catholic Church is still considered one of the largest faith organizations in the world with more than 1.2 billion members (Glatz 2014).

In terms of its organization and structures, it always had strong hierarchical governance with the Bishop in Rome, known as the Pope, as the iconic head of the organization, delegating authority to middle and lower-level managers. One of its distinguishing features is its belief in the supremacy of the Pope to have full universal power over the Church, which he can exercise, unhindered (The Holy Sea 2003a: par. 882)

Cardinals form the government of the Roman Catholic Church and are concerned with matters of wide significance for the whole organization. The church is organized by diocese with bishops and archbishops overseeing territories. Dioceses are divided into parishes, each with one or more priest and deacons (Barry 2001:52). The pope, as head of the organization, has the authority and responsibility of appointing the bishops and archbishops. This structure is also called the Episcopal polity.

The organization is strongly governed and regulated by the Canon Law of the Catholic Church, which is a system of laws and legal principles that are enforced by the hierarchical authorities of the Church to regulate its external organization and government (The Holy Sea 2003b). The Canon Law has all the elements of a mature legal

system, namely laws, a legal code, courts, lawyers, judges, penalties, *et cetera*. There are even academic degrees in Canon Law that can normally be taken as a graduate degree (Juris Canonici Baccalaureatus or Bachelor of Canon Law).

The hierarchical organization and bureaucratic management style took shape in local congregations, resulting in the clergy seeing members as laity, not equipped or enabled as efficient workers within the organization. The control exerted through the hierarchy, legislation and tradition ensures a uniform organization in terms of structure, liturgy, services and even appearance or corporate identity.

Throughout its history, there were many protests and even revolt against the domination of the Catholic Church such as the Reformation that started in 1517 and the Enlightenment from the 17th century onward (Pollard 2005:7, 8). The second Vatican Council in the 1960s however introduced the most significant changes in the organization of the Roman Catholic Church. This ecumenical council modernized the practices of the church, for example, by allowing the Mass to be said in the local language and the declaration of the intention to engage the Church more closely with the present world which was described by its advocates as an "opening of the windows". Except internal organizational changes, the second Vatican Council also led to changes in the Church's approach to ecumenism (Duffy 1997). There was a call to improve relationships with non-Christian religions as well as Judaism. When John Paul II became Pope in 1978, he sought to evangelize an increasingly secular world by, amongst others, travelling the world, visiting 129 countries and using television and radio as means of spreading the Churches' teachings (Maxwell-Stuart 2006:234).

It is evident that, since the 1960s when the practices of the church were modernized to be more influential in society, the intention in the Roman Catholic Church has been shifting. This shift in the Roman Catholic Church is even more evident in the statements of Pope Francis, who brought an even more populist approach to the papacy (Goldfarb & Boonstein 2013:2):

> He has adapted a softer tone toward gay people, eschewed lavish features of the papal lifestyle, washed the feet of convicts and repeatedly urged greater effort to lift up the world's poor.

What is interesting though is that this "new" focus came in the same timeframe (1960s) as when the Systems School was introduced (Chapter 3, par. 2.5, 6). It is therefore noticeable from a management point of view that the focus on organizations as open systems, interacting and influencing other systems, was also introduced in the Roman Catholic Church during the same timeframe. This indicates (as will be shown in Protestant churches as well) that the church cannot escape changes and influences in the external environment, which includes trends and developments in management science. These developments not only have an effect on society but also on the manner in which the church shapes its own management of the organization.

3.1.2   The Reformation

One of the greatest revolts against the domination of the Roman Catholic Church came in 1917 with the Reformation led by Martin Luther. The Reformation brought an emphasis on believers' ability to understand the Bible as normative for their own life, acknowledged the supreme headship of Jesus Christ and rejected the notion of papal supremacy over the Church (Voerding 2009). A new understanding of members' ability and responsibility to contribute to the mission of the church in the world was discovered. This brought some freedom within the organization of the church and put a responsibility on members to be equipped and willing to partake in basic organizational activities, the so-called fourth office of the believer (Jordaan 2007).

3.1.2.1 The Presbyterian Church governance system

The acknowledgment of the member as a collaborator in the mission brought about a new understanding of the functioning, structuring and organizing of the church. As a rejection of the bureaucratic governance by hierarchies of single bishops, the Presbyterian Church governance system was introduced in Geneva under John Calvin's influence in 1618/1619 at the Synod of Dordrecht (Sinodale Kerkorde Kommissie van die Nederduitse Gereformeerde Kerk in Noord-Kaapland 2013:2). It is founded on the Biblical principle of Jesus Christ (not the Pope) as the Head of the Church, governing the

local church by means of electing presbyters or elders on the church board. Groups of local churches are joined together in a classis, and classes within a region form a synod whilst synods are joined together in a general assembly in a country. The most important difference between the Episcopal structure and the Presbyterian system of Church governance is that the latter acknowledges the fact that only Christ can govern his church through his Word and Spirit. Pastors and the offices are only servants of Christ with delegated authority, each with specific functions and therefore refuting any hierarchical structure or bureaucratic system (Nederduitse Gereformeerde Kerk 1996: article 27). Therefore, governance within the Presbyterian system of Church governance vests in boards and assemblies and not in persons.

Although there is no official hierarchical system, the local church is guided by the Church Order, which consists of regulations and even legislation on the general organization of the local church. It describes the composition of the church board, division of work in terms of commissions and the role and job description of the pastors within the church. This results in a uniform organization in terms of not only its structure but also its appearance. Diversity is not openly acknowledged and encouraged. Although the participation of the laity is commonly acknowledged, it is not utilized to its full potential.

Within the Protestant tradition, great emphasis is placed on the three offices of Christ, being King, Priest and Prophet in the mission of the church in the world. Within the local church or congregation, the three offices realize in the office of pastors, the office of elders, the office of deacons and the forth office of the believers as collaborators in the mission. As stated earlier (par. 3.1.2), the recognition of the members as collaborators in the mission and achievement of the goal of the organization was an important development within the organization and structures of the church (Jordaan 2007).

Although members are seen as collaborators in achieving the goal of the organization, there is a strong emphasis on leading and organizing the church based on the shepherd-herd metaphor. This Biblical metaphor emphasizes the fact that leaders in the church must direct and take care of the members as a shepherd takes care of a flock. This often results in organizations depending heavily on the strong, and in most cases, sole and autocratic leadership of the local pastor and governing board. It leads to congregations where members have high expectations of the pastor, appointed as the chairperson of the

church counsel and in many cases even the chairperson and secretary of the organized commissions of the congregation responsible for the different services of the church. The participation of members in the mission of the church is not utilized to its full potential in this model.

According to Hendriks (1992), the 20th century brought a new emphasis on the needs and expectations of ordinary church members. This resulted in the renewed emphasis on the church as the body of Christ (body metaphor). A greater emphasis on the body metaphor initiated some changes within the structure and organization of the church. A new emphasis was placed on the discovery and utilization of the gifts and talents of members in being effective witnesses and co-workers in the mission of the church. This brought about the need for leaders to equip, identify the gifts and develop the skills of ordinary members, acknowledging them as co-workers within the church as the body of Christ.

In organizing the church, the Presbyterian system has a closed-system view partly because of the fact that the church was defended and in a way defined by the government of the day. Throughout history, policy in church often became policy in government and vice versa. To have an open system meant being open and therefore threatened by foreign and unfamiliar influences from the secular world and even charismatic influences. Therefore, change was often met with scepticism, and consequently, innovation was inhibited and limited by strong legislated structures.

In the early and mid-1990s, church leaders began to realize the need for a clear direction within the church as an organization, and subsequently, church leaders began processes of strategic planning and church-building programs (Burger 1995; Hendriks 1992). This was also initiated by changes in the political environment in South Africa in the 1990s.

Churches realized the importance of their calling in different contexts and subsequently adopted a more open-systems view, willing to listen and even respond and incorporate changes within the environment. This brings about new possibilities and innovation within the organization. There is a shift from mission projects run by organizations to being a missional church, by implication meaning that the different systems within the church needs to interact with other various systems outside of the organization. Theories and programmes are currently being implemented to try to break down the borders

between the church and the market place, often referred to as "marketplace Christianity" (Fraser 2011) with the well-known slogan that describes this movement as "from the pulpit to the market place" (Silvoso 2011). This movement advocates the importance of the church to function as an open system, interacting, influencing and even forming partnerships with other systems outside of the borders of the church as an organization. Moving "from the pulpit to the market place" enables the church to influence not only its own members but also various other systems with the transforming message of the gospel. Concomitantly, being open to the influence of other systems and moving from the "safe haven" of the pulpit to the market place also opens up the church to influences from other systems such as the consumer society that it has to deal with. These influences need to be recognised and managed in such a way that the church as an organization stays true to its goal and unique character as a faith-based organization but also stays relevant in a fast-changing society.

Another meaningful change that came with post-modernism is the fact that members associate with people and not with institutions. There is a commitment to congregations based on relationships and not merely because of the tradition, history or even confessions of the organization (Daman 2007). This necessitated putting in place structures to build meaningful relationships between members but also to bridge the gap between leaders and the members of congregation. People are motivated and mobilized by meaningful relationships and not merely by well-defined structure and organization. These important principles were advocated by the development of the behavioural theory and human-relations school in the 1930s and could easily have been implemented much earlier if the church engaged regularly with management sciences. This would have resulted in the church reacting to and incorporating external and internal change faster. The acceptance of diversity in terms of spirituality, members, organization and structure is commonly accepted and embraced, but it remains a huge challenge that needs to be managed with great wisdom and caution within the organizational culture of the church.

To conclude, there is an obvious resemblance between the evolution of management science, discussed in Chapter 3, and the evolution of management within the structures and organization of the formal church.

Management evolved from the scientific approach, through bureaucracy to the human and behavioural theories, resulting in the systems school where organizations are considered as an organism having different systems extracting from and interacting with the external environment. The contingency theory takes into account these various external circumstances in developing a unique management paradigm and theory.

This evolvement was evident in the management and structures of the Roman Catholic as well as Protestant Church. The change in the socio-political environment brought a new understanding of the necessity for the church to have an open-systems view in order to be relevant and prophetic within society. The human-relations school gave valuable insight into the emotions and behaviour of people, emphasizing the importance of members in understanding their role within a bigger picture.

The resistance to tradition, history, traditional structures and organization, sameness and often even confessions can be categorized within the contingency theory where people resist and question normative structures and theories (Chapter 3, par. 2.6). The contingency theory highlights organizations that focus on uniqueness and diversity, taking into consideration and accounting for the internal as well as external factors that influence the effectiveness and efficiency of organizations. This has become the focal point of churches in the 21st century.

It is highly unlikely that the changes and evolution within church management were pro-active and deliberate. Rather, it can be seen as reactions to changes within general society and organizational functioning. This view is supported by the fact that:

- the church, referring to the Dutch Reformed Church in particular, seems to have been a closed system for many years, not incorporating or encouraging change effectively and efficiently

- there is still an unwillingness fully to incorporate management principles within a theological framework. This results in the absence of management science and principles within formal theological education. This will be discussed in further detail in the next section.

4. Management evolution within theological education

The assumption that basic management principles are not incorporated sufficiently and successfully within the church as an organization has to be found at the source, which is the formal theological training of church leaders. It is expected that, if sound managerial principles were important for the church in all its different facets and structures, it would formally be incorporated within the education of its ministers to lead and manage churches effectively and efficiently.

Very few formal or academic studies were found in which recent managerial skills and business principles were integrated within the organization of churches in the South-African context.

Hendriks (2004) advocates the necessity of a multi-disciplinary approach within the formal academic and even informal theology education. He states that "… the church should participate in the academic intellectual aspects of theology. It is important that theology should not be done alone in splendid isolation". This underlines the importance of a systems view even when it comes to educating ministers. Hendriks (2004:33) argues as follows:

> Theology should be multi-disciplinary as far as it should relate to other disciplines when addressing issues that confront us. This does not mean that theology has to compromise its normative element.

Burger (1995) acknowledges that the church does not differ much from other organizations and can learn from the social sciences, for example organizational culture and management science. He also states that it is already evident that increasing numbers of church leaders are influenced by publications of well-known businesspersons. The lessons taken from these publications are incorporated in their ministry.

Another example of an attempt to incorporate established business principles is found in the article of North (2004), "The role of marketing in the church", in which he presents a theoretical overview of the nature and scope of marketing and reflects on the use and application thereof for the church. It is evident that more and more churches are beginning to understand the importance of marketing their services. "It is increasingly

common to witness churches, whether at the parish or national level, engaging in what have been termed 'marketing activities" (North 2004:35).

Marketing has become an integrated part in effectively communicating the gospel. Sherman and Devlin argued that "… religious traditions which previously could be authoritatively imposed on society, now have to be marketed; religion must be sold to a clientele" (Sherman & Devlin 2000:47). Therefore, the marketing of the church and its services is not only relevant but also a necessity which needs to be incorporated within the structures and organization of the church and even the education of its ministers.

The various theological faculties at Universities, Bible Schools and Institutions in South Africa all accept and adopt a multi-disciplinary approach incorporating sciences such us psychology, law, philosophy, information technology and drama and speech. However, sufficient formal scientific engagement with and incorporation of management science is lacking in the education of pastors as managers of the household of God. Often, managing the church is left to the character, personality and instinct of pastors and is practiced as an art, without the science and organized knowledge of management underlying the practice.

In a highly scientific environment, the church cannot afford not to engage formally and scientifically with management science in order to equip leaders with the necessary skills and principles to manage the church as an organization effectively and efficiently in the future. Leaving church leaders to rely on own instinct and untested management practices will simply be irresponsible and will end in organizational suicide.

4.1 The reluctance

The question that arises from the above-mentioned statement pertains to the reluctance by formal theology faculties, lecturers and pastors to include, incorporate and engage properly with management science within the accepted multi-disciplinary approach to theology.

According to Hunter (2000:23), there are two negative reactions to the idea of church management. They are the following:

a) The church is different and is run on spiritual principles.

b) Ministers are leaders and not managers.

For church leaders to understand the importance and accept the necessity of basic managerial skills and business principles within the church as an organization, a fundamental understanding of the relationship between management principles and a Biblical understanding of leadership and management is needed. In order to partake in this discussion and show the relevance of management science, I shall refute the negative reactions and prejudices by giving an understanding and insight into Biblical church management.

I shall therefore add to the discussion led by Hunter (2000) in the next paragraph.

4.1.1   *Spiritual principles versus scientific principles*

Some church leaders resist insights from the literature of management science on organizational effectiveness because they say the church is different. "Different" is then often qualified by claiming that the church is not an organization. Proponents of this view argue that the church is an organism – the body of Christ – and we are called to run the church on spiritual principles, not on the principles of for example Woolworths and the corporate world.

There are three contentious views in this statement:

a) The distinction between organization and organism is refuted by the definition of management (referred to in Chapter 3, par. 3.1), amongst others, as a system interacting with various other systems. In fact, the systems approach, theory and school of thought use organization, system and even the term organism in relationship to one another. Describing the church as an organism therefore does not make the church distinct or unique in regards to other organizations as were described in the different categories of organizations in Chapter 1.

b) The uniqueness of the church as a faith-based organization is openly acknowledged and respected, even within management science itself, when the church is commonly referred to and categorized as non-profitable and faith-based. Within this definition, the uniqueness of the church as an organization of faith is acknowledged and even described within management terminology. The uniqueness of the church as a faith-based organization does not therefore imply that basic managerial principles do not apply to the organization of the church. Just as the finance of a church is done based on basic financial principles, other functions within the church should also be run according to the principles of that function, for example personnel, allocation of resources and planning.

c) The perspective that the church is a "spiritual" organization that can only be governed in a spiritual manner and not in a "worldly" manner does contain a crucial theological discrepancy.

Early Christianity was influenced by a Greek philosophical approach called Gnosticism. Gnosis means knowledge. In essence, Gnosticism can be described as a dualism with the view that the world consists of two fundamental entities - God and the world, correspondingly man and the world. For this reason, Gnostics believed that matter, in particular the human body, is evil and should be avoided and that man's greatest purpose is to focus on spiritual things, practising this dualistic distinction in every aspect of human life (Churton 2005).

For this reason, Gnostic Christians believed that Jesus Christ, as the incarnation of God, did not really take on human flesh and therefore could not have suffered on the cross. The Council of Nicaea in 325 AD branded this view as heresy and insisted on the full humanity of Christ, stating that Jesus Christ was indeed "begotten, not made man", "was crucified," "suffered death and was buried."

The claim that Jesus' body was illusory is commonly referred to as Docetism. Hunter (2000) uses Docetism and applies it to the church as an organism forming the somewhat strange concept of a "docetic ecclesiology". By this, he means the following (Hunter 2000:24):

As the old Docetism claimed that Jesus' body was not a real human body, though it appeared to be, docetic ecclesiology maintains that the church, the Body of Christ, is not a real human organization, though it appears to be. An orthodox doctrine of the church, however, would affirm the church's full humanity. As Jesus' body was a real human body – as any physician checking for a pulse or a blood pressure reading could have affirmed – so the Body of Christ is a real human organization, reflecting many of the same dynamics and managed by many of the same principles we find in other organizations.

Therefore, the assumption that the church is a spiritual organization and cannot be managed on (so-called secular or worldly) managerial principles is in essence not a practical-theological discrepancy but a deeply rooted misinterpretation of the full humanity of the local church. Although the church has a unique character, mission, source and culture, it was, is and always will be a real human organization pleading for sound management.

4.1.2   *Leaders versus managers*

The second substantial negative reaction surfaces form church leaders who claim, "I am not a manager. I am a leader". Although it is well documented, the distinction between leaders, managers, and administrators needs explanation.

In the literature of leadership, management and administration, these three terms are all unique in their own meaning but also intertwined and interwoven within the general organization of any organization. Take for example the understanding of the difference between leadership and management. Leadership is commonly described as envisioning future innovation, spending time dreaming about long-term goals and expectations. This is supported by Bertocci (2009) when he defines leadership as the combination of characteristics of personality traits in an individual that compels that person to inspire others to achieve goals that they would not normally accomplished without the leader's motivation. He then states that leaders in an organization should have a clear mental picture of where the organization is, where the organization needs to go, and how the organization is going to get there. An important attribute of leadership is therefore to

present a clear path for followers to take to accomplish a task or goal. Thus, according to Bertocci (2009:7), the main characteristic of leadership is the following:

> … leaders instinctively seem to know what needs to be done, when it needs to be done, and how it is going to be accomplished; and they get followers to work together to complete the tasks necessary to accomplish the goal.

Kotter (1990) also notes that leadership is about vision, big-picture issues, change and the future. Management, in contrast, is about personnel issues, organizational design and structure, staffing, control, human-resources issues, *et cetera*. Kozak (1998) supports this by stating that managers deal with systems, processes, budgets, equipment and "things" whilst leaders deal with visions and people.

It is clear that there is a distinction between leadership and management based on functions. Leaders visualize what has to be done, mentally develop a clear path to accomplish the change in the situation and then communicate what has to be done to their followers. Managers, on their part, have to plan, organize, structure and evaluate or control (Bertocci 2009:12).

Hunter (2000:26) applies the distinction between leadership, management and administration to the context of the church as follows:

> A leader communicates the church's vision, purpose, and direction and mobilizes people's energy in support of it. A manager deploys people (and resources), through specific roles, jobs, and tasks, to achieve the mission's purpose and sees to it that the organization permits and helps the people to succeed. An administrator facilitates the workflow of the organization and attends to its efficiency. The obsession of the first role is direction, the second is effectiveness, and the third is efficiency.

Whilst administration involves setting up important policies and goals, management is a middle and lower-level activity that involves the implementing, controlling and evaluating of programmes, projects and staff.

It is important to realize that every manager is concerned with management as well as administrative responsibilities. What happens in practice is that higher-level managers

denote more time to administrative functions and lower level managers more on management tasks such as control and evaluation of performances. The figure below indicates the greater amount of time spent on management by lower and middle level management and the greater level of administration by top-level management.

Figure 2: Administration versus management
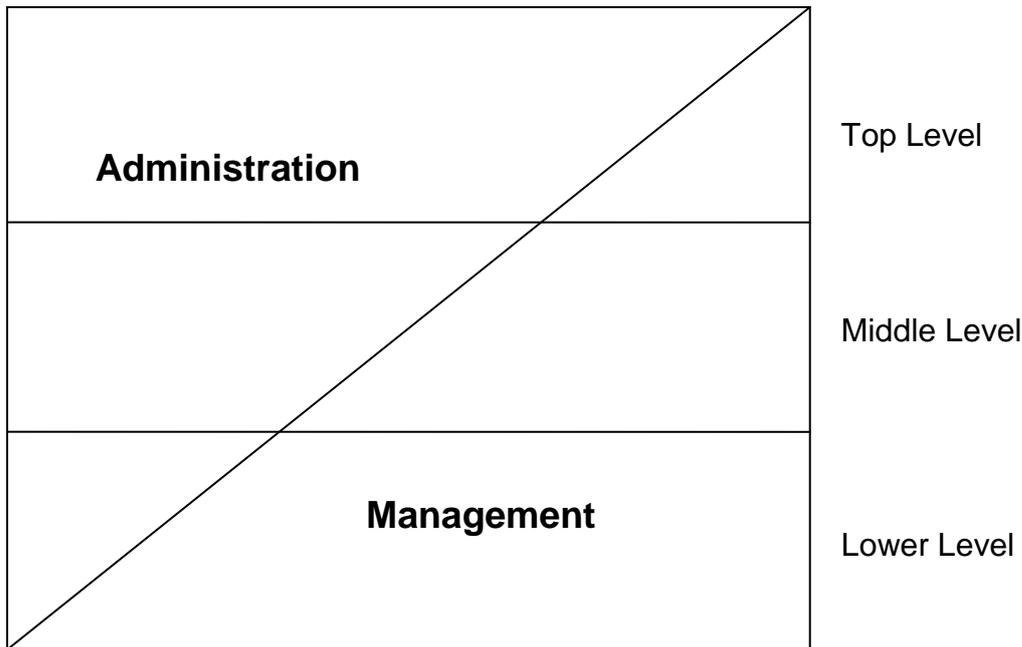
Source: (Management Study Guide 2008)

Although there is a clear distinction between leadership, management and administration, successful organizations need all three functions (Kozak 1998). Dreams and visions (leadership) need to be implemented in structures (management), and resources need to be utilized effectively and efficiently (administration) in turning dreams into realities.

Therefore, the general assumption that ministers are leaders and not managers is refuted on the scientific basis of the alternation and interaction of the three terms, leader, administrator and manager. Within the managerial paradigm, any leader needs administrative and management skills, and most pastors are in any case engaged in all three functions, therefore refuting in practice the argument of leaders and managers.

There is often a shortcoming in the leadership and management skills of ministers in the church. Some can envision the future but do not have the management or administrative skills to structure or implement the vision. Others can let a governing board make decisions and are successful in implementing and structuring those efforts but struggle to control and evaluate efforts, therefore lacking administrative skills. Some churches are over-led and under-managed. Others are over-administrated and under-led whilst others are over-managed but lack leadership.

Hunter (2000:28) confirms this by stating the following about the church:

> [*It*] attracts a disproportionate number of people who can lead, but cannot (yet) manage. This is a long-standing problem in the judeo-Christian tradition. Indeed, this was the very problem that hounded Moses and the Israelites until Jethro stepped in.

This is the result of the absence of basic management knowledge and skills and the random, non-factual reaction of ministers to set leadership against management and administration. Better knowledge will bring an understanding of the necessity and interaction of leadership, administration and management in the different levels of organization, bringing a holistic approach to management science within the church as an organization.

5. Conclusion

In Chapter 1 and 2 of the study, it was proven that the church is a manageable organization and that management principles and skills do apply to the church as an organization. The precondition of applying these management principles and skills to the church as an organization is that the unique character of the church as an organization needs to be upheld. In order to meet this objective, the definition of management as set out in the previous chapters, was compared to the Biblical understanding of management fundamentals and principles. It was proven in Chapter 4 that the basic functions of management (set out in Chapter 3) namely, planning, leading, organization, staffing and controlling are indeed also present within the Biblical context and framework of the church as an organization. This re-emphasises the universality of management and the

application of management principles and skills within the framework of the church as an organization.

In Chapter 3, the history of management was dealt with, showing the evolution in management science. Through research on the history of management in the church (Chapter 4), evolution was noted within the management and organization of the church. This reiterates the systems view that changes in other systems and the external environment have an influence on the management of the church as an organization. It also proves that the church needs to act faster on change and therefore need to engage formally and scientifically with the development in management science in order to stay relevant in its management as an organization.

The incorporation of and interaction between management science and the church as an organization is not only necessary but also critical in order to develop and equip leaders with basic management principles and skills to manage the household of God effectively and efficiently. Students are taught in highly academic environments and are often left in the cold to acquire the necessary management skills for ministry as they go along. Sometimes ministers never acquire these basic skills, and in the process, congregations suffer because of a lack of leadership and management skills and knowledge.

The objective of Part 1 of the study was to define the unique character of the church as an organization and to prove the necessity of managerial principles and skills in order to manage the organization effectively and efficiently. Part 1 answered two important aspects of the research question set out in Chapter 1:

    a) It was proven that management science principles and skills do apply to the church as an organization.
    b) The application of management science principles and skills can contribute to managing the church as an organization more effectively and efficiently.

The second part of the research question, how these principles and skills can be applied to the church, will be dealt with in the Part 2 and Part 3 of the study.

Part II

Principles of management and leadership skills

In Part 1 of the study, the necessity of managerial skills and principles in the church as an organization was argued. Leaders need to acquire the fundamentals of management in order to have a proper scientific understanding and foundation on which they can innovate and implement the art of management within the unique context of the church as an organization.

Part 2 of the study will focus on presenting basic management skills and principles in order to assist church leaders with a strategic management framework with which effectively and efficiently to manage the church as an organization. Although a comprehensive study of the history, elements and processes of strategic management does not fall within the ambit of this study, I shall selectively deal with the content of strategic management based on the unique character, culture and challenges that the church as an organization faces as it was set out in Part 1 of the study.

Chapter 5

Setting a strategic management framework for managing the church

1. Introduction

We live in times where things change rapidly. Moreover, if any company wants to survive in the 21st century, it needs to keep up with the changes in the external as well as internal environment. A common tendency in organizations worldwide is to analyse changes in the different environments, formulate vision and mission statements and plan accordingly. However, only about 10% of companies' plans ever realize, are implemented successfully and come to action. This is commonly referred to as the strategy-performance gap, the gap between the desired performance as expressed in the vision, mission and objectives and the current performance of an organization.

In an article of *Fortune Magazine*, the authors (Charan & Colvin 1999) studied several CEO's failures and observed that, in the majority of cases – they estimate 70%, failure in organizations is not related to the conceptualizing of the plan or strategy but to an inability properly to execute the chosen strategy – the strategy-performance gap.

The bottom line is that vision and mission statements rarely become implemented strategy. Therefore, the growing need in all industries and organizations, including the church, is for leaders and managers to move organizations towards the future, from the vision or mission statement to implementation and eventually results.

In dealing with the future of the church, Lategan (2005) asks whether a pastor in a postmodern society can be a "minister" without being the "manager." He then boldly answers that, without the applicable management principles and skills, it will be

impossible for a pastor to perform the basic responsibilities of ministry (Lategan 2005:243). What the church needs to move the organization forward is visionary leaders who can strategically and innovatively develop and implement vision and lead, control and manage the organization towards the realization of its goals and objectives. Leaders who can envision the future, dream bigger dreams than the resources available and utilize core competencies and skills in order for expectations to become reality.

In Part 1 of the study, the nature of the church as an organization was discussed and management was defined in terms of five basic functions, namely planning, leading, organizing, staffing and controlling resources effectively and efficiently to obtain the set goals. The evolution of management science was discussed, and it was stated that the church was found wanting in terms of basic managerial and leadership skills. The lack of these skills was seen in the empirical research on the way in which the church is managed and in the expectation of church members for visionary leadership and dynamic change.

At the end of Part 1, it was stated that the church, as a non-profit, faith-based organization, is in need of change and will have to adapt to new challenges in order to stay relevant in a fast-changing environment. In order to continually change and adapt effectively and efficiently, sound management principles need to be applied.

Strategic management has to do with innovation and change, especially managing change within organizations. The five basic functions of management are still considered fundamental in the strategic management process. Valuable managerial principles, skills and frameworks will be discussed in order for leaders within the church as an organization to manage the church strategically in order to bridge the gap between statements and proper execution.

The focus of Part II will be to present a strategic management framework in order to provide leaders with the necessary skills and principles to manage the church strategically as an organization.

2. Defining strategic management and leadership

2.1 Strategic management

2.1.1 What is strategic management?

The term, strategic planning originated during the 1950s and was very popular in the 1960s and mid-1970s. David (2011:6) provides the following overview:

> During these years, strategic planning was widely believed to be the answer for all problems. Following that "boom", however, strategic planning was cast aside during the 1980's as various planning models did not yield higher returns. The 1990's, however, brought the revival of strategic planning, and the process is widely practiced today in the business world.

However, there is a clear difference between management and strategic management. To define the difference between traditional management and strategic management, definitions of different authors on strategic management were studied. Underlying these definitions are the basic functions of management mentioned in Part 1 of the study. From these definitions, the important fundamentals of strategic management is a) to envision a better future, b) to set objectives and c) to implement strategy and change in the quest for competitive advantage.

Johnson, Scholes and Whittington (2008:11-12) emphasise the importance of today's choices and actions for the future by stating: "Strategic management includes understanding the strategic position of an organisation, making strategic choices for the future and managing strategy in action." According to Peter Drucker (1973), the prime task of strategic management is thinking through the overall mission of a business and making decisions that will positively influence the organization in future. Strategic management starts by asking the question "What is our business?" Drucker (1973:611) explains the implication of this question as follows:

> This leads to the setting of objectives, the development of strategies, and the making of today's decisions for tomorrow's results. This clearly must be done by a part of the organization that can see the entire business; that can balance objectives and the needs for today against the needs of tomorrow; and that can allocate resources of men and money to key results.

In their definition, Pearce and Robinson (2009:3) emphasise the importance of the context in which the organization operates in the following words:

> Strategic management is viewed as the set of decisions and actions that result in the formulation, implementation, and control of plans designed to achieve organisations' vision, mission, strategy, and strategic objectives within the business environment in which it operates.

David (2011:6) underlines the nature of management as an art and science by also defining strategic management "… as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives". Rothaermel (2012) describes strategic management as a combination of analysis, formulation and implementation in the quest for competitive advantage. On their part, Cox *et al.* (2012:27-28) focus on the organization as an open-system as well as the competitive advantage it needs to gain:

> Strategic management is defined as the process by which managers of the firm analyze the internal and external environments for the purpose of formulating strategies and allocating resources to develop a competitive advantage in an industry that allows for the successful achievement of organizational goals.

According to Ehlers and Lazenby (2011:3), strategic management can be defined as follows:

> … the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies which are aligned with the environment, in order to achieve the long-term goals of the organisation and therefore gain a competitive advantage through adding value for the stakeholders.

They envisage the future as one where managers view the future in terms of how the world can be not only by improving what is available but also by rather alternating it drastically.

Where traditional management focuses on effective and efficient management of resources available, strategic management focus on the future, on possibilities and potential change, not only on managing the status quo of an organization. A strategy and therefore the management of this strategy is the bridge between where we are and where we want to be. It is the well-defined roadmap of an organization that defines the vision,

mission, intent and direction it needs to proceed. It is the "game plan" of the organization on its way to the goal line.

To achieve this, the strategic management process is fundamentally based on the following belief (David 2011:8):

> … organizations should continually monitor internal and external events and trends so that timely changes can be made as needed. Firms, like organisms, must be "adept at adapting" or they will not survive.

As stated in the introduction, in the 21st century, organizations must identify and adapt to change. It is the aim of strategic management to assess and adjust the organization's direction in response to a complex and dynamic environment. In order to stay relevant within this dynamic environment, management needs to be prepared to respond rapidly to the ever-changing landscape. With effective planning, leaders can create a framework for strategic management and thinking as they continually ask the question "Are we doing the right thing?" This entails a willingness to adapt to changing circumstances and paying attention to the future direction of the organization (Tytel 2013).

One important attribute of strategic management in the effective and efficient management of the church as an organization is the fact that it envisages a better future. It encourages leaders to think and dream about the future, to act and react in and on dynamic environments. Most importantly, the strategic management process challenges church leaders not to manage based on current position or resources but on a vision and expectation of a better future. This will be the driving force behind the strategic management framework presented in this chapter.

2.2 Key terms in strategic management

Before the different strategic management models are discussed, five key terms should be defined. This will bring a clearer understanding of the nature of strategic management. These terms are strategists, strategy, competitive advantage, long-term objectives and annual objectives.

a) Strategists

Strategists are the leaders who are responsible for the success or failure of an organization (Montgomery 2012). Strategists have different titles such as CEO, president, owner, executive director, chair of the board, chancellor and dean. Within the context of the church as organization, the pastor will most often be the responsible strategist.

b) Competitive advantage

The competitive advantage of an organization is the things it does especially well or at a higher level compared to its rivals (Porter 2008). This competitive advantage derives from attributes such as skills, resources and market position that allow the organization to outperform its competition.

c) Long-term objectives

Long-term objectives are the results an organization is seeking to achieve in pursuing its basic objective or goal.

d) Strategies

Long-term objectives will be reached by means of strategies. A strategy is a high-level plan to achieve goals under conditions of uncertainty. Strategies are particularly important because of limited resources that need to be utilized effectively and efficiently to achieve these goals. A strategy therefore describes how the goals will be achieved by the resources (Mintzberg *et.al* 2002).

e) Annual objectives

Annual objectives are the short-term milestones that an organization wants to reach in order to achieve the long-term goal.

To conclude, strategic management answers three basic questions:

a) Where is the organization now?
b) Where does it want to be or go?
c) How will it get there?

Blatstein (2012:2) states that strategic management "… is not about predicting the future, but about preparing it by defining the steps the company will have to take in the implementation of the strategic plan". In answering the three questions of strategic management, different steps or stages of the strategic management process are followed. These processes will be discussed in depth in this chapter in order to provide managers of the household of God with the necessary skills and knowledge to implement a strategic plan.

2.3 The benefits of strategic management

As stated in the definition of the strategic management process, strategic management is not static in nature. It is not about managing the status quo but enables an organization to initiate and influence activities with a view towards the future rather than just responding to situations. Through strategic management, an organization exerts control over its own destiny. Strategic management is therefore about being pro-active rather than managing re-actively.

Although there are many benefits linked to strategic management such as the importance of prioritization, the exploitation of new opportunities, an objective view of management problems, the effective allocation of time and resources to identified opportunities, *et cetera*, three benefits of strategic management are identified as particularly important within the framework of the church as organization.

2.3.1 *Improved communication*

Communication is a key element to successful strategic management. No organization can function properly without clear and open communication throughout the whole system. This entails external communication but especially internal communication where the goals of the organization are communicated through dialogue and participation between all the role players, management and employees. The aim of effective management is to involve and commit management and employees in the strategic process, and improved communication of the strategic management process will bring a better understanding of

the direction and goals of the organization and the decisions that need to be taken in order to achieve the desired outcome (Walker 2014).

Especially within the church where there is often a reluctance to change, clear and concise communication about the strategy to staff and members is essential. Except for the value of people being informed about the process, communication has the added advantage of committing people to the organization. If people understand why certain things are being done, they will feel part of the organization and will become committed to assisting it. This is the value that improved communication can add to the strategic management process.

2.3.2   Empowerment

The biggest mistake managers often make is to make decisions or develop strategies and then channel them down to functional or operational managers to execute. By doing this, employees and staff tend not to take ownership of the process and commit to the implementation because they were excluded from the process. Ehlers and Lazenby (2011:13) explain it as follows:

> Employees have to take direct control and ownership of certain strategies, and if they are involved throughout the whole process of strategic planning, they will be committed and empowered to implement these strategies successfully.

Within the context of the church as an organization, members are most often excluded from the strategic management process, resulting in a lack of commitment and even resistance to the strategic management process. Decisions are taken and strategies developed by a committee or counsel which then simply expect staff and members to take ownership of something they were not even part of.

One of the greatest benefits of strategic management is that it provides the opportunity to empower individuals. According to David (2011) empowerment, is to strengthen employees' sense of effectiveness by encouraging them to exercise initiative and imagination and to participate in decision-making. Through empowerment, employees

become "owners" of the strategy and ownership of strategies by the people who have to execute them is a key to success.

From the research of the Church Mirror Survey, it is evident that church leaders are not able to commit more people to greater involvement in ministry (Chapter 2, par. 4.1.1, 4.1.2). The reason can be found in the reluctance of church leaders to focus on member empowerment and participation, not only in ministry but also in setting the strategic direction of the congregation. This is supported by the data that fewer than half of members feel that their ideas are greatly considered by the leaders of the congregation. This results in the fact that 40% of church members either do not relate or respond to the vision of the congregation (Chapter 2, par. 4.1.1), therefore not taking ownership of the strategy or direction in which the church as an organization is moving.

It is clear that an emphasis on ownership and empowerment of people throughout the organization will add to the successful implementation of strategy within the organization.

2.3.3   *Sense of responsibility*

As stated above, when the strategic management process is well communicated and employees and members are empowered, it often results in managers and employees or members taking ownership. With ownership comes responsibility for strategies and the implementation thereof. This ensures that the implementation of strategy is not only considered the responsibility of top management but of each member of the organization (Evans, Stonehouse & Campbell 2012).

2.4 Risks of strategic management

Many organizations do not engage in strategic management as an essential business tool. It is not in the scope of this study to discuss all the possible reasons therefore, but within the reference of the church as an organization, time, unrealistic expectations, organizational culture and the lack of measurable outcomes are noted as very important

elements that can handicap and even derail the strategic management process within the church as an organization.

2.4.1 Time

Many organizations do not engage in strategic management because they feel it is a waste of time, and more time must be spent on implementation than on planning strategies. The reluctance to planning is often motivated by the slogan rather to start serving than spent hours planning how to do it. This argument is often made because the church is dependent on volunteers to partake in the strategic management process, and church leaders usually are sensitive to the fact that it takes up much of people's personal time (Malphurs 2013). Although church leaders must respect and be mindful of the time volunteers are willing to spend, it is important for the future of the organization to realise that a well-thought plan and strategy takes less time to implement as there will be fewer mistakes and uncertainties.

2.4.2 Unrealistic expectations

Within the strategic management process, as stated in the benefits of strategic management (par. 2.3), it is very important to involve as many people in the organization as possible. Although this is feasible, it is not always practical. The result is that managers involved in the strategic management process often have some expectations about the outcome, which the other members of the organization do not share or understand. The strategic management process consequently is at risk.

The importance of managing expectations will be discussed in Part 3 of the study. It is important to note and understand at this point that expectations are a fundamental element in the proposed strategic management framework of the church to realize its goals. However, unrealistic expectations can easily de-motivate and emotionally drain the people who are involved in strategic planning because of a fear of failure.

2.4.3 Organizational culture

Because strategic management and change are interwoven, it is very important to inform and change the organizational culture as the process of change management unfolds (Cameron & Quinn 2006). Therefore, creating an environment of flexibility and creativity (a learning organizational culture) is essential to the successful implementation of strategic change. If not, the strategic management process can easily be seen as an enemy of the current organizational culture that needs to be opposed. Unfortunately, this often happens within churches (Malphurs 2013). The management of change within the organizational culture and the creation of a learning organization are too often neglected in the church as an organization, resulting in resistance to change and organizational cultures being stuck within old paradigms.

2.4.4 No measurable outcomes

In the introduction, it was stated that many organizations do not progress from the strategy or strategic-planning process to implementation - the strategy-performance gap. This is one of the greatest risks of strategic management.

This is supported by McConkey (1988:66) in the following words:

> Even the most technically perfect strategic plan will serve little purpose if it is not implemented. Many organizations tend to spend an inordinate amount of time, money, and effort on developing the strategic plan, treating the means and circumstances under which it will be implemented as after-thoughts! Change comes through implementation and evaluation, not through the plan. A technically imperfect plan that is implemented well will achieve more that the perfect plan that never gets of the paper on which it is typed.

The result of processes that were never implemented can be seen on many church billboards and letterheads with vision and mission statements that are quite catchy slogans but with no or little practical and implementation value.

2.5 The strategic management team

Lenz (1987) gives some important guidelines for effective strategic management in an article about the evolution of the strategic-planning process. He states the importance of managers to express the strategy in one paragraph in order to show that they understand the strategic direction of the organization (Lenz 1987:39):

> Stimulate thinking and action that challenge the assumptions underlying current corporate strategy. Welcome bad news. If strategy is not working, managers desperately need to know it. Further, no pertinent information should be classified as inadmissible merely because it cannot be quantified. Build a corporate culture in which the role of strategic management and its essential purposes are understood. It is ultimately a process for learning and action. Speak of it in these terms.

The importance of the strategic management process as one that fosters learning and action is supported by David (2011:20), stating that the process should be a "… self-reflective learning process that familiarizes managers and employees in the organization with key strategic issues and feasible alternatives for resolving those issues".

A strategic management team that is willing and open to learn, prepared to change and ready to partake in the process and resolve issues is very important. If the strategic management team is positive and enthusiastic about the future of the organization, the strategic management process will add a great deal towards the future of the organization. Malphurs (2013) also emphasise the necessity of members that are open and supportive towards the process by giving four readiness keys for strategic planning within the church as an organization. These keys reflect the attitudes of the various role players in the strategic management process. They are the attitudes of the governing board, pastor, staff and patriarchs or matriarchs (people with power and influence that have been in the church for many years). It is very important that the attitudes of these role players continually be assessed and attended to during the process of strategic management.

One of the most important aspects of effective strategic management is an open-mindedness by the strategist, an organizational culture where there is room for creativity and new ideas, a willingness to listen, a spirit of inquiry and learning and a working environment where people have the freedom to experiment and even make mistakes. When the strategic management process is considered a people process rather than a

paper process, involvement, participation, ownership and responsibility will be valuable assets in order to effectively and efficiently manage the strategic process.

2.6 The process of strategic management

Strategic management is not a once-off action. It is a process. The strategic management process consists of different phases that interactively influence each other and are continually revisited throughout the process. The strategic management process is well documented within strategic management literature. Although there are some variants and different components, the objective of strategic management, as stated in the different definitions of strategic management, is to create and implement a strategy efficiently and effectively within an organization in order to keep a competitive advantage.

According to Rothaermel (2012:90), the "[s]trategic management process is a method by which managers conceive of and implement a strategy that can lead to a sustainable competitive advantage". According to Thomson and Martin (2010:34), the process of strategic management is one "… by which an organization establishes its objectives, formulates actions (strategies) designed to meet these objectives in the desired timescale, implements the actions, and assesses progress and results". The strategic management process is therefore a systematic way of planning through assessment, analysis, formulation, implementation and evaluation (Strategic Management Insight 2012).

There are many models of strategic management as will be discussed later in this chapter. Although there is no one or universal model of the strategic management process, it most often has three common phases or stages, namely the strategy formulation phase, strategy implementation phase and strategy evaluation phase (Johnson *et al.* 2008; Rothaermel 2012; Thomson & Martin 2010:557). A short description of each of the phases will be given as an introduction to later discussions of strategic management models.

2.6.1   Strategy formulation

In this phase of the strategic management process, the vision and mission statements are formulated, the strategic intent is determined and the general direction in which the organization envisions itself to go is set out. During this stage of strategic management, the organization will identify opportunities and threats, determine the strengths and weaknesses and establish long-term objectives.

2.6.2   Strategy implementation

In this phase of the strategic management process, a strategy is developed, resources allocated, budgets drawn up, information systems developed, *et cetera*. This is commonly called the action stage of strategic management and is most often the most-difficult stage because of the following reasons (David 2011:7):

> … requires personal discipline, commitment, and sacrifice. Successful strategy implementation hinges upon managers' ability to motivate employees, which is more an art than a science. Strategies formulated but not implemented serve no useful purpose.

As stated earlier in this chapter, the implementation of strategies is crucial. During the implementation phase, strategies are developed and implemented while keeping in mind the organizational culture. A fundamental issue in this phase is to involve employees and managers in the strategic management process (par. 2.5). Every member of the organization must acknowledge the importance of his or her contribution in the successful implementation of the strategic plan.

2.6.3   Strategy evaluation

Strategy evaluations is this simple: Managers need to know whether the strategy is working or not. The fundamental question that the strategy-evaluation phase needs to answer is the following: How are we doing? (Malphurs 2013). Without proper evaluation, the process of strategic management will be of little or no value because the results or

outcomes are not measured or tested in order for future adaptations and change. Strategy evaluation is the primary means for obtaining this information.

It is also important to remember that no strategy will last forever. Strategies will need some modification because of the constant change in external and internal factors. "Strategy evaluation is needed because success today is no guarantee of success tomorrow! Success always creates new and different problems; complacent organizations experience demise" (David 2011:7). As stated in Part 1 of the study, the church is often neglecting the control and evaluation phase of management. Apart from the fact that evaluation is somehow not regularly part of the structure or culture of the church as an organization, there is also the difficulty in measuring performance within a faith-based organization. Within the church as an organization, one will even find objections to an evaluation of the church or its people. These objections are based on the refuted dualism (Chapter 4, par. 4.1.1.) that the church is a spiritual organization that cannot be evaluated and measured by means of secular evaluations, only God should appraise a spiritual ministry such as the church (Malphurs 2013).

The fact of the matter is that the evaluation of the plans, actions, implementation and leadership takes place on an informal level when the members, amongst themselves, discuss and evaluate the service and leadership within the church as an organization. If the evaluation of the church as an organization takes place on an informal level, why not evaluate it on a formal level that can benefit the organization rather than fall victim to informal evaluations? For the strategic management process to be implemented efficiently and effectively within the church as an organization, it will have to engage properly with all three phases, including the evaluation of strategies and performance.

The three phases of the strategic management process occur at all three levels of organizations: corporate, divisional and functional levels. It is important, even in small organizations without the different levels of organization, that managers and employees interactively get involved in the strategic management activities. Strategic management is not intended only for top management, but employees and managers should interactively be involved in strategic management activities.

Ehlers and Lazenby (2011:4) underline this principle by emphasizing the importance of utilizing human resources in strategic management:

> Human resources are the most important asset in any organisation and yet they are usually not even shown on its balance sheet. Employees are the catalyst in taking the strategies of the firm and implementing them successfully. The strategic plan and top management are not the drivers of strategy implementation, as is often implied- the drivers are the employees.

This again underlines the importance of involving staff and members of the organization in the strategic management process.

3. Strategic management models

Although there are many strategic management models, for the reference of this study, four recent models will be selected, discussed, evaluated and given as examples. These four models were chosen to indicate the main elements of the strategic management process. The aim of the evaluation of the chosen strategies will be to present a strategic management model as framework for strategic management of the church as an organization.

3.1 Rothaermel: The Analysis-Formulation-Implementation (AFI) Strategy Framework

The AFI Strategy Framework of Frank Rothaermel consists of three pillars, namely analysis, formulation and implementation, hence the AFI Strategy Framework.

The AFI framework consists of four phases or stages:

a) initial analysis
b) external and internal analysis
c) formulation of the business and corporate strategy
d) implementation

All of these phases reflect on the goal or purpose or focus of an organization to gain and sustain a competitive advantage (competitive advantage within the framework of the church will be discussed later). What is also notable in this model is the fact that there is continuous emphasis on gaining and sustaining competitive advantage. However, what is lacking is the interactivity between the different stages and phases (the arrows indicate only a one-way process). This is particularly important because of the changing dynamics within an organization as well as the changing external environment that constantly need to be taken into consideration. Often within organizations, it is necessary to go back to a previous stage to re-align and reassess the strategy in terms of internal and external changes.

Figure 3: The AFI Strategy Framework

The AFI Strategy Framework
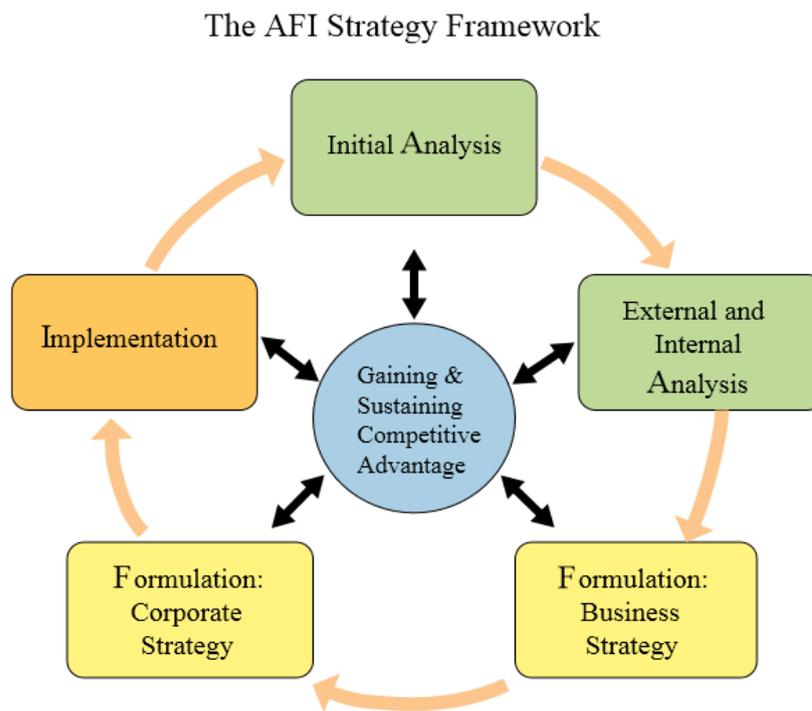
Source: (Rothaermel 2012:20)

What is further notable is the absence of an evaluation and control phase. The success of any strategic management model is in the continuous evaluation of the process. By using control and evaluation, an organization can monitor its progress in terms of the focus and gaols set.

The value added by the AFI framework in presenting a strategic management framework for the church as an organization is:

a. the emphasis on competitive advantage
b. the necessity of interactivity between the different stages of the strategic management process
c. the importance of control and evaluation in the strategic management process.

3.2 Thomson and Martin: Strategic management framework

The strategic management framework of Thomson and Martin (2010) paraphrases the processes of strategic management by means of four questions. These questions each consist of the basic fundamentals of the strategic management process.

Figure 4: Strategic management framework
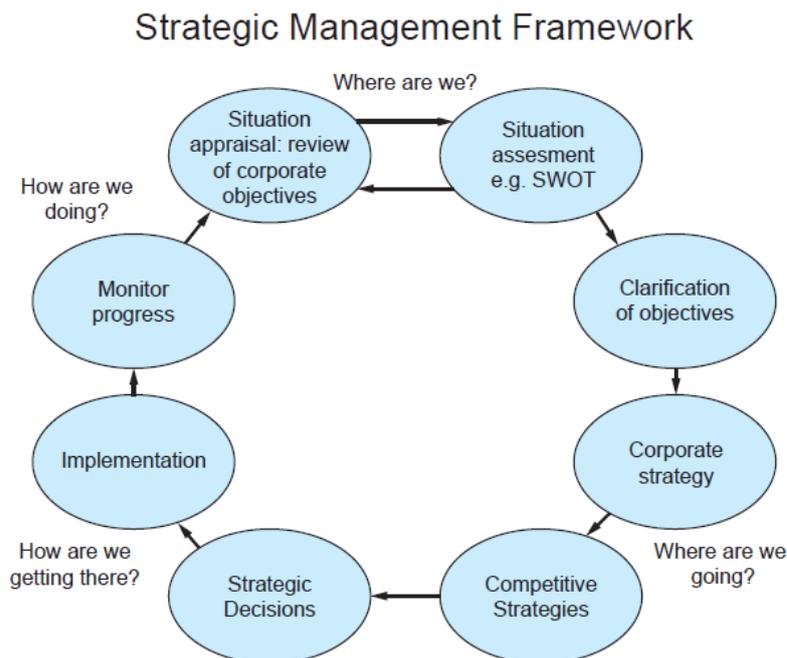
Source: (Thomson & Martin 2010:36)

The management process consists of four pillars, given in terms of four fundamental strategic management questions:

a) where are we? (analysis)

b) where are we going? (planning)

c) how are we getting there? (implementing)

d) how are we doing? (evaluating)

In answering these fundament questions, the model suggests seven steps:

a) situation appraisals where the objectives of the organization are reviewed

b) situation assessment of the internal and external environment

c) clarification of objectives

d) corporate and competitive strategy

e) strategic decisions

f) implementation

g) progress monitoring.

The value of the Strategic Management Framework in presenting a strategic management framework for the church as an organization is the four fundamental questions that are given to direct and assess the strategic management process. There is also a focus on monitoring and evaluation, which was an important aspect missing in the AFI Strategy Framework. The strategic management process is rightly also shown as a continuous activity, but the arrows indicate a one-way process, as in the case of the AFI Strategy Framework. Therefore, it does not acknowledge the reciprocity of the process in terms of the internal and external environmental changes. What is also notably missing is the focus on the goal of the organization to gain and sustain a competitive advantage that fundamentally underlines the strategic management process.

3.3 David: Model of Strategic Management Process

The Model of Strategic Management Process presented by David (2011) is based on the three "traditional" and well-known phases of strategic management. They are:

a) strategy formulation

b) strategy implementation

c) strategy evaluation.

What is noticeably absent is a separate analysis phase, which is included, according to David's model, in the strategy-formulation phase. Because of fast-changing environments, it is necessary to constantly analyse and assess the external as well as internal environments of organizations, which justifies a separate analysis phase.

Figure 5: Model of Strategic Management Process

Model of the Strategic Management Process
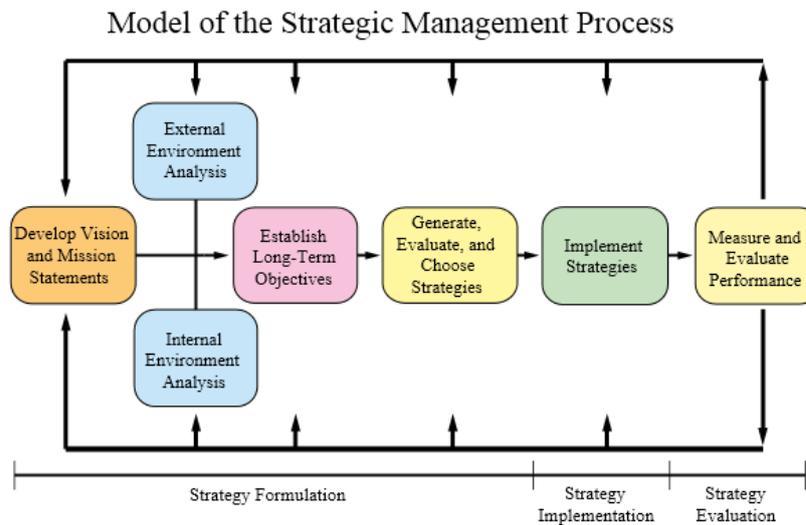
Source: (David 2011:46)

The value of David's model in presenting a strategic management framework for the church as an organization is that the formulation, implementation and evaluation activities are dynamically and interactively performed, acknowledging the importance that "[a] change in any one of the major components in the model can necessitate a change in any or all of the other components" (David 2011:15). The model illustrates that the process is a continuous activity with the arrows showing the two-way process which means that organizations sometimes needs to re-visit previous steps in order to be effective and efficient. This is particularly important for the church as an organization because of the fact that strategic planning often has a start and finish date. Leaders go through the different steps and processes but seldom re-visit and re-address the process to accommodate internal as well as external changes.

The process unfolds in six steps:

a) formulate vision and mission statements
b) analyse external and internal factors

c) establish long-term objectives

d) generate strategies

e) implement strategies

f) measure and evaluate performance.

3.4 Macmillan and Tampoe: Strategic Management Process

The Strategic Management Model of Macmillan and Tampoe (2001) has four key elements, namely:

a) examining the unique *context* of the organization in which it operates

b) the *formulation process*, in which strategies are born, compared and chosen, having three elements:

- strategic intent – this is the purpose of the organization and will therefore become the driver of the strategy process

- strategic assessment – "[*s*]trategic assessment considers how likely the enterprise is to realize its strategic intent as the business environment changes" (Macmillan & Tampoe 2001:9)

- strategic choice – the decision about which action will be taken and how it will be done to ensure the future direction of the organization

c) *content of strategy,* which is the result of the strategy-formulation process

d) *strategy-implementation process* – the implementation of a new strategy will likely bring a change in:

- organizational culture

- structure

- business process.

The problem with this model is once again that there is not a clear evaluation of the process or strategic control and continuous improvement. However, the value of this model in presenting a strategic management framework for the church as an organization is that it emphasizes the importance of identifying the context in which the organization operates. What Macmillan and Tampoe (2001) mean by context is not the analysis of the organizational environment. Rather, "context" presents the strategic management process with an answer to the following question: What are the important issues for our organization right now? It is also defined as the habitat in which the organization functions. Habitat, in terms of the environment in which the organization needs to function, will be adopted in the strategic management framework for the church as an organization. A habitat of expectation will be presented as the chosen habitat in which the church as an organization needs to launch its strategic management process. The habitat of expectation will be discussed in Part 3 of the study.

4. A strategic management framework for the church as an organization

As stated earlier, the reason for evaluating different strategic management models is to present a framework for the strategic management of the church as an organization. Within this framework, important knowledge, skills and principles will be presented in order to manage the church strategically.

It will be discussed in Part 3 of the study, but without strategic action, the strategic process is useless. Although this might sound obvious, many organizations, especially the church, are quite satisfied being in a strategic process without real-time strategic action and change being implemented. Being in a strategic process often brings false levels of comfort to the organization with little or no impact. This defeats the purpose of strategic management as a tool or framework. Strategic management is management strategically in action, continually and interactively utilizing different elements, principles and skills in order to bring strategic change and direction to the organization in realizing its strategic intent. If the strategic management process does not bring practical change, direction, innovation and new enthusiasm within the organization, it has no or little value.

From the evaluation of the four strategic management models, it is clear that three fundamental stages or actions need to be present in any strategic management framework:

- strategy formulation
- strategy implementation
- strategy control, evaluation and continuous improvement.

These three actions are set within the particular habitat (context) of the organization. The habitat of the organization will influence the strategic management action needed and therefore needs to be recognized throughout the process. In Part 3 of the study, the habitat of expectation will be introduced within the reference of managing the church. The different actions of strategic management are interactive and dynamic, and they ensure that organizations pursue a competitive advantage in order to achieve the desired goals or objections.

Each of the three actions consists of key elements. Although strategic management is a process and consist of the basic actions of planning, implementing and checking, freedom should be given to select and revisit strategically the elements in order to bring change and realize the intent. It is therefore not always necessary for strategic leaders to engage systematically and sequentially with all the elements. Although an organization will benefit from a thorough strategic management process, leadership should innovatively deal with the different elements to insure action and change being implemented.

The strategic management framework for managing the church as an organization effectively and efficiently is presented as the PIC (**p**lan-**i**mplement-**c**heck) strategic management framework. The PIC strategic management framework consists of three fundamental actions, namely planning, implementing and checking, each with its different elements and functions. The content of the PIC strategic management framework is as follows.

a) **planning (strategy formulation)**
- strategic intent
- strategic assessment
- strategic choice

b) implementation (strategy implementation)

- structure
- organizational culture
- leadership
- change management
- reward systems

c) check (strategy control, evaluation and continuous improvement)

- evaluation frameworks
- continuous improvement.

Schematically, the PIC (plan, implement, and check) strategic management framework is presented as follows (please note that the habitat of expectation will be presented in detail in Part 3 of the study):

Figure 6: The PIC strategic management framework
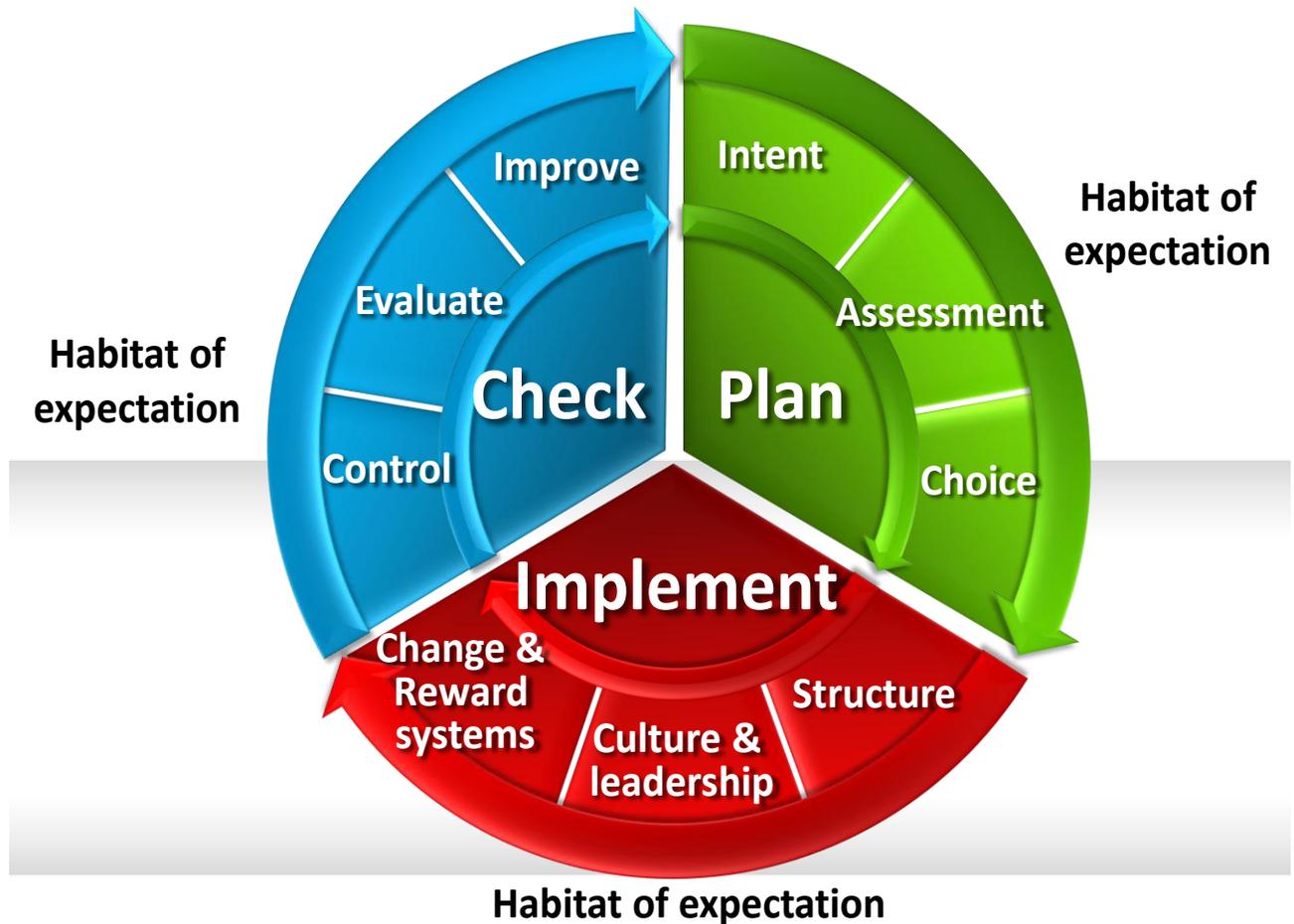
The content, principles and management skills presented by the PIC strategic management framework will be discussed separately in the following chapters of Part 2 of the study.

5. Conclusion

In this chapter, the fundaments of strategic management and the strategic management process were introduced in order to meet the second objective of the study, namely to define and illustrate how the framework of strategic management adds valuable

managerial principles and skills to the management of the church as an organization. The importance of organizations having a clear vision of the future and planning accordingly is emphasised by strategic management. Strategic management is therefore introduced as management in action, management that strives to innovate, initiate and influence and management that expects and initiates change rather than only respond to change or events.

The importance of strategic management being a continuous, interactive process with different functions led to the research of various strategic management models. In answering the research question on how management principles and skills can contribute and be applied to the unique context of the church as an organization, the PIC strategic management framework was presented as the proposed framework for applying strategic management principles and skills to the church as an organization.

The PIC strategic management framework will assist leaders in planning, implementing and checking the way in which the church as an organization is heading. It is presented as a vehicle that provides important management principles and skills that can be applied strategically to manage the church as an organization into future.

Chapter 6

The organizational habitat

1. Introduction

According to Macmillan and Tampoe (2001), sound strategic management depends on an understanding of the context in which an organization functions. They go as far as saying that organizations that do not engage in analysing and determining the context will make the strategic management process invalid.

One will find an analysis of the external and internal environment as part of the strategic management process in every management model. However, what makes the strategic management model of Macmillan and Tampoe (2001) different is the definition of context and the position of context within the management framework. This was adapted in the PIC strategic management framework presented in the previous chapter.

According to Macmillan and Tampoe (2001), the content of the context need to be identified before the strategic management process can start. In other words, the context will set the strategic direction. Although Macmillan and Tampoe also use the traditional organizational internal and external analysis after the strategic intent has been identified (as in traditional management models), they advocate that identifying the context is the first step in strategic management, differentiating it from other models.

To understand their reasoning, the meaning of 'context' needs to be clarified. Context means something different from a typical analysis of the organizational environment, which will be discussed under the strategic-assessment process. Because this is unique to their strategic model, it was difficult to find other literature that uses context in the same manner within strategic management as presented by MacMillan and Tampoe (2001).

2. Defining the context

Defining the context in which the strategic management process will be implemented within an organization practically means that the first step for any organization in managing strategically is to ask the question: What are the important issues for us now? By asking this question, the unique context of the organization presents issues and dilemmas which strategic management needs to address and resolve. In fact, the context sets the agenda for strategic management. How you see your context influences the strategies that will be pursued. Actually, strategic management is all about resolving the issues and dilemmas that the strategic context provides. The context presents the issues that need to be addressed whilst the strategy provides the adequate response to the issue.

The different and unique contexts of organizations are one of the main reasons why imitation strategies are usually ineffective (Macmillan & Tampoe 2001:35):

> The imitator necessarily faces different issues from the imitated. Even in the case of direct competitors in the same industry, the actions of the first mover will have altered the context. The context is also different for the imitator because the imitator has different organizational capabilities and inclinations.

This is especially important within the context of the church as an organization. Because of a lack of basic management skills and principles, churches tend to rely on imitating strategic plans and actions that were successful in other churches with different contexts. The implementation of these imitation plans often fail miserably precisely because the unique context of each organization is not acknowledged.

Any organization functions within a specific context. It is like an animal living in its environment (Macmillan & Tampoe 2001). The environment is the context in which the animal lives, grow and feed. This context is also known as the habitat that has a specific influence on the animal, and the animal will adapt according to changes in the environment through evolution. Adopted from this metaphor, an organization functions within its own 'habitat'. It has to adapt and make adjustments by 'evolution' through competent strategic management. What this means is that an organization must be able to adjust in terms of structure, culture and systems at the same rate as the changes in the

environment. This can only be done if the habitat is defined regularly and adaptations can be made in order to be effective and efficient.

Habitat sets the scene and forms the background to the strategic management model. All the other elements of strategic management have to be appropriate to the habitat and poor strategies often results from a failure to take some important aspects of the habitat into account.

Therefore, analysing the habitat is fundamental to the strategic management process.

3. Typical issues and dilemmas the habitat poses

According to Macmillan and Tampoe (2001), some of the following issues presented by the habitat often play a significant part in the strategic management process:

- actions of the competitors that may require a response
- the availability of resources or the lack thereof
- key people that may be dissatisfied with the current situation
- conflict between people
- political changes that requires new patterns of behaviour
- economic change.

Each organization has to understand its own habitat to identify its own issues and dilemmas. These issues and dilemmas will present the basis for the strategic management response.

4. The advantage of determining the habitat

One of the crucial advantages that the habitat brings is focus. In determining the habitat, the organization is forced to sharpen its focus. For example, in a faith-based organization, determining the habitat will imply deciding whether to focus on:

- protecting current members in a declining market
- attracting new members

- pleasing the management
- all of the above.

Answering these questions or issues will define the habitat of the organization and result in setting a sound strategic direction.

5. Conclusion

The organizational habitat, introduced in this chapter, is an important focus and platform of the strategic management process. Because the organizational habitat is continually changing, it poses issues and dilemmas to which the strategic management process has to respond. In meeting the objective of the study to present the fundamentals of management through and within the PIC strategic management framework, the proposed strategic management process starts from a clear understanding of the unique habitat of the organization. In fact, the strategic management process is the response to the habitat of the organization, and the habitat sets the platform from where the strategic management process can start.

Too often, strategic planning within the church as an organization starts by analysing the opportunities and threats that the environment poses without a proper analysis and understanding of the habitat in which the organization is functioning. A quest to determine the habitat will therefore bring a broad perspective on and understanding of the challenges, influences, attitudes and opportunities the organization faces. Defining the habitat is therefore considered essential to an effective and efficient strategic management process and preliminary to any environmental analysis.

Chapter 7

Planning

Element 1: Visualizing direction by means of strategic intent

1. Introduction

Proverbs 29:18: "Where there is no vision, the people perish."

Every organization has a reason and purpose for being. The reason for its existence describes the distinct character and uniqueness of the organization. In the strategic management process, it is therefore important to identify the purpose of the organization in order to fulfil its mission and reason for existence effectively and efficiently.

Although it may seem obvious and simple to identify and qualify the core business of an organization, the opposite is often true. Drucker (1974:61) confers with this:

> A business mission is the foundation for priorities, strategies, plans, and work assignments. It is the starting point for the design of managerial jobs and, above all, for the design of managerial structures. Nothing may seem simpler or more obvious than to know what a company's business is. A steel mill makes steel, a railroad runs trains to carry freight and passengers, an insurance company underwrites fire risks, and a bank lends money. Actually, "What is our business?" is almost always a difficult question and the right answer is usually anything but obvious. The answer to this question is the first responsibility of strategists. Only strategists can make sure that this question receives the attention it deserves and that the answer makes sense and enables the business to plot its course and set its objectives.

In this chapter, the importance of visualizing strategic direction through strategic intent will be argued. Staude, in Louw and Venter (2007:69), puts this argument in the following words:

> … strategic intent is the first indispensable step in the strategic planning process. The implication of the word indispensable, of course, is that in the absence of a strategic intent, the rest of the strategic planning process is going to be in jeopardy.

Vision and mission statements together with the proposed strategic intent are tools in order to answer two basic questions:

a) Who are we?

b) Where are we going, or what do we want to become?

These two questions summarise the first action step of planning in strategic management, namely visualizing and setting the general direction in which the organization needs to move through strategic intent. In order to obtain to strategic intent as the preferred tool in visualizing direction, a short summary will be given on vision and mission statements as an essential tool for strategies, which precede strategic intent. The development of strategic intent as a preferred strategic tool in setting direction will be explained as the first step within the strategic management model. As will be shown, strategic intent consists of both the vision and mission statements. To understand strategic intent, a short overview of vision and mission statements will be discussed first. From this discussion, valuable information will be gathered which will be applicable on setting strategic intent.

2. Vision and mission statements

For many years, vision and mission statements have been the most popular tool in setting the organizational direction (Harrison & St. John 2009). In a study done on mission statements, it was found that 90% of companies have engaged in formulating vision and mission statements (Bartkus, Glassman & McAfee 2000:23).

In the planning phase of strategic management, the vision states something of the dream and direction in which an organization must move and provides an answers the question:

"What do we want to become?" It is aimed at the future, encoding a dream and objectives for the organization. The mission statement answers the following question: "What is our business?" In contrast, the vision statement answers the question on what we want to become and serves as a road map for the general direction in which the organization is heading (David 2011).

It is therefore important that the vision and mission statements are not merely a catchy slogan but a process where management think creatively about the future. For many organizations, a vision and mission statement is developed simply because it is fashionable, rather than out of real commitment. What often happens within churches, as stated in Part 1 of the study, is that vision and mission statements end up on bulletin boards and letterheads and are sometimes not implemented or even revisited or revised. It is therefore very important within the framework of strategic management in the church as an organization that the direction or vision of the organization determine the process and implementation of strategy.

The value of vision and mission statements are that they provide a way in which managers can integrate dreams, challenges and ideas into one theme and use this theme to motivate and inspire others to join in and participate in realizing the goal or dream.

The other value of vision and mission statements is an emphasis on key elements that make these statements effective. The application of vision and mission statements provides the strategic-planning process with key elements in setting strategic direction. These key elements need to be applied even when strategic intent is chosen as the tool for setting direction.

2.1 Key elements of effective vision and mission statements

When an organization is setting a strategic direction, some consideration needs to be given to the following elements.

2.1.1   Involvement of people

In formulating strategic direction, it is very important to involve as many managers as possible. This is the insight that was brought by the great-groups view.

In the past, much emphasis was placed on an individual, in the form of a CEO, for strategic leadership responsibilities. This resulted in the fact that one person often shaped a company. In such a top-down approach, one then often found difference of opinion between the one (the CEO) formulating the strategy and the employees who were actually just implementing it. However, times have changed. Ehlers and Lazenby (2011:59) clarify this change in the following way:

> The new competitive landscape led to shorter product life cycles, accelerated rates, and types of change, an explosion of data, and the need to convert it into usable information, etc. Single individuals no longer had all the insights and could not be solely responsible for charting the company's direction. To have all the strategic leadership centred on one individual or a few people at the top was regarded as very counterproductive.

The involvement of other role players in setting the strategic direction has the added advantage of managers and employees taking responsibility for the future of the organization and in the process achieving synergy amongst them because of the fact that there is clarity of purpose between managers and employees. It promotes a sense of shared expectation amongst all managers and employees and because more people are involved, the strategic direction is communicated more effectively throughout the organization. This creates a sense of participation and belonging.

Campbell and Yeung (1991) wrote an article emphasizing that the process of developing a mission statement should create an emotional bond and sense of mission between the organization and its employees. David (2011:46) concurs with this, emphasising the importance of cooperation between employees and managers:

> … employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions that managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.

David (2011:49) takes the involvement of managers and employees in the formulation of strategic direction even a step further by saying that, in multidivisional organizations, each division should involve its own managers and employees in developing a vision and mission statement that is consistent with and supportive of the corporate mission.

To achieve the strategic intent, the church within its organization and structure makes use of subdivisions or departments, often called committees, to perform different functions or services within the church. David's suggestion to involve divisional units in developing vision and mission statements are vitally important within the church as an organization. Subdivisions should be challenged to develop a clear statement of intent in terms of their own division. These different statements of intent need to be consistent with and supportive of the corporate mission of the organization. This will ensure control and evaluation in terms of the performance of the subdivisions as well as greater ownership and responsibility by subdivisions to implement effectively and efficiently the corporate intent of the organization. Very often, vision and mission statements are bound only to the corporate intent of the organization and not filtered down to different departments or divisions. Therefore, except for the corporate strategic intent of the organization, leadership should also challenge subdivisions or committees to formulate their own intent in terms of their function and operation.

Choosing the great-groups view and involving more people in the formulation of strategic direction does not necessarily make the process of setting strategic direction any easier. In fact, it very often reveals deep differences, personality differences and poor communication amongst strategists in the organization. When a strategist choose to involve managers, leaders and members in the process, making certain decisions are inevitable because there are different views and ideas. "What is our mission?" is a genuine decision, and a genuine decision must be based on divergent views to have a chance to be an effective decision (Bhandari & Verma 2013).

Developing a business mission is always a choice between alternatives, each of which rests on different assumptions regarding the reality of the business and its environment. It is always a high-risk decision. A change in mission always leads to changes in objectives, strategies, organization, and behaviour (Drucker 1974:78-79):

Developing a business mission is a big step toward management effectiveness. Hidden or half-understood disagreements on the definition of a business mission underlie many of the personality problems, communication problems, and irritations that tend to divide a top-management group. Establishing a mission should never be made on plausibility alone, should never be made fast, and should never be made painlessly.

The involvement of more role players in setting strategic direction is particularly important within the church as organization. As it was stated in Part 1 of the study, the church often experiences a lack of commitment and ownership by members regarding the strategic direction that the organization intends to pursue. Involving staff, leaders and even members in the process of setting strategic direction will assist in the successful implementation of strategy and the management of change within the organization.

2.1.2   Achievable on the long run

The vision statement says something of the dream of the organization but should be achievable in the long term. What often happens is that management loses interest and motivation if it seems that the vision cannot be realized. A vision statement of a small church in one of the suburbs in South Africa to become the largest church in the world and, by doing this, to answer all the poverty needs in the country is simply demotivating. Members and staff will feel that they will never achieve what the vision statement intends. There needs to be a balance between capabilities, resources and the vision of the organization so that it is not demotivating and unrealistic. However, it is very important that the organization be challenged in terms of its resources and opportunities.

Abell (2006:311) views the primary and most important leadership task as the strategic movement of the organization towards the future. He then identifies six leadership tasks, one of them being to replace "resource-based" strategy with future opportunities. What he means by this is that the resources (the so called "can") must be re-aligned with future opportunities (the so called "could"). The replacement of the resource-based strategy with a strategy based on future opportunities will be an integral part of the management framework or paradigm for managing the church effectively and efficiently within the context of expectation. This will be discussed in further detail in Part 3.

Ehlers and Lazenby (2011:63) add to the above with the following statement:

> Simply defining opportunities, even though this is necessary, are still not sufficient. In rapidly changing environments the vision and mission are of high priority and what managers "want" to create, as well as what thy "should" create from the point of view of being a responsible part of society, become equally important in the strategic equation. The "can" and "could" are toned down by the "want" and "should".

The principle presented by Ehlers and Lazenby that the "can" and "could" are toned down by the "want" and "should" emphasises the necessary balance between resources and future opportunities. The strategic direction is therefore set not only on the available resources but will also be aligned with the vision and expectations of the future of an organization. The balance between resources and the future expectation will be achieved by the results of the strategic management process, where the internal and external environments, resources and capabilities of the organization are studied and evaluated.

2.1.3   Vision statements need redevelopment

A vision statement needs to be redeveloped constantly. Certainly one of the biggest mistakes made within organizations is that vision and mission statements are developed, cast in iron, never revisited and neglected, resulting in organizations that are less open to change in the environment and not able to adapt in time to change.

What is very interesting is the timing of revisiting vision formulations. Most companies revisit mission statements in troubled times that will often result in spectacular outcomes and even reverse decline. According to Drucker (1974), however, the most important time to ask, "What is our business?", is in times when the organization is successful. This underlines the importance of the constant redevelopment of mission statements. Revisiting or redeveloping vision statements does not entail changing the vision statement completely but varying it to new initiative and potential.

In this regard, Drucker (1974:88) makes the following observation:

> Success always obsoletes the very behaviour that achieved it, always creates new realities, and always creates new and different problems. Only the fairy tale story ends, "They lived happily

ever after." It is never popular to argue with success or to rock the boat. The ancient Greeks knew that the penalty of success could be severe. The management that does not ask, "What is our mission?" when the company is successful is, in effect, smug, lazy, and arrogant. It will not be long before success will turn into failure. Sooner or later, even the most successful answer to the question "What is our business?" becomes obsolete".

For any organization to set strategic direction effectively and efficiently, it is necessary to revisit its statement of intent regularly in order to accommodate and respond to changes in the internal as well as external environments.

2.1.4 Proper communication of statements

Probably the most important and presumably most neglected aspect of vision statements is communication. Much time is spent on formulating vision and mission statements whilst the communication of these statements to the various members and personnel is often neglected. Communication to the entire organization is almost as significant as developing vision and mission statements.

This is particularly important because, if the vision statement is not understood clearly at all levels of management and employees, it could slow down the strategic decision making and become a barrier to strategy-implementation efforts (Ehlers & Lazenby 2011:70).

From the abovementioned, the application of vision and mission statements provided the strategic-planning process with key elements in setting strategic direction and intent. These key elements should be incorporated when strategic intent is applied as a tool in setting strategic direction.

3. Setting strategic direction by means of strategic intent

3.1 Defining strategic intent

Hamel and Prahalad, two academics in the field of strategy, developed the concept of strategic intent. According to them (Hamel & Prahalad 1989:64), strategic intent "… envisions a desired leadership position and establishes the criterion the organisation will use to chart its progress".

Ehlers and Lazenby (2011:70) define strategic intent as "… creating a sense of urgency through the setting of an overarching, ambitious goal that stretches the organisation and focuses on winning in the long run".

According to Macmillan and Tampoe (2001:70), "… strategic intent is concerned with the ends and purposes of the enterprise and combines a vision of the future with the intent to make that vision a reality".

Strategic intent can thus be defined as setting overarching, ambitious goals that will stretch the organization in terms of leadership and resources in order to make the vision a reality.

The value of strategic intent and the reason why it is a chosen tool to set direction is that intent has elements of both the vision and mission statement. It focuses on the future, the dream of the organization whilst simultaneously focussing on the purpose and strategy of the organization. The aim of strategic intent is to give a sense of direction and purpose by developing an overarching goal. It is clear about ends, but is also flexible as it leaves room for improvisation. This adheres to the key element of involving people and being open to redevelopment. Strategic intent is specific about the ends but less prescriptive about the means, leaving room for creativity and innovation.

Strategic intent is about setting ambitious goals well outside of the parameters of the available resources and current capabilities as was stated as a key element in effective strategy. It implies a stretch of the organization in terms of current capabilities and resources that will not suffice. Because of this, the organization will be forced to be more

inventive and to make the most of limited resources as Hamel and Prahalad (1989:67) points out:

> Whereas the traditional view of strategy focuses on the degree of fit between existing resources and current opportunities, strategic intent creates an extreme misfit between resources and ambitions. Top management then challenges the organization to close the gap by systematically building new advantages.

This is particularly important because management within the church tend to direct organizations based on current capabilities and resources. Especially within the context of the church as an organization, there can be an overemphasis on current resources and capabilities, or the lack thereof, often at the expense of dreams, innovation, creativity and expectations concerning the future of the organization. Because strategic intent focuses on the future, it gives the added advantage of flexibility in terms of the short-term actions required in achieving the long-term goal or intent.

Hamel and Prahalad (1989) argue that the goal of strategic intent is to fold the future back into the present. For them, the important question is not "How will next year be different from this year?" but "What must we do differently next year to get closer to our strategic intent?"

Long gone is the time where organizations were with vision and mission slogans on letterheads. Times necessitate the practical implementation of dreams and vision within successful organizations. This is the emphasis brought by strategic intent. In order to formulate strategic intent, the vision and mission statement must be modified to fit into the framework of the strategic intent.

3.2 Vision and mission statements and strategic intent

From the above, it should be evident that there is a difference between vision and mission statements and strategic intent. The metaphor of a marathon runner is well known and often used within management circles to clarify the difference between a vision statement and strategic intent. A vision statement is like a marathon where you do not know what the terrain look like over the whole race of 42 kilometres. Strategic intent is to break up

the 42 kilometres in shorter distances while focussing on the ground and terrain to be covered within those distances. It is therefore setting shorter strategic goals on the way to victory!

A vision statement most often does not spell out the path or direction in the realization of the vision. This is one of the main reasons why vision statements become irrelevant, and companies on the long run eventually follow the expected curve that the industry in general traverses. In contrast, strategic intent clarifies the vision but goes a step further by communicating to managers, employees and members within the organization how the chosen goal or direction will be pursued and realized. It is therefore not merely a statement. It is the proclamation of a specific direction and intention, expressed in a short slogan that is well communicated and easily understood.

As stated in the definition of strategic management, the concept of strategic intent also encompasses an active management process where people are motivated because the value of the target is being communicated. Strategic intent encompasses an active management process where people are given the freedom to be creative and innovative in their individual or team contributions. Hamel and Prahalad (1989:64) value strategic intent as "… sustaining enthusiasm by providing new operational definitions as circumstances change; and using intent consistently to guide resource allocations". It is evident that strategic intent supports the intention of strategic management to focus on the future, on possibilities and on potential change. Intent is the well-defined roadmap that defines the direction in which the organization needs to proceed.

Peter Schultz, former CEO of Porsche, illustrated the importance of strategic direction in a short story that is valuable in understanding the importance of strategic intent (cited in Waterman 1987:120):

> Three people were at work on a construction site. All were doing the same job, but when each was asked what his job was, the answers varied: "Breaking rocks," the first replied; "Earning a living," responded the second; "Helping to build a cathedral," said the third. Few of us can build cathedrals. But to the extent we can see the cathedral in whatever cause we are following, the job seems more worthwhile. Good strategists and a clear mission help us find those cathedrals in what otherwise could be dismal issues and empty causes.

Even when vision and mission statements often are, within the church as an organization, just catchy slogans, it still has some value. The fact is that the organization spent time determining the focus of the organization and the general direction in which the church as an organization sees itself moving. This process in itself has some value, far greater than the slogan itself. Vision and mission statements therefore can be seen as ground-preparing work for strategic intent to be implemented.

A very important aspect regarding the participants involved in determining the strategic intent needs to be mentioned here. What often happens in churches is that the church council chooses as sub-commission to start a strategic-planning process. Because this is a time-consuming effort, this commission usually consists of only a few willing members with the mandate to assess and formulate the strategic-planning process. The sub-commission then serves the church council with possibilities, in the process actually paralyzing the church council to choose between only a few initiatives without being part of the strategy-planning process.

Churches therefore need to be innovative and have a broad representative involvement from different leaders, age groups, interest groups, *et cetera*. Greater representation and involvement in setting the strategic intent will ensure shared responsibility from various groups in the organization. The great-groups view also learned that an emotional bond develops between the participants and the organization. Shared responsibility often brings a different dimension and dynamics to the strategy-formulation process.

Involving a diverse group of people does not make the planning process any easier, in fact it often reveals differences. This is one of the reasons why church leaders often try to avoid different groups with different views when formulating strategy. However, in the process of assembling a sub-commission of chosen people who often share the same vision, the voices of the organization is not heard, creativity is suppressed and the result is often a lack of interest, involvement and shared responsibility by the other members of the organization. The challenge would rather be to put different people together. Different ideas will stimulate innovation and creativity in setting the strategic intent of the organization.

In the process of setting strategic intent, it is important that this team is given the mandate to dream big dreams in order to create a misfit between resources and ambitions. The misfit will initiate a strategic management challenge whereby the strategic management process will be activated to close the gap systematically. This will bring growth, innovation and enthusiasm to the organization.

3.3 The advantages of strategic intent

As stated previously, Hamel and Prahalad are considered pioneers and leaders in the field of strategic intent. They identified the following three advantages of strategic intent that is also applicable to the church as an organization.

3.3.1 Strategic intent captures the essence of winning

To capture the essence of winning means that an organization must set its goal on a competitive advantage over other companies. For example, with the Apollo programme, the USA aimed to land a man on the moon before the then Soviets. The strategic intent of Coca Cola is to put a Coke within "arm's reach" of every consumer in the world. It therefore captures the essence of winning within the organization or industry. Strategic intent defines what winning is, when winning will be achieved and what winning is all about. By doing this, it gives the organization a competitive advantage over other organizations in the same industry.

The definition of winning within the church as a faith-based organization is evidently different from the example of other organizations, as mentioned above. The understanding of winning and competitive advantage therefore needs to be clarified within the context of the church as an organization. Within the church as an organization, a competitive advantage does not mean rivalry with or even winning over other churches as organizations. This statement is based on the fundamental principle that the church is universal in its message, mission and intent. The local congregation participate and serve as partners in realizing the universal goal of the church to transform members and non-members with the gospel of Jesus Christ.

Upholding the principle that the local church serve as a partner in the universal mission and intent of the organization, winning must therefore be defined in terms of the way in which the church is able to affect or influence members and non-members or society with the transforming message (product). In addition, winning is the ability to "win" new members, which include non-believers and "clients" not affiliated to the church as an organization. Winning and competitive advantage within the context of the church as an organization is therefore not defined in terms of rivalry with collaborators within the same industry but in the accomplishment of its universal goal to influence positively those in the society that stand outside of the boarders of the organization. Unfortunately, winning is too often superficially defined within the church and its leadership as shifting numbers or members from one congregation to another. This does not comprehend, acknowledge and serve the universal intent of the church.

Winning, within the faith-based industry, would then also be to interpret the internal and external environments faster in order to adapt to the constant challenges posed by society. Winning or a competitive advantage is to be creative in marketing the transforming gospel to a society that is constantly looking for something new and is critical about the church as an organization. Winning is continually making a greater impact in society.

Because of the diversity of society, the church as an organization constantly needs to adjust its approach to transform society. This obviously means that different churches, even within the same geographical area, will have different points of departure, different styles and different strategies in order to have an impact on society. This is the differential advantage created when an organization's services differ from other organizations in the same industry. One cannot deny the differential competitive advantage within the church as an organization. It is true that some churches succeed better than others in impacting society, adapting to changes and delivering relevant services. This then results in non-members converting and becoming members. It results in changes in the lifestyle and morality of people and in members committing to the mission of the church and becoming partners in the mission of the church to have an impact on society. However, the primary function is not to be in rivalry but to be collaborators in mission.

3.3.2 Strategic intent is stable over time

One of the pitfalls of vision and mission statements is that managers and employees or members lose interest in the process of achieving the organizational goals. The reason is an over-emphasis or focus on the long run or the distant future. The advantage of strategic intent is that it helps organizations in setting short-term objectives, as Hamel and Prahalad (1989:65) argue:

> In battles for global leadership, one of the most critical tasks is to lengthen the organization's attention span. Strategic intent provides consistency to short-term action, while leaving room for reinterpretations as new opportunities emerges.

Strategic intent therefore allows organizations to revisit strategy and evaluate more regularly. This adheres to the fact that effective strategies need constant redevelopment in order to stay relevant and to attract the necessary enthusiasm and attention of leaders and members. It also serves as motivation because leaders, staff and members can see and appreciate the realization of goals more frequently.

3.3.3 Strategic intent sets a target that deserves personal effort and commitment

Vision and mission statements are too often the brainchild of top management. As stated previously (par. 3.2), it is important to involve as many staff and members as possible in setting the strategic direction of the organization. Setting a target gives staff and members a goal that is worthy of commitment.

To achieve the strategic intent, organizations need to set specific corporate challenges to the different departments. To expand on the previous argument that subdivisions or committees must all be involved in setting strategic direction, specific corporate challenges to different committees or divisions can be especially helpful within the church as organization. By setting specific challenges to the different departments, control and evaluation will improve, and employees and members will also be enthused and motivated when they realize the implication of their own commitment in contributing to achieving the strategic intent. This can be achieved on a number of ways:

a) Create a sense of urgency.

b) Develop a competitor focus at every level. This implies that every employee or member should be able to benchmark or evaluate his or her efforts.

c) Provide employees or members with the necessary skills to work effectively.

d) Give the organization time to digest one challenge before launching another.

e) Establish clear milestones and review mechanisms. This is done to track and evaluate progress.

3.3.4   *Strategic intent provides clarity, focus and inspiration*

When an organization clearly sets out the strategic intent, what the goal is and how it is planning to get there, management and staff will have clarity on what their role and function need to be. Clarity of the intent and clarity of individual functions and responsibilities will bring commitment and enthusiasm to the strategic management process.

In Chapter 2, the dilemma that church leaders do not understand their role within the organization was identified in the empirical study on the Dutch Reformed Church. It was stated then that the lack of clarity in their leadership role and function is clear evidence of the absence of sufficient management skills and principles.

It is even now more evident that the basic managerial skill and principle of setting strategic intent will assist pastors in a clear defining of their own contribution as well as the strategic direction of the organization they are leading.

3.4 Factors influencing strategic intent

Some important factors need to be recognized in order to develop an effective and efficient strategic intent. Three factors that are especially applicable to the church as an organization include the role of leadership, stakeholders and the impact of the context.

3.4.1   The role of leadership

Although it is important to involve people in setting strategic direction, the influence of a single inspirational leader in the design of strategic intent cannot be underestimated. Very often, the strategic intent will reflect the view and influence of an inspirational leader. These leaders then tend to surround themselves with people who agree with their vision of the future. A recent example of the influence of an inspirational leader is that of Steve Jobs. Apple's future was born by the vision of Jobs. Jobs was a charismatic figure around whom incredible inventions and technology were put together. As a visionary leader, he was able to redefine the digital age time and again.

It is evident throughout the history of the church as well that strong leaders, through their influence and inspiration, were agents of change, growth and innovation within the organization. The role and responsibility of leaders to initiate the design of strategic intent is apparent. This renders even more important the need for a basic knowledge and understanding of business principles and skills in the church as an organization. If the pastor, as appointed leader of the organization, do not take responsibility for initiating strategic design, very few members of the organization, if any, will volunteer to take this responsibility. Therefore, if the pastor is not a strategist, he or she must at least take leadership in initiating the process and involving the right people with the necessary skills in the process of setting strategic direction.

However, the flipside is also true. Strong leaders can sometimes fail to recognise that their personal objectives may not be of value "… when the organization has reached a watershed in its development. At such times they need to move on and allow a new leader to take control of the helm but this rarely happens" (Macmillan & Tampoe 2001:74). Within the church, it often happens that pastors lead congregations for a number of years. It is not always possible for pastors to move frequently from one congregation to another, enhancing the risk of personal objectives influencing the direction in which the organization is intended to move. However, when strategic design is made the responsibility of a team and more people are involved in representing the ministry, this risk of a single pastor's own objectives jeopardizing the process of strategic direction will largely be eliminated.

3.4.2 Stakeholders

Stakeholders can have a huge influence on setting strategic intent. However, it is important to define who stakeholders are.

Eden and Ackermann define stakeholders as "[*p*]eople or small groups with the power to respond to, negotiate with, and change the strategic future of the organization" (Eden & Ackermann 1998:117).

Stakeholders are any party or group of people that has an interest in the organization or one of the projects of the organization. This includes investors, customers, suppliers, employees and members of an organization. Within the context of the church, stakeholders are people with some or other kind of influence (financial influence, status based on societal views, historical commitment to the congregation, *et cetera*.) that may have the power to affect or will be affected by the achievement of the strategic intent. Malphurs (2013:54) referes to stakeholders that have an influence in the church as "patriarch" or "matriach". These different groups of stakeholders will have different views on what the strategic intent must be.

It is also true that some stakeholders have more power than others, and they therefore have a stronger influence on the outcome or strategic intent. This is shown by Figure 5 below by Macmillan and Tampoe (2001). The figure indicates different stakeholder groups with different extents of power and inclinations to exercise that power. The greater the extent of power the stronger influence the stakeholders will have and the stronger will be the inclination to exercise that power. These stakeholders need to be consulted and involved in such a way that they do not become annoyed and potentially impede the strategic management process. Where the stakeholders have a low extent of power, their inclination to exercise power is least important, and their commitment to the strategic intent can be secured by properly informing them on the progress made. This diagram by MacMillan and Tampoe can serve as a model for analysing stakeholder's power.

Figure 7: Stakeholder power

Extent of power	High	Avoid annoying	Consult and involve
	Low	Least important	Inform
		Low	High
		Inclination to exercise power	
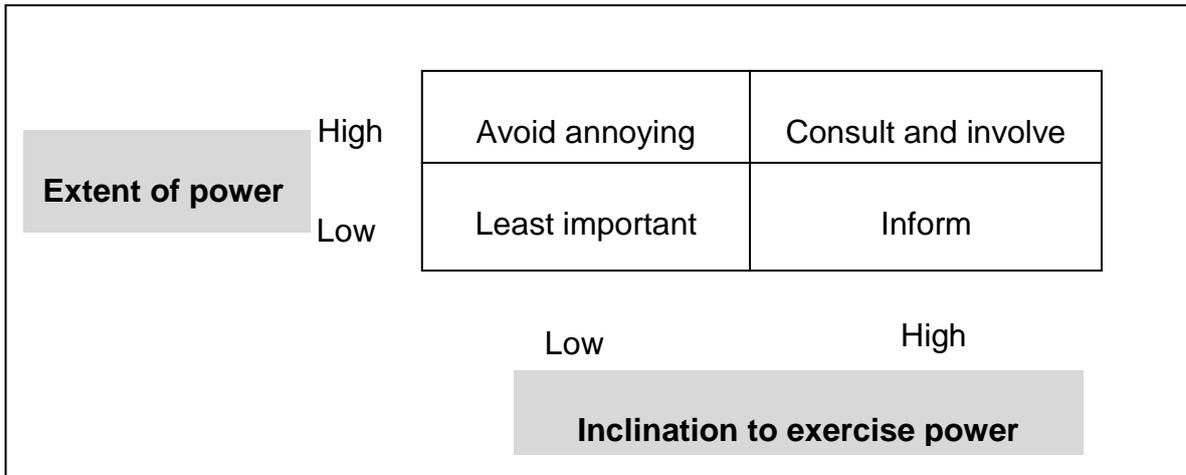
Source: (Macmillan & Tampoe 2001:75)

In formulating the strategic intent, it is important to analyse the main stakeholders and their different values and expectations. Macmillan and Tampoe (2001:75) argues this case as follows:

> The role of management is to achieve a strategic intent that satisfies most of the stakeholders or at least ensures that no powerful stakeholders are left too unhappy. Unexpected stakeholder groups may suddenly form and have greater power than expected.

A balance is needed between the influence of stakeholders and strategic intent. Although it is necessary to involve and acknowledge their influence, strategic intent cannot be set only on the value of pleasing the different stakeholders. Keeping the balance between strategic intent and pleasing stakeholders is the art of effective and efficient strategic management and strategic leadership. It will simply be irresponsible for any organization to proceed with the implementation of strategic intent without proper understanding and even consultation with the stakeholders of the organization. Often certain key stakeholders in a church are not recognized or even deliberately ignored as influential in setting the strategic direction. To follow strategic intent robustly and lose key stakeholders in the organization will not be to the benefit of the organization. A stubbornness to recognize or listen to the voices of stakeholders can result in huge conflict with the potential to derail the strategic management process.

However, to lead an organization in the achievement and fulfilment of its mission, the influence of stakeholders cannot be overestimated to the extent that it becomes an obstacle or barrier in the implementation of strategic intent. One common example within the church is where one or two families dictate matters in a congregation, based on their financial contribution. Any strategy followed is often subjected to the approval of a small minority of shareholders in the organization. This certainly is not beneficial for the organization.

Although it is necessary to involve and acknowledge stakeholder's influence, intent cannot be aimed only at pleasing the different stakeholders. Bold and brave leadership is needed in order to achieve the balance between intent and the influence of stakeholders on the process of strategic management.

3.4.3   *The influence of the organizational culture*

Organizational culture will be discussed in more detail in Chapter 10, but it is important to take note that how and what is done within an organization is effected by the culture of an organization.

Every organization has its own culture that forms over time because of historical events and even individuals putting their personal stamp on an organization. One example of how the organizational culture can influence strategic intent is when a traumatic event within an organization, like failure or the sudden loss of personnel, may leave some emotional scars on the organization. The effect may be discouragement, tentativeness and even pessimism about plans and actions.

It is evident that culture can influence strategic intent. More importantly, however, a change in strategic intent requires a change in organizational culture. The management of change within the organizational culture is often neglected within organizations, resulting in negativity towards change. Often much time is spent on planning and implementing new strategies without spending the necessary time and effort on preparing and managing the organizational culture to embrace these changes. This was argued in Part 1 of the study where the importance of creating a learning organization was discussed. The

management of the organizational culture will also receive more attention in Chapter 9. It is important, though, to acknowledge the organizational culture as one of the factors that influence the implementation of strategic intent.

4. Conclusion

In this chapter, strategic intent was introduced as a valuable tool in setting strategic direction and in illustrating how the PIC strategic management framework adds valuable managerial principles and skills to the management of the church as an organization.

Strategic intent is fundamental to the PIC strategic management framework, reiterating the importance of setting ambitious goals, even far greater than the limitations of resources. The importance of leadership in setting strategic intent was outlined, emphasising that leaders are agents of change, inspiration, growth and innovation in an organization. It also underlines the challenge set out in the problem statement that a lack of leadership and knowledge of management principles in terms of direction and intent will eventually lead to organizations that have no clear idea where they are heading. Church leaders will therefore have to take responsibility for the strategic management process and for establishing strategic intent.

Another key management principle in setting strategic intent is the recognition of the organizational culture and the influence of stakeholders that must be accounted for. The effective and efficient management of the influence of stakeholders will remain as an important balancing act (art) within the church as an organization.

Chapter 8

Planning

Element 2: Strategic assessment

1. Introduction

The second element in the planning process is strategic assessment.

In the previous chapter, strategic intent was considered to be the driver in setting the strategic direction. Fundamentally, strategic intent addresses and answers the question: Where do we want to go? Within the framework of the church as an organization, strategic intent focuses on the direction in which the church needs to focus its resources, time and energy in the accomplishment of its mission.

The strategic intent of the church as an organization can therefore have various points of departure and focus. For example, the strategic intent of the church can be on mobilizing, equipping and motivating members in order to have a greater influence and transform immediate contexts, systems and environments. The strategic intent can be on one specific aspect of the ministry such as relevant Sunday services in order to attract more people to the service. Strategic intent can also be a combination of aspects, for example, to equip members with the necessary knowledge and skills to reach and convert non-members but also to create an environment where non-members feel safe and comfortable within the church as an organization.

However, where strategic intent is focussed on the direction, strategic assessment addresses the question: "Where are we now?" There is a close relationship between strategic intent and strategic assessment. If one wants to answer the posing question of

strategic assessment (where are we now?), one must certainly know where you want to go (strategic intent). It is evident that strategic assessment cannot be done in isolation.

In order for any organization to implement strategic intent, it needs to take stock of the current position of the organization. In order to answer the question "Where are we now?", the current position of the organization in relation to its environment should be established. This is the purpose of strategic assessment.

The very idea of strategic assessment is simply to take stock of the current situation within an organization and to view this in the light of the realization of strategic intent. By doing this, assessment takes up the role of anchoring future strategies in reality.

2. Strategic assessment

No organization can decide on a specific strategic direction without realizing and identifying its strengths and weaknesses in all functional areas. As stated in the previous chapter, what the organization wants to become (strategic intent) must challenge the available internal resources. This validates the strategic management process. The realization of or awareness within an organization that there is a gap between the expectation and the actual achievement often stimulates the process of strategic assessment, which in turn triggers new strategies and thinking. This is why it is so important that organizations know what they can do particularly well and what resources they have in order to devise the most effective and efficient strategy (Ehlers & Lazenby 2011).

Assessments are a well-known concept in organizations and are often called environmental audits or environmental analyses. Strategic assessment includes an internal analysis of the available capabilities and resources as well as an external analysis of the changes in the business environment. These analyses will enrich the understanding of the context and challenges that an organization needs to face.

A number of tools, techniques and matrixes are available to use in the strategic-assessment process. However, it is important not to rush into applying the available analytical frameworks before there is a clear understanding of what the objectives,

current and relevant questions are that need to be answered. Some of the questions are as follows (Macmillan & Tampoe 2001:82):

- What are our chances of survival if we continue as we are now?
- Where are the best opportunities for growth given our existing capabilities?
- Where are our competitive advantages and disadvantages?
- Where can we invest to improve our capabilities most efficiently?
- What changes can we realistically implement?

The appropriate tool therefore depends on the requirements of the context and on the data available. Analysis for its own sake is a complete waste of time! In this chapter, assessment tools will be chosen and discussed as applicable to the church as an organization. Examples will be given of the different assessment tools applied to the context of a local church.

A local church, the Dutch Reformed Church Universitas, was chosen to apply the applicable frameworks and tools. The reason of choice is that I am familiar with the church, am a pastor at the church and have easy access to information and statistics of the congregation. The church is situated in a middleclass suburb in Bloemfontein, South Africa, and is currently served by one fulltime and three part-time pastors. The church consists of approximately 1081 members, who are generally spread over the different age groups: 31% are older than 60 years, 17% are between 46 and 59 years, 35% are between 19 and 45 years while 17% are between 0 and18 years.

The mission of the church is to be a "*centre of worship, healing, growth and service*". The strategic intent of the church is to deliver sound, relevant, Scripture-based sermons and, together with a well-orchestrated worship-team, on a Sunday to attract and motivate members and non-members to attend the service. In these services, various other services such as pastoral care, youth ministry, outreaches and community care are launched.

In the area, there is a strong contingent of students who are not formally enrolled as members but attend services on Sundays. These students are not reflected in the statistics of the congregation. The neighbourhood surrounding the church is changing fast. A number of student homes are replacing normal residential homes, challenging the current ministry that is focussed on an established group of members. The change in the

neighbourhood implies an expansion of the ministry to students. More than 50% of the congregation's members reside outside the borders of the neighbourhood, and people are often attracted by a very well-trained worship team and a diverse ministry in terms of programmes and spirituality.

The application of tools and frameworks in this study is not aimed at giving a detailed description or assessment of the internal or external environments but will only serve as an example of how the different tools can be applied to the church as an organization.

The aim of strategic assessment is simply to understand the organizational environment better in terms of the strategic intent and current position of the organization in terms of its environment and resources.

3. Environmental analysis

An environmental analysis is an assessment of the internal as well as external influences on an organization. An internal analysis focuses on the organization itself, namely the competencies, capabilities and resources available. An external analysis focuses on the influences from outside the borders and boundaries of the organization such as business environment, changes in the industry and activities of competitors.

3.1 Internal environmental analysis

During the strategic-analysis process, a greater emphasis is often placed on the external analysis. However, according to Robert Grant (1991:116), the internal analysis is actually more important:

> In a world where customer preferences are volatile, the identity of customers is changing, and the technologies for serving customer requirements are continually evolving, an externally focused orientation does not provide a secure foundation for formulating long-term strategy. When the external environment is in a state of flux, the firm's own resources and capabilities may be a much more stable basis on which to define its identity. Hence, a definition of a business in terms of what

it is capable of doing may offer a more durable basis for strategy than a definition based upon the needs which the business seeks to satisfy.

The internal environmental analysis is focused on the resources and capabilities of the organization as well as the strengths and weaknesses in all of the functional areas. In a company searching for growth, innovation and excellence, there will always be tension between the internal assessment of what the organization has and is capable of in terms of assets and resources and the vision of what the organisation wants to become (Ireland & Hoskisson 2007). There will be no strategic excellence if the strategic intent does not challenge the internal assessment. In other words, there must be a tension between what we have (in terms of resources *et cetera*) and what we want to become or what we can and might do. The strategic intent challenges a company's internal analysis and does not only plan within the boundaries of the outcome.

There is also interaction between the internal analysis and the external analysis. The internal analysis determines what an organization can do while the external analysis determine the playing field in terms of what the organization may choose to do.

3.1.1   *Resource-based view*

Recently, more emphasis has been put on the resources and capabilities of the organization in terms of strategy making. The resource-based view is characterized as one of the standard theories in strategic management and considered an influential theoretical view for understanding how competitive advantage is achieved (Hoopes, Madsen & Walker 2003).

The fundamentals of the resource-based view are that organizations need to discover their own valuable, rare and costly-to-imitate resources and capabilities, those business activities for which they are uniquely well suited. They then have to exploit those resources to gain a competitive advantage (Eikelenboom 2005).

The resource-based view argues that the resources and capabilities of an organization determine how efficient and effective it is in terms of its functioning. In terms of the resource-based view, internal resources are more important for an organization than

external factors in achieving a competitive advantage. This corresponds to the basic definition of management set out in Chapter 3. According to the definition, effective and efficient management is to utilize and maximise opportunities, based on the resources and capabilities available. "In other words, its internal capabilities determine the strategic choices it makes in competing in its external environment" (Henry 2008:126). Typically, there are three types or categories of resources, namely tangible and intangible assets, capabilities and core competencies.

a) Tangible and intangible assets

Tangible assets or resources are things that are visible and quantified. It includes the financial resources; physical resources such as location, equipment and stock; organizational resources and technological resources. Intangible assets are resources that are not visible and quantified and often deeply rooted in the history of an organization. It includes, for example, the skills of employees, reputation, brand names, intellectual property, trust between employees, ideas, capacity for innovation and managerial capabilities (Kaplan & Norton 2013).

b) Organizational capabilities

Any organization will struggle to survive if it has resources available but no capability or capacity to deploy these. Capabilities are not unique but will be held widely by competitors within the same industry. Capabilities are the capacity of an organization to deploy the assets or resources to achieve the strategic intent (Helfat & Raubitschek 2000). In the words of Ehlers and Lazenby (2011:116), capabilities are:

> … actually the glue that emerges over time and binds the organization together. We can say then that organisational strategic capabilities are the complex network of processes and skills that determine how efficiently the inputs in the organisation will be transformed into outputs. By themselves resources are not productive – they must be processed or used in some way to draw the value out of them.

This emphasises the importance of investing in human skills and capabilities as human resources have the ability to take other resources, process it and make it of value. For this reason, organizations should invest in the continuous development of their staff and members as one of the most significant resources and capabilities of an organization.

In the survey of the Dutch Reformed Church discussed in Chapter 2, it was evident that leaders within the organization are actually investing less time and effort into the continuous development of staff and members. This is contradicting the importance of the development of staff and members as significant resources and capabilities in the organization. The challenge in terms of capabilities is to utilize the knowledge and human capital in order to turn it into production. According to Coy (2002), any organization needs to create an environment where the individual pieces of knowledge and capabilities that people possess are put together in order to have as much collective organizational knowledge as possible.

c) Core competencies

A core competency can be defined as "… a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace" (Schilling 2013:117). The fundamental principle of a core competency is that it is by definition a unique and often hidden capability. This might include skills, resources, processes and practises in which an organization engages. Where a capability is commonly found within organizations and within the same industry, core competence is something unique and often hidden. Successful organizations must therefore develop the ability to differentiate between capabilities and core competencies.

Henry (2008) refers to capabilities as competencies. He then qualifies a competency by saying the following (Henry 2008:129):

> It is the efficient configuration of resources that provides an organization with competencies. A competence is the attributes that firms require in order to be able to compete in the marketplace. In this respect, all firms possess competencies. It is a prerequisite for competing within an industry.

Tampoe (1994) defines a core competence as a management subsystem which integrates various resources, processes and technologies in order to deliver sustainable and unique services that will ensure a competitive advantage and add value to the organization. Core competencies are the rarest and most valuable asset that an organization can have to give it a competitive advantage. The importance of identifying core competencies in strategic analysis and choice to achieve a competitive advantage is underlined by Ireland and Hitt (2005:69):

Core competencies have become the basis on which organisations build their strategies. This includes a clear knowledge of the resources and capabilities of the organization. Successful companies will embark in finding better ways to develop and nurture the knowledge base while effective strategic leadership practices will be ones through which leaders find ways for knowledge to breed still more knowledge.

A core competence is therefore a cluster of attributes that an organization possesses, which allows the organization to achieve competitive advantage (Henry 2008). Core competencies are in essence the fundamental building blocks of an organization. If the organization, through internal analysis, finds core competencies that are not related to the strategic intent, it will have to revisit the strategic intent. In other words, the strategic intent needs to relate to the core competencies of the organization in order for the objectives to be realized. If the organization does not possess the necessary core competencies in order to achieve the strategic objective, it will struggle to realize these objectives unless core competence is bought in or developed within the organization. The identification of core competencies can therefore influence or amend the strategic intent.

3.1.2   Internal-analysis frameworks

The challenge for an organization is therefore to determine or differentiate between a capability, which does not give a distinct competitive advantage, and a core competence. As discussed in the previous paragraph, developing core competence is essential in the future of an organization. Barney (2002) developed the VRIO (Valuable, Rare, Imitable, Organisation) framework consisting of four criteria in order to discover if resources form the base for core competencies.

The VRIO framework will assist the church in identifying core and valuable competencies that will enable it to gain a competitive advantage. For this reason, the VRIO framework is chosen as an analytical tool to support the internal strategic assessment within the church as a faith-based organization.

Together with the use of the value chain as two frameworks of internal analysis, the church as an organization will ensure that the future strategies are anchored in a current realistic understanding of the organization.

According to David (2011), there are three empirical indicators for valuable resources: They must be either rare, hard to imitate and not easily substitutable. The stronger these three indicators, the stronger an organization's competitive advantage and the longer it will last.

The VRIO framework can assist organizations to identify core competencies, thus combining a resource-based analysis with core competencies. A survey done on management tools and trends shows that the analysis of core competencies remains popular as a concept (Rigby & Bilodeau 2007), emphasising the benefits of a framework such as the VRIO. Developing from Wernerfelt (1984) and Barney's (1991) view of the resource-based organization, the VRIO analysis or framework has become one of the most-advocated frameworks in analysing the internal environment of an organization.

The VRIO framework proposes asking four questions about a resource or capability (Barney 2002). By answering these questions, one can determine the competitive potential of the resource or capability. As indicated above, the term VRIO is an acronym for **V**aluable, **R**are, **I**nimitable and **O**rganization.

d) **V**aluable – The first question that has to be answered regarding a resource is if it is valuable. If a resource is not considered valuable, it is irrelevant and cannot be a source of competitive advantage. A resource is valuable when it adds value to the organization in terms of the exploitation of external opportunities (Raich, Shober & Muller 2007). Within the context of the church, leadership, trained volunteers and committed personnel are examples of organizational resource that fulfils both of these requirements and are thus valuable.

e) **R**are - The question in terms of the rarity or scarcity of a resource is if competing organizations possess the particular valuable resource or capability. If a resource is not available to all competitor organizations, it is viewed to be rare and therefore a potential source of competitive advantage (Chapman 2011). Rarity is especially important because, if competitors possess the same resources, there is no inherent advantage in those resources.

f) **I**mitable - The question in terms of imitation is whether the resource is easy or hard to imitate. If a resource is hard to copy or imitate, it will give an organization a competitive advantage (Barney 2002). An example of a difficult-to-imitate resource is a good location, organizational culture or good reputation. Resources that is easy to imitate only offer a temporary advantage and not a sustainable one.

g) **O**rganization – Core competencies have no value if the organization is not able to exploit the potential of capabilities and resources. The very fact that an organization itself is in a position or has the capacity to exploit the resource makes the resource valuable (Raich *et al.* 2007). If an organization does not have the capacity or ability to utilize or exploit the resource, it is of little use. Therefore, the question is whether an organization is capable of exploiting its resources to their full potential. Discovering or identifying a competency or resource may ask for a re-organization or re-structuring within an organization to exploit the resource to its full potential.

This makes human capital, as defined earlier as the knowledge and skills of people, one of the most important and cherished core competencies and assets, especially within faith-based organizations. Effective and efficient strategic leadership should understand the importance of investing significant time, effort and finances in the continuous development of human capital as a critical resource of the organization.

The fundamentals of the internal environmental analysis based on the resource-based view and core competencies are applied to the DRC Universitas by means of the VRIO framework. Although this is not a full analysis of all the available resources, it serves as an example of the application of VRIO to a particular church as an organization.

Table 17: VRIO assessment

Example of a VRIO assessment done in the DRC Universitas

Valuable	• **Skilled and well-educated members**
	• **Friendly, warm organizational culture**
	• **Blended worship style**
	• **Professional band/orchestra**
	• **Skilled and equipped personnel**
Rare	• Mixed worship blend
	• Accommodation of different spiritualities in one service on a Sunday.
Inimitable	• Organizational culture of openness and friendliness.
	• Reputation for a centre of high-quality music production
Organization	• Highly educated and dedicated members with the potential to lead and organize

From the above example, it is clear that the fundamentals of the internal environmental analysis and the VRIO framework can be applied to the church as an organization. This reiterates the objective of the study that managerial principles, skills and frameworks can assist leaders and will have a positive influence in effectively and efficiently managing the church as an organization within ever-changing contexts and challenges.

The notion of a value chain was initially developed and defined by Michael Porter (1985a), who argued that an organization should be disaggregated into its strategically relevant activities. This enables the organization to understand the behaviour of costs and the potential sources of differentiation. The value chain consists of a set of activities that produce, market and deliver the product or service of the organization.

The value-chain analysis is the assumption that an organization is dependent on its customers. The proposing question of the value-chain framework pertains to the value that the organization provides to its customers? What do customers demand when they buy or receive a service or product? What do customers regard as value? The value chain as a tool of assessment can therefore be to the advantage of the church because it is competing in a market where the organization is gradually more effected by the consumer society. The value-chain framework will help the organization to identify the ways in which it creates value for its customers, but it will also help to plan and assess how this value can be maximized, whether through great service or enhancing the performance of the personnel *et cetera*.

However, one of the biggest attributes in adding value to an organization is the ability to respond to the customer's needs very quickly. Using the value-chain analysis together with the VRIO framework gives great insight to what the core competencies of an organization are.

A value-chain analysis entails a three-step process (Mind Tools n.d.):

a) **Activity analysis:** One has to identify the activities that the organization undertakes to deliver its product or service. This will include the business processes that one uses to serve the customer and the marketing of services. It involves the step-by-step flow of work that the organization carries out. Other elements are how to motivate members and personnel to perform well, how to obtain feedback from customers on the quality of service and how it can be improved.

b) **Value analysis:** For each activity, one needs to think through what should be done to add the greatest value for the customer or what the customer expects. One should then work out the changes that are needed.

c) **Evaluation and planning:** One should evaluate whether it is worth making changes and then plan and decide what changes to make and how it will be made.

The value chain is not only an analysis of the chain of activities within an organization, but by using the value-chain analysis, one can identify or assess where the organization is adding value to customers, where the organization is doing things well and where there is potential for improvement or perhaps a weakness.

It is important to emphasize that the value-chain activities support the current strategy of the organization. For example, if the strategy of an organization is to deliver high-quality services, the activities of the value chain must be configured to ensure high quality of service. The strategic alignment between the value chain and the chosen strategy are very important.

Within the framework of this study, the focus of the organizational analysis is on a resource-based view. The chosen techniques of the VRIO and value-chain analysis will assist the church as an organization in determining the core competencies and effectively and efficiently applying them to obtain a competitive advantage.

The VRIO technique simply assists organizations to determine whether a resource is valuable, rare and imitable and whether the organization is taking advantage of the resources. In combination with the value-chain analysis, the organization ensures that the customers receive optimised value in terms of product and service, enabling the organization to respond faster to changes in the needs of customers.

The fundamentals of the value chain were applied to the DRC Universitas. Although this is not a full analysis of all the activities of the organization, it serves as an example of the application of the value chain to a particular church as an organization.

Table 18: Value-chain analysis

Activity analysis	Value analysis	Changes needed
Sunday service	Members appreciate a friendly welcome at church on a Sunday.	Extend the welcome team to be representative of the different age groups in the church. Equip members quarterly on hospitality and search for new initiatives for hospitality, especially on a Sunday morning.
Committees serving the community	Members want to be involved and be part of serving for transformation.	Communicate the different services more effectively in order to involve more people in ministry.
Office and administration	Members appreciate fast and friendly service and availability outside office hours.	Open the office on a Sunday after the service. Search for new initiatives to introduce information through the webpage of the church.
Ministry to children aged 2-10	Parents appreciate the ministry to their children, especially when it is done simultaneously with the morning service.	Equip more volunteers to handle more groups of children. Inform the parents on a weekly basis of the lesson that was done on a Sunday. Put up a playground for children to enjoy while the parents are

		having tee after church in the coffee shop.
Student ministry	Students in the area attend the church based on proximity and the blended worship style.	Launch more projects for the students to be involved in so that they become part of the church.
		Promote the coffee shop more in order for students to engage with one another as well as with the leadership of the church.

To conclude, an external environmental analysis is often the starting point of strategic planning in the church as an organization, based on the growing emphasis on its mission to serve those outside the borders of the organization. When the external analysis is done first, the church often finds itself with overwhelming evidence of the needs, challenges and changes in the external environment that can easily become confusing and even demotivating.

It is therefore important to start the assessment inside the church and discover what the unique qualities, capabilities and core competencies are that was given to the organization in order to fulfil its mission. Discovering core competencies will then bring new enthusiasm about "what we have" instead of focusing on "what we don't have" or "don't do" in terms of the external environment.

3.2 External environmental analysis

As discussed in Chapter 3, organizations operate as open systems. This means that they effect, are effected by and react to changes in the environment, and that they continuously need to adapt to new challenges. It is a simple fact that, if organizations are not connected to their external environment, they will experience entropy and become irrelevant and unsuccessful. Therefore, a proper analysis of the external environment is needed in order

for any organization to draw from human, physical, financial and informational resources in the external environment.

One of the greatest problems in organizations is that the external environment usually changes faster than the organization can adjust to it. Because of the rapid changes in external environments, the analysis of these changes has become critically important in the success of an organization.

Worrall (1998:3) defines strategic analysis as follows:

> … a theoretically informed understanding of the environment in which an organisation is operating, together with an understanding of the organisation's interaction with its environment in order to improve organisational efficiency and effectiveness by increasing the organisation's capacity to deploy and redeploy its resources intelligently.

In his definition, the importance of assessing and understanding the environment as well as the interaction between the organization and the external environment is paramount. The understanding of the external environment is also not limited to the demarcated influence or environment of a particular organization. The influence of the external environment is often far greater and lies beyond what the organization might even think.

As will be discussed in the SWOT analysis, identifying threats and opportunities is an important objective in studying the external environment. To understand the SWOT analysis, opportunities and threats as part of the external analysis are commonly defined as follows:

- An opportunity is a favourable condition in the external environment, which can lead to an advantage for the organization.
- In contrast, a threat is an unfavourable condition in the external environment that may hinder the operations and competitiveness of an organization.

If an organization has identified the external threats and opportunities, it will be able to respond offensively or defensively to the different factors and develop strategies to achieve long-term goals.

According to Hitt, Ireland and Hoskisson (2011:39), the external analysis has four critical parts, namely scanning, monitoring forecasting, and assessing:

a) Scanning is to identify early signals of environmental changes and trends.

b) Monitoring implies detecting meaning through ongoing observations of environmental trends and changes.

c) Forecasting is the process in which an organization makes projections of anticipated outcomes based on monitored changes and trends.

d) Assessing is the process where the timing and importance of environmental changes and trends for organizations' strategies and management are determined.

Various analytical tools and methods can be used in analysing the external environment such as Porter's five-forces analysis, PEST analysis, SWOT analysis, Industry analysis: the External Factor Evaluation (EFE) Matrix, The Competitive Profile Matrix (CPM), Life stage analysis, Early Warning Scans and Four Corners analysis.

For the reference and significance of this study, the PESTLE and SWOT analyses will be discussed. The reason for this choice is that the PESTLE and SWOT analyses entail a general approach to analysing the external business environment. They are relatively easy to implement and therefore suitable assessment tools for the church as an organization.

3.2.1 PESTLE analysis

Francis Josephs Aguilar, a professor from Harvard, is thought to be the creator of the PEST Analysis. In his book, *Scanning the business environment* (Aguilar 1967), he included a scanning tool called ETPS. This was later tweaked to create the well-known acronym PEST that analyses the **P**olitical, **E**conomical, **S**ocial and **T**echnological changes in the macro external environment. A brief overview of each element will be given in order to apply the PESTLE analysis to the church as an organization. The figure below is a summary of the four elements of the PEST analysis.

Figure 8: PESTLE analysis

Political Factors

- Government type and stability
- Tax policy
- Changes in the political environment
- Regulation and de-regulation trends
- Levels of corruption

Economic Factors

- Stage of business cycle
- Impact of globalization
- Labour costs
- Likely changes in the economic environment

Social Factors

- Population growth rate
- Population health, education and social mobility
- Lifestyle choices and attitudes toward socio cultural changes

Technological Factors

- Research and development activity
- Impact of emerging technologies
- Impact of technology transfer

(Source: http://creately.com/blog/diagrams/swot-analysis-vs-pest-analysis/)

a) Political factors

The influence of the political environment, especially in South Africa, cannot be underestimated. This aspect of the PEST analyses the influence of government on organizations and also how organizations try to influence government. The South-African Government has definite aims that will have an influence on organizations. Some of these governmental aims, announced through for example the National Development Plan (NDP) (National Planning Commission 2015), include social and economic transformation, the stimulation of job creation in alliance with the private sector and the enhancement of the "African Renaissance" process. These political factors can pose key opportunities for organizations or be a threat for future business and even for organizational existence.

More time is being spent by large organizations anticipating possible policy changes, meeting with government officials and trade groups. Especially within the South African context, the political environment needs special attention when analysing the external context and formulating future strategies. Political changes in South Africa had an enormous influence on churches as well. The Dutch Reformed Church was greatly influenced by the political changes after 1994. The church was marginalized by a large part of society because of its close relationship and political connection with the previous government. These changes in the political environment necessitated changes within the Dutch Reformed Church.

b) Economic factors

Economic factors such as inflation, the recent recession and interest rates have a direct impact on organizational functioning and strategies. Economic factors affect the church in many ways because, as a non-profit organization, it is dependent on the tithes and voluntary financial commitment of its members. Economic factors such as the availability and cost of credit, the unemployment rate, the level of disposable income, the trends in the gross domestic product (GDP) and the prices of commodities have a direct effect on the church, its finances, resources and mission. It is therefore important for any organization to know what the economic factors and situation in a country is. This knowledge is not only important on a national level but also on the international front.

c) Social factors

Social factors or the socio-cultural environment is concerned with the attitudes and cultural values of society. As indicated in the diagram, this includes the population growth rate, health and education of the society. Take for example the effect that HIV and Aids have on society and subsequently on organizations regarding workforce, days on sick leave, *et cetera*. South Africa is multi-cultural in its very nature, which has a definite effect on organizations, relationships and culture. The fact that South Africa is not culturally homogeneous has various implications for management and the way in which managers lead and manage people and groups.

One example of social factors that the church as organization needs to address is changes in the population composition of traditional suburbs. Because of the more even

distribution of different cultures in traditional suburbs, the church now needs to address certain questions regarding, for example, type of service delivered, language issues and the accommodation of different cultures within the local church.

d) Technological factors

Technological factors have a constant effect on organizations. It is vital for organizations to study the innovation and change in the technological environment for considering possible changes, threats and opportunities in strategy. The rapid and revolutionary technological discoveries and innovations create constant new knowledge, markets and products. This often results in shorter production runs and creates shortages in technical skills.

No business or organization, including the church, is insulated against emerging technological development today. One example of how technological factors affect the church is the emergence of the so-called "television churches". Services are broadcast on various channels on a Sunday. This has the advantage that more people have access to a service in their own lounge, but television services also cause a growing reluctance to go to church on a Sunday. Therefore, managers and organizations need to consider technological factors when doing strategic planning.

In recent years, some analysts have added legal and environmental factors, expanding the PEST analysis to PESTLE or PESTEL analysis (Thomson & Martin 2010).

e) Legal factors

Legal factors include changes in legislation or possible changes due to proposed legislation. These legal factors can include national legislation but also the housekeeping rules and regulations of organizations. The labour legislation in South Africa makes labour-related issues very difficult because especially entrepreneurship is suffocated by laws. Because of excessive labour laws in terms of dismissal requirements, it is too risky, difficult and costly for businesses to employ people. The result is a lower employment rate because small businesses cannot afford the high cost of making employment mistakes. This, together with the uncompetitive minimum wages and all-powerful trade unions, discourage businesses from employing more workers. The result is that the

official unemployment rate in South Africa in 2012 averaged around 25%. Nearly 4.5 million people were without jobs of which 73% were younger than 35! (Symanowitz 2012).

All these legal factors, issues in appointing staff and trade-union influences have a direct or indirect influence on the church that needs to be reckoned with.

f) Environmental factors

Environmental factors include environmental issues locally or globally that may influence the organization. Environmental factors refer to the interaction and relationship between organizations and the physical environment, and they include global climatic changes, the environmental impact on the future demand for an organization's products, *et cetera*. Within the church as organization, an environmental factor such as climatic change has an enormous influence on the church in rural areas, especially because the church is dependent on successful harvests to receive tithes and financial support.

The fundamentals of the PESTLE analysis were applied to the DRC Universitas. Although this is not a full analysis of all the external factors, it serves as an example of the application of the PESTLE analysis to a particular church as an organization.

Political factors	• Negativity towards the government and local municipalities
	• The negative effect of Black Economic Empowerment (BEE) on the working environments of members
	• Quotas in sport make it very difficult for the children to understand why performance is not fairly rewarded
	• The stigma of the DRC as a church of apartheid
Economic factors	• Recession
	• People losing their jobs
	• Unemployment
	• High food and petrol price
	• Financial pressure of schooling
Social factors	• Change in the neighbourhood in terms of demographics of population
	• Poverty amongst many people bring about social problems such as alcohol abuse
	• Student homes brought crime and social and moral decay to the neighbourhood
Technological factors	• The use of cell phones, tablets and

	internet and multimedia in spreading the gospel has increased and has to be utilized responsibly. • The influence of the internet and social media on the church and its communication needs to be researched
Legal factors	• The labour legislation in South Africa makes labour-related issues very difficult and troublesome; the church needs to comply with this legislation when appointing staff
Environmental factors	• The amount of rubbish in our neighbourhood is creating a sense of deterioration in the neighbourhood.

It is evident that the PESTLE analysis will provide valuable information concerning the external factors and influences on the church as an organization. The church as an organization, in return, will have to consider all these variables and influences in order to adapt efficiently and effectively to changes in the external environment.

3.3 SWOT analysis

One of the well-known and most-used analyses in almost every organization is the SWOT analysis. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats.

The value of a SWOT analysis is that it provides a framework for analysing the external as well as internal environmental elements within the organization. The strengths and weaknesses represent the internal analysis whilst the opportunities and threats represent

the external environment. Doing a SWOT analysis implies listing all the strengths and weaknesses in analysing the internal environment as well as the opportunities and threats in analysing the external environment. This stimulates discussions on how to improve organizations.

The success of any new strategy lies in obtaining a strategic fit between the internal situation of the organization and the external conditions as Egan (2012:117) makes clear:

> Successful organizations achieve strategic fit with the market environment and support their strategies with appropriately designed structures and management processes. Less successful organizations typically exhibit poor fit externally and/or internally.

Although the SWOT analysis is commonly used to identify internal as well as external influences, it has serious limitations that need to be mentioned. One of them is that the SWOT analysis cannot show the organization how to achieve better results or improve in its functioning. It is a very useful tool in analysing the situation, but it is in a sense a static tool or approach, not contributing to change and growth.

The other problem with the SWOT analysis is that it might determine weaknesses and strengths that are not even relevant in terms of the strategic intent.

In order to develop a more effective and efficient analysis, more detail needs to be put into analysing the internal as well as external environment. As discussed in this chapter, the use of VRIO framework and the value-chain analysis as well as the PESTLE analysis must be used as complementary to the SWOT analysis. The SWOT analysis must then summarize or conclude what the evidence of the previous analysis brought to light and will have value when the findings are processed under the different categories. According to King (1983), the processing should result in a list of only 10 to 20 strengths and weaknesses in the SWOT analysis. Developing a list of the 10 to 20 most important strengths and weaknesses involves significant analysis and negotiation because of the judgments that are required and the impact that such a list will inevitably have as it is used in the formulation, implementation and evaluation of strategies (King 1983:481).

The value of the SWOT analysis is shown when it is done after the external and internal analysis had been done through alternative techniques. The information or results gathered from the PESTLE analysis can be used in the opportunities and threats section

of the SWOT analysis whilst the results from the internal audit (VRIO and value-chain analysis) can be used in the strengths and weaknesses section.

The diagram below shows how the results of the PEST analysis can be included in the opportunities and threats section in the SWOT analysis. A short description will be given on each of the elements of the SWOT analysis.

Figure 9: Combination of SWOT and PEST analyses

(Source: http://creately.com/blog/diagrams/swot-analysis-vs-pest-analysis/)
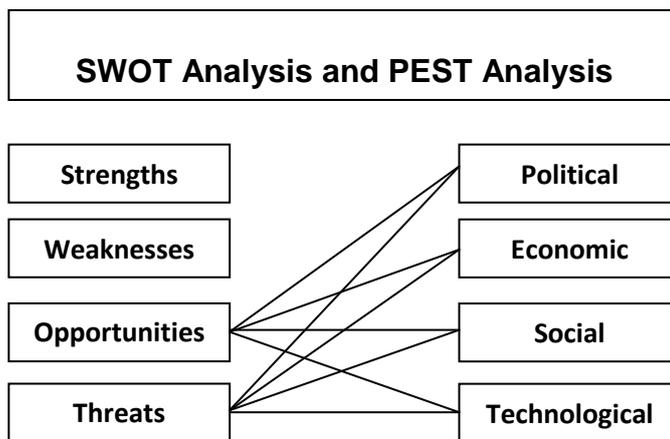
a) Strengths

Strength is a resource or capability that an organization has that gives it a competitive advantage. What is important, however, is that a resource or a capability is only a strength when it gives an organization a competitive edge over other organizations. Resources or capabilities that do not give an organization a distinct advantage may be reinforced or nurtured. These resources or capabilities are found in conducting the VRIO and value-chain analyses. In terms of the church as an organization, a resource that will give the organization a competitive advantage will be an attribute that assists the church in impacting and transforming society and attract non-members.

b) Weaknesses

A weakness is a lack or even deficiency of resources that gives an organization a disadvantage in comparison to its competitors. This can include, for example, financial

constraints, limited staff, untrained employees and poor marketing skills. In the case of weaknesses, it is also derived from analysing the value chain.

c) Opportunities

Opportunities represent favourable opportunities within the macro and micro external environment. This might include, for example, favourable financial factors or the development of a new neighbourhood in the proximity of the church. Opportunities are found when conducting a PESTLE analysis.

d) Threats

A threat is an unfavourable situation within the macro and micro external environment such as a financial recession and labour disputes. Threats can also be identified through the PESTLE analysis.

If the SWOT analysis is used as a convenient way of summarizing the results of other analyses and not as an analytical technique itself, it will certainly add value to the strategy-formulation process of any organization. It is often most effective when only the most important half dozen or so points are listed in each section. "An ideal strategy would use the strengths to exploit the opportunities while at the same time defending against the threats and hiding the weaknesses" (Macmillan & Tampoe 2001:93).

The figure below is a summary of the four factors of the SWOT analysis. It is helpful in the sense that it articulates the factors by means of a set of questions. The answers to these questions will describe the four fundamentals of the SWOT analysis.

Figure 10: SWOT analysis

HELPFUL

HARMFUL

Strengths

1. What are your strengths
2. What do you do better than others?
3. What unique capabilities and resources do you possess
4. What do others perceive as your strengths?

Weaknesses

1. What are your weaknesses?
2. What do your competitors do better than you?
3. What can you improve given the current situation?
4. What do others perceive as your weaknesses?

INTERNAL

Threats

- What trends or conditions may negatively impact you?
- What are your competitors doing that may impact you?
- Do you have solid financial support?
- What impact do you weaknesses have on the threats to you?

Opportunities

1. What trends or conditions may positively impact you?
2. What opportunities are available to you?

EXTERNAL

(Source: http://creately.com/blog/diagrams/swot-analysis-vs-pest-analysis/)

The fundamentals of the SWOT analysis were applied to the DRC Universitas. Although this is not a full analysis of all the external and internal environmental factors, it serves as an example of the application of the SWOT analysis to a particular church as an organization.

Strengths	• Skilled and well-educated members (4). • Friendly, warm organizational culture (1). • Blended worship style (2). • Professional band/orchestra (3). • Skilled and equipped personnel (7). • Openness to people in need (2). • Willingness to give (monetary and non-monetary) (5). • Financially stable (6).
Weaknesses	• Only focus on the Afrikaans market (1). • Worship band highly reliable on the ability and gifts of the leader (4). • Inability to involve students in ministry (3). • React slowly on changes in the neighbourhood (2).
Opportunities	• The change in neighbourhood to reach, accommodate and involve people as members in the congregation (1). • Get more children involved in the church because of a very good primary school close to the church. This will attract members to the congregation and ensure investment in the future of our children (2). • Be involved in the school in terms of the spiritual support to staff and children (3). • Use the skills and willingness of members to reach people outside the boundaries of the church (4).

Threats	• An organizational culture that is still not open enough to multi-cultural service although the neighbourhood is multicultural in its very nature (3).
	• Because of the slow reaction to changes in the environment, other religious groups can cease the opportunity to influence students (1).
	• An over-emphasis on the change in environment without considering that main stakeholders might alienate them (2).

4 Conclusion

In this chapter, the second element of the planning phase, strategic assessment, was introduced. The principles of strategic assessment were presented in order for church leaders to analyse the internal as well as external environmental influences on the organization. Strategic assessment therefore provides valuable principles and skills in order to respond and adapt to changes in the internal context as well as the external issues that confront the organization. The introduction of strategic assessment again illustrates and answers the research objective of how the PIC strategic management framework adds valuable managerial principles and skills and will have a positive influence on managing the church as an organization in ever-changing contexts and challenges.

The VRIO, value-chain, PESTLE and SWOT analyses are important tools that can be applied to assist leaders in effectively and efficiently managing the church as an organization. The identification and application of these tools answer the research question on how managerial principles and skills contribute to managing the church as an organization more effectively and efficiently. By summarizing the collective information from the different frameworks within the SWOT analysis, an organization is well on its way towards realizing the strategic intent. The strategic assessment is an essential element in formulating a strategy and is the bridge between the strategic intent and the strategy-implementation phase.

Chapter 9

Planning

Element 3: Strategic choice

1. Introduction

The three facets of the Planning process (intent, assessment and choice) are interlocking activities. Each of these activities relates to one another and needs to be balanced in a well-worked process. After the strategic intent was set and the organization took stock of its current situation in the light of the realization of the strategic intent, the next phase in the planning process is to formulate and choose a strategy that will be implemented to achieve the strategic intent.

Strategic choice is therefore the link between the strategy itself and action, or the strategy and implementation. Whereas intent addresses the question "Where are we going?", and assessment addresses the question "Where are we know?", strategic choice addresses the question "How will we get there?"

In the development of an effective strategy, organizations need to find specific strategies that will complement its distinctive competencies in order to achieve their strategic intent or long-term goals. Dickson (2000:6) puts it in the following words:

> Business strategy is concerned with the match between the internal capabilities of the company and its external environment. Although there is much disagreement of substance among those who write about strategy, most agree that this is the issue. The methods of strategy, and its central questions, follow from that definition.

Different techniques for choosing analytic strategies are available to determine the desired outcome as articulated by the strategic intent. These different strategies are well documented within management science literature. I shall therefore not discuss and evaluate all the different choice strategies. However, I will give a brief overview of management strategies and will make a selection of strategies based on the nature and unique character of the church as a faith-based, non-profit organization.

2. Management strategies

Forming a strategy is to understand and influence an organizations position in the market place. "The modern subject of business strategy is a set of analytic techniques for understanding better, and so influencing, a company's position in its actual and potential market place" (Dickson 2000:6). Ehlers and Lazenby (2011:174) point out the following concerning strategy:

> … strategy is important because research suggests that there is a relationship between strategy, business performance, and good governance. Crafting an effective strategy is hard work. It requires both analysis and synthesis, and therefore is as much an analytical as a creative act.

From these two definitions, it is clear that management strategies and strategic choice is based on analytical techniques that need to be applied and interpreted synthetically. Strategies should also reflect a clear strategic intent and competitive innovation, driven by sound, effective leadership (Beaver 2003:287). Within the church as an organization and its leadership, a basic understanding of the analytical importance of strategies and different techniques are essential in expanding and improving the necessary management skills and principles. Although some of these techniques and frameworks will not be directly applied to the context of the church as organization because it does not fit faith-based, non-profit organizations, it will provide an important fundamental understanding from where effective and efficient strategies can be created and implemented. Without this basic understanding, the creative act of an effective and efficient strategy will be doomed to failure.

3. Porter's Strategy Classification

The well-known Porter's Strategy Classification (1985a) will be used and discussed as the foundation of strategic choice in this chapter. According to Porter (1985a), strategies can be classified in generic and grand strategies. Generic strategies describe how an organization pursues a competitive advantage in its chosen market (Porter 1985a). This is the reason why generic strategies are sometimes also referred to as competitive strategies. As stated in Chapter 5, strategic management is about gaining a competitive advantage. Therefore, after choosing a generic strategy in order to give the organization a competitive advantage, an organization will select a grand strategy in order to strengthen the generic strategy in its pursuit of competitive advantage. Again, it is important to remember that organizations will choose a strategy that will complement their distinctive competencies and strategic intent.

Critics of Porter's classification strategies argue that it is oversimplifying potential sources of differentiation. Authors like Gilbert and Strebel (1987), Mintzberg *et al.* (2002) and Miller (1992) maintain that more strategy options or strategy variants can be developed by, for example, combining differentiation and cost advantages. Hamel and Prahalad's (1989) critique is against not only Porter and his strategy classification but in general against what he calls "the strategy recipes" that often limit innovation. They (Hamel & Prahalad 1989:72) explain their concern as follows:

> It is not comforting to think that the essence of Western strategic thought can be reduced to eight rules for excellence, seven S's, five competitive forces, four product life-cycle stages, three generic strategies and innumerable two-by-two matrixes. Yet for the past 20 years, "advances" in strategy have taken the form of ever more typologies, heuristics, and laundry lists, often with dubious empirical bases. Moreover, even reasonable concepts like the product life cycle, experience curve, product portfolios, and generic strategies often have toxic side effects: They reduce the number of strategic options management is willing to consider. Strategy "recipes" limit opportunities for competitive innovation.

The critique and concern of Hamel and Prahalad are noteworthy, true and valid. Too often, organizations are quite comfortable and satisfied to blindly follow and copy strategy "recipes". In the process of copying and following these recipes (often without

even calculating the different types of organizations and contexts in which it operates), creativity and innovation are limited and reduced to set rules, stages and matrixes. However, this statement is made within the context and in relationship to well-structured companies that have been managed on the basis of sound managerial skills and principles for many years. As stated in this study, sound managerial skills and principles are not necessarily fundamental to the leadership and organization of the church. In other words, the "strategy recipes" to which Hamel and Prahalad refer is not even commonly used within the management of the church as a faith-based organization.

Using Hamel and Prahalad's analogy of a recipe, it can be pointed out that, in order to bake a cake, you need a basic recipe. Every cake has some basic ingredients that will eventually become a cake. With the basic recipe and ingredients in mind, you can be innovative and creative. However, the fundamental ingredients and methods of baking a cake must still be present in order to create something of value. Therefore, in this chapter, the "ingredients" or strategies will be discussed as a framework for strategic choice but always with the understanding that the "strategy recipes" will be the underlying fundamentals to create an appropriate, relevant strategy for implementation. This is the basis from where the author will drive arguments and present the different steps in formulating a strategy. The intention is therefore not to present a strategic-choice framework that managers can follow blindly.

As stated earlier, Porter's classification remains central in strategic management theory. It will be used as a basic outline in formulating a strategy and defining the fundamentals for choosing a strategy. According to Porter (1985a), the strategic-choice phase consists of three steps:

- Step 1: Set long term goals
- Step 2: Choose a generic strategy
- Step 3: Choose a grand or complementary strategy.

The content of these three steps or phases will be the basis from where the author will depict important skills and principles in order to assist the church in strategic choice.

3.1   Long-term goals

After the strategic intent has been defined, it is important to set various goals in order to realize the expected intent. A long-term objective represents the expected result from pursuing a certain strategy whilst a strategy represents the actions that need to be taken to accomplish long-term objectives (David 2011).

Another important element of goals is that they should be clear, decisive and realistic to ensure a concerted and coordinated effort by all organizational units in realizing the strategic intent (Ehlers & Lazenby 2011). As it was noted in Chapter 7 regarding strategic intent, it is equally important that long-term objectives are set at all levels of the organization (corporate, divisional and functional) and that every objective should be associated with a time line. A long-term goal should also be measurable and should not be open to interpretation. In other words, long-term goals should indicate clearly and unambiguously what needs to be achieved in future.

According to Mintzberg (1995), some critical elements that need to be considered when setting a long-term goal are to make sure that all the efforts within an organization is directed at the decisive overall goal or intent. Although subordinate units of the long-term goal may change, the overall long-term goal for all units must always remain clear to provide continuity and cohesion for tactical or short-term choices. The continued viability and vitality need to be assured if the goals are achieved.

It is clear that long-term objectives offer many benefits such as providing direction and synergy within an organization and its workforce. Because priorities are clear, uncertainty is reduced which in effect minimize conflict and aid in the proper allocation of resources. It is hard to think that an organization can be successful without clear long-term objectives to support and realize strategic intent. The absence of long-term objectives often results in organizations drifting aimlessly to an unknown end.

Together with long-term goals, there are also short-term goals, sometimes called tactics. Tactics can be defined as operational and specific actions that need to be taken in order to realize the long-term goal. Taken from the example of the DRC Universitas, the difference between long and short-term goals should be evident in the summary below.

	Long-term goals	Short-term goals
Examples	Reach 10% of all students living in students homes in our suburb.	In order to reach 10% of students in the long term, we need to do the following in the short term: • Visit student homes and introduce the church to them through personal interest. • Gather cell-phone numbers of the students in order to communicate with them. • Introduce weekly information about services on a Sunday. • Invite them to a free dinner at church after a service to make them feel welcome.
Nature	Strategic (providing strategic direction)	Operational (i.e. to be directly implemented as part of the operations of the organization).
Time frame	Long-term (1-5 years) (depending on the industry)	Short-term (annual, quarterly, monthly or weekly)
Management involvement	High-level managers	Lower-level managers and supervisors
Specificity	Low	High

Quantity	Few high-level goals	Numerous lower-level goals associated with a long-term goal

(Source: Adapted from Ehlers and Lazenby 2011)

3.2 Generic strategies

As stated in the introduction, it is important to remember that the chosen strategy must complement its distinctive competence in order to achieve the long-term goal.

In order for an organization to gain a competitive advantage, it must decide to adopt one of the three generic strategies (Porter 1985a). They are cost leadership, differentiation and focus. All three will be discussed briefly to give a clear framework for choosing a strategy for faith-based organizations.

3.2.1 *Cost leadership*

Cost leadership is a strategy that is imposed by organizations to be more cost-effective than its competitors. The goal or objective when applying cost leadership as a generic strategy is to lower cumulative costs across its overall value chain so that cost can be lower than that of competitors. This can be done by seeking to gain economies of scale, improving the efficiency and effectiveness through the supply-chain management, developing highly efficient technologies and increasing capacity utilisation (Porter 2008).

A cost-leadership strategy can be successful when an organization has the ability or scope to reduce costs across the supply chain and especially when rivalry amongst competitors is vigorous and there are few ways to achieve product differentiation that have value to buyers (Thomson, Strickland & Gamble 2005).

In a difficult economic climate where people are prize sensitive, customers tend to choose services or products according to prize; brand loyalty then does not play a big role.

However, one of the pitfalls of cost leadership is that organizations run the risk of being overly aggressive with price-cutting, ending up with lower profitability. The strategy is also often imitated, easily making the competitive advantage short-lived.

An example of the strategy of cost leadership applied within the church as an organization is when a church, in a difficult economic climate or declining membership, cut on the cost of personnel in the church. Certain tasks, which are traditionally done by paid employees, are then often given to volunteers, for example administration and financial duties and sexton duties. In most cases, following the cost-leadership strategy enables the church to keep delivering a sustainable service whilst the involvement of volunteers often add new initiative, commitment and ownership to the organization.

3.2.2   Differentiation

Organizations that follow differentiation strategies seek to deliver a product that is unique to the market and perceived by the customer as highly valuable. The uniqueness of the product or service is then potentially rewarded by a higher price. Porter (1985a:14) writes as follows about differentiation:

> Differentiation provides insulation against competitive rivalry because of brand loyalty … The resulting customer loyalty and need for a competitor to overcome the uniqueness create entry barriers. Differentiation yields high margins with which to deal with supplier power and clearly mitigates buyer power since buyers lack comparable alternatives and are thereby less price sensitive. Finally, the firm that has differentiated itself to achieve customer loyalty should be better positioned vis-à-vis substitutes than its competitors.

One of the key elements in the differentiation strategy is to determine what makes a company different from competitors. In return, this allows an organization to charge a higher price for its product and thus gain customer loyalty because the client becomes more strongly attached to the differentiation features (David 2011). Consumer loyalty and retention is therefore one of the most important by-products of a differentiation strategy. This means that customers are bound to the specific product or service and are safe from rival competitors. It often implies that, because customers perceive the product or service to be unique and are loyal to the company, they are willing to pay higher prices for the

service or product. In fact, when customers do not perceive that the value they get exceeds the price they are paying, they will not pay the higher differentiation price (Porter 1995b).

The differentiation strategy will be successful when there are many ways to differentiate the service or products so that customers perceive the differences as having value. In a time where customers' preferences are varied and diverse, the differentiation strategy is appealing to a wide variety of markets when organizations invest in product innovations. (Thomson *et al*. 2005)

In a study by Michail (2011) on the key concepts of differentiation strategies, he summarizes practical suggestions by various authors on drivers to achieve differentiation. Some of these drivers entail becoming more involved in the community, using photos and renderings in brochures to market the different services and being creative when composing the organization's portfolio.

Achieving successful differentiation requires a clear understanding of customer needs and investments in the capabilities necessary to meet those needs. Together with an understanding of the needs, the appropriate products and services must be selected, preferably something the competitor does not or cannot offer. One of the most important aspects of differentiation strategies therefore is the continual improvement and innovation of products.

Despite the numerous benefits, there are some pitfalls to pursuing a differentiation strategy. To be different is not sufficient; the key is to be valuable or being perceived valuable in the product or service's difference or uniqueness. The other pitfall is that too much differentiation may compromise quality of service or product because the variety of products is just too diverse to ensure quality.

Although a differentiation strategy might at first glance be unattractive or inapplicable to the church as an organization, it needs to take note of the fact that organizations are constantly looking for new ways to differentiate their product or service in the market in order to give it a competitive advantage. Differentiation is therefore an increasing element of the consumer society and an essential element of what customers expect from organizations. Simply to deliver the same service for years without differentiating it is to

deny the fact that people or customers are looking for new and innovative ways to engage with the service. Although a successful differentiation strategy will not necessarily bring financial gain to the church, it will definitely add to customer or member satisfaction and loyalty.

One example of how the church can differentiate its service on a Sunday is to be innovative and creative regarding the spiritual as well as physical needs of members. Apart from the spiritual service that members receive on a Sunday during the worship service, opening a coffee shop, for example, can address the need to socialize, create a financial income to the organization and add to member loyalty towards one another and the organization. Differentiation can therefore not be excluded as a possible successful strategy for the church as organization.

3.2.3   Focus

The focus strategy is a focus by an organization on a narrow, defined segment of the market, also called a niche market. Organizations will tend to focus its strategies on a specific niche market and in the process exclude other role-players from entering the market or segment in the market (Porter 1995b).

The focus strategy has two variants:

a) Cost-focus strategy

This strategy is aimed at delivering a service or product to a specific niche market or small segment of the market at the best price and price advantage.

b) Differentiation-focus strategy

Organizations opting for the differentiation-focus strategy seek to differentiate their products within a small segment of the market to niche customers. In the process of delivering innovative services or products, they charge a higher premium for their products.

Focus strategies are successful when the target market is large enough for a niche product or service to be profitable and provide growth potential. It also provides a way for smaller organizations to avoid the direct competition of larger corporations that do not see that

specific niche market as profitable or important enough to compete in (Thomson *et al.* 2005). Focus strategies are especially effective where customers are brand loyal and unlikely to shift their loyalty to a competing brand, regardless of price. The pitfall for focus strategies is that it might quickly become attractive for competition and rivals to enter, thus eroding profit.

The future existence of many churches will depend on the adoption of a strategic-focus strategy. Because of a general decline in membership in many churches and consequently finances (Chapter 2, par. 4.1.1), it is not realistic for the organization to engage effectively and efficiently in all the activities to which it was committed in times of favourable economic and social or political environments. In order for these organizations to still stay true to their mission and purpose but keep delivering a sustainable transforming service, a specific focus strategy in ministry is essential.

For example, a church in the countryside may adopt a focus strategy to focus its efforts and resources on equipping farm workers with the necessary skills to understand the Bible and live morally. This focus will eventually not only benefit the church but also the community. The Dutch Reformed Church in Universitas chose a focus strategy in terms of the Sunday-evening service. This service focuses on a particular group of people - senior students and young working people. The focus on this particular age group in a Sunday-evening service created a niche market that is addressed according to their specific needs and interests. These are only two examples of many focus strategies that can innovatively be adopted according to the intent of the organization.

A focus strategy will ensure that more resources are available because of the focus on specific services. If the church as an organization does not embrace the value of a focus strategy, it will eventually have a diluted impact and suboptimum performance while trying to juggle different services that are simply not viable because of a lack of resources. Somehow, leaders and the organization need to understand that a focus strategy is not an inferior strategy but actually prolonging the existence and quality of the service delivered by the organization in the future.

3.2.4   Combination strategies and "stuck in the middle"

According to Porter (1985b), an organization must decide on either a differentiation, focus or low-cost strategy to prevent having suboptimum performance. Failure to develop one of the three strategies is called "stuck in the middle", which implies low profits and capital and a lack of market share. According to Porter, to get "stuck in the middle" is often a manifestation of a firm's unwillingness to make choices about how to compete. This happens when organizations try to get competitive advantage through every means and consequently achieves nothing "… by achieving different types of competitive advantage usually requires inconsistent actions" (Porter 1985a:17). This can be dealt with by adapting either low-cost, differentiation or focus strategies.

The choice of one particular strategy is one of the main critiques by some authors like Miller (1992) and Gilbert and Strebel (1987) against Porter as stated earlier in the introduction. Henry Mintzberg (1995) also argues that Porter did not take into consideration that, for example, price itself, together with image, quality and design could be a differentiation factor.

There are examples of organizations that successfully employed hybrid or combination or "middle of the road" strategies without being "stuck in the middle". McDonalds, as one example, has been successful by employing low-cost strategies combined with differentiation strategies through highly automated operations and high levels of consistency. Organizations that successfully integrated cost leadership and differentiation strategies found that they deliver above average returns.

Therefore, combination strategies can successfully be implemented when customers are simultaneously price and quality sensitive and where competition is fierce but barriers to entry are low. The pitfall of following a combination strategy is indeed, as Porter (1985a) stated, that, when organizations fail to create a competitive advantage by implementing both cost and differentiation strategies, they may simultaneously end up with neither as well as get stuck in the middle.

Within the context of the church, combination strategies are viable strategies to follow. A local church can easily adopt a cost-leadership strategy while focussing its efforts on a particular element or service. In fact, a combination strategy will often be the most

innovative and creative way for organizations to realize the strategic intent. However, the danger of being "stuck in the middle", not making constructive strategy choices and ending up achieving nothing is noteworthy. It is therefore important that the leadership within the church makes a conscious effort to decide about the future direction of the organization. Trying to gain a competitive advantage through every means possible eventually means ending up achieving nothing.

After defining the long-term goal of the organization, competitive strategies follow as the possible answer to the "how" of achieving organizational goals. By selecting generic strategies, the competitive advantage of an organization is enhanced. As stated by Hamel and Prahalad (1985), these generic strategies form the foundation and should serve as the creative vehicle to put innovative strategy in action. The following figure is a summary of the different generic strategies and illustrates how competitive advantage can be achieved by implementing the different strategies under different circumstances.

Figure 11: Generic strategies
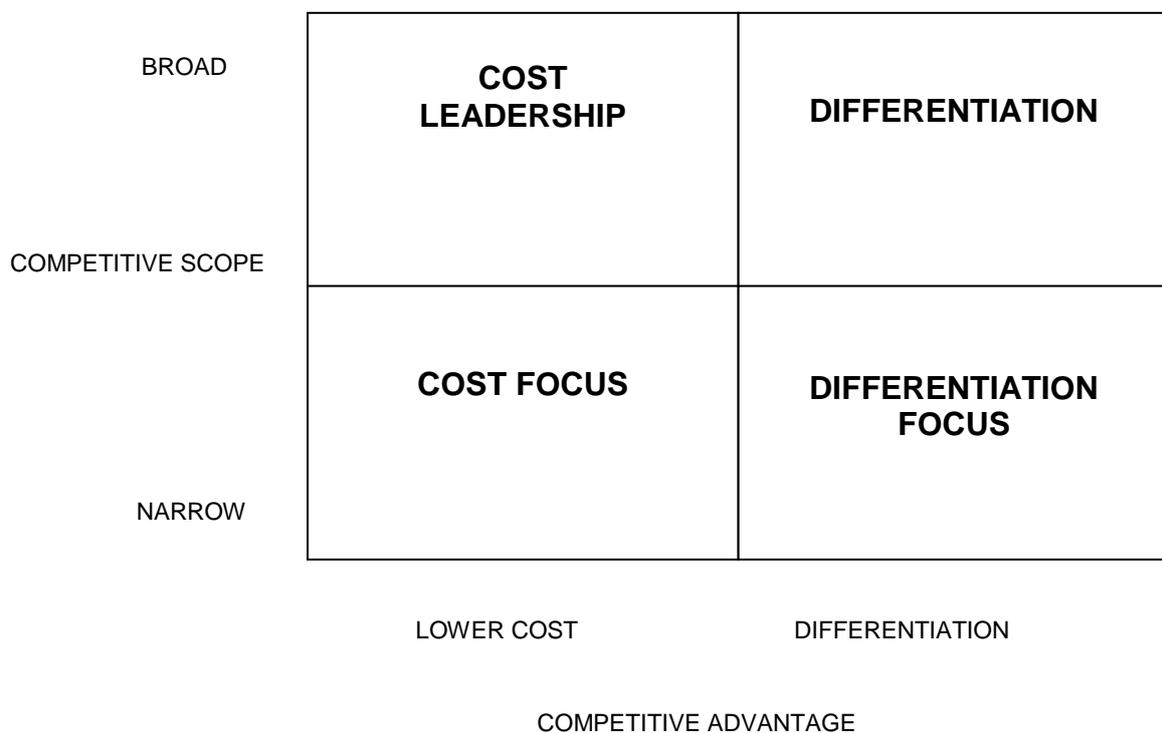
Source: (University of Cambridge 1999)

3.3 Complementary strategies

Porters' generic strategies form the basis from which an organization can pursue competitive advantage and reach its desired long-term goal or strategic intent. In practice, however, it is not always clear exactly how this strategy can be implemented. Grand strategies, sometimes also called business strategies, are more specific strategies that organizations can pursue to achieve their strategic intent or long-term-goal. It is in essence complementary strategies to generic strategies.

In strategic management literature, different business strategies are well documented. These strategies are sometimes divided into corporate, competitive and functional strategies. Corporate strategies establish the overall direction of the organization whilst competitive and functional strategies provide the means or mechanisms to achieve the desired outcome. Corporate strategies are often divided further into three more categories, organizational growth (moving the organization ahead), organizational stability (staying where it is) and organizational renewal (changing the organization's weaknesses and decline). The functional strategies are then applied to the different categories.

For the sake of this study, based on the unique character of the church as an organization, three types or categories of business strategies will be discussed:

a) growth strategy
b) decline strategy
c) corporate combination strategy.

Each of these categories has different complementary strategies that can be followed. Applicable categories, together with the complementary strategy, will be discussed briefly, and an example of this strategy within the reference of the church as an organization will be given. Once again, these different strategies are not presented to be followed blindly but to provide managers with the fundamental knowledge and principles to create innovatively a strategy fitting to the organization and the strategic intent.

3.3.1   Growth strategies

If the major focus of an organization is to expand and achieve long-term growth, four possible strategies can be considered:

a) Concentrated growth

When concentrated growth is chosen as a strategy, market share is increased through concentrated marketing efforts, promotional strategies and the customization of product features. A concentrated growth strategy is in essence an effort to grow by increasing the sale or use of existing products or services in existing markets (Swanepoel 2008).

Concentrated growth can be successful when the market for a specific product is not saturated. A concentrated growth strategy within the framework of the church will be to focus its attention on a very specific aspect of its service and then customizing the service to the chosen focus. For example, a concentrated growth strategy can be to grow the church's market share in a community by focussing on the students in the surrounding student homes. The service of the church to the students then needs to be customised in order to meet the needs and expectations of the students.

b) Market development

When market development is chosen as a strategy, the portfolio of markets that an organization serves is expanded by introducing the products or services into new geographical areas. Market development within the reference of the church will mean, for example, to plant a new church in a new area.

c) Innovation

When innovation is chosen as a strategy, organizations invest in research and development by using technological competencies and capital reserves. By investing in innovation, new products and services are developed instead of concentrating on extending the life cycle of current products or services through differentiation. An important aspect of an innovation strategy is that organizations that embark on this strategy as their grand strategy use it as the fundamental way of relating to their markets.

Innovation strategies can be successfully implemented when customers demand differentiation and the industry is characterised by rapid changes and advances in technology (Baldwin & Gellatly 2003). Important to note is that the organizational culture must be open and acceptable for innovation to be a successful strategy.

d) Diversification

When diversification is the chosen strategy, an organization will make an effort to expand the market share by entering new markets or adding new services or products that extend beyond the original boundaries of the organization.

When these products or services are related to the organization's current product line, it is called related or concentrated diversification. When a new product or service that is not related to the product line is added, it is called unrelated products or services or conglomerate diversification (Kozami 2002).

Diversification strategies are successful and effective in organizations that experience slow or even no growth. The goal then is to increase sales or, in the case of the church, increase the impact of its service by increasing the number of services to members and non-members. It is also effective when current services are in the decline stage of the product life cycle.

3.3.2 Decline strategies

If an organization is in a vulnerable position because of inefficiency and ineffectiveness and poor management, the so-called decline or defensive strategies can be considered. There are four decline strategies to consider.

a) Retrenchment/turnaround

Retrenchment or turnaround is a pursued strategy to reduce costs and assets (as a way of reducing costs) in order to stabilise the financial condition of the organization. This might include the selling of buildings or land or a reduction in personnel. Retrenchment strategies are usually implemented to fortify the distinctive competence of an organization (David 2011).

Retrenchment or turnaround strategies are effective strategies to pursue when an organization has distinctive competence but has failed to meet its goals over time. Possible reasons for inefficiency and ineffectiveness include the poor performance of managers and poor employee morale.

Turnaround strategies therefore focus on strengthening core competencies and include processes such as programmes in business re-engineering and total quality management (TQM).

b) Divestiture

The divestiture strategy implies streamlining or consolidating an organization by means of, for example, de-sizing through selling a part of the organization to raise capital to expand other divisions (Schermerhorn 2011). Divestiture strategies also include the analysis of divisions that are unprofitable or that no longer fit in with the strategic direction. The strategy is simply to get rid of those divisions and invest in other potential divisions. Although a divestiture strategy within the church will not mean selling a part of the organization to raise capital to expand other divisions, it might mean that the work or service of some divisions or departments or committees be terminated in order to put more resources into expanding other divisions or committees.

c) Liquidation

Liquidation is a strategy to follow where all the assets of an organization are sold in an attempt to avoid bankruptcy.

d) Bankruptcy

If there is no hope within the organization for a turnaround, this strategy means to close the doors and declare bankruptcy in order to avoid major debt obligations.

3.3.3 Combination strategies

Another strategy that can be considered in order to increase competitiveness is combination strategies. There are two possible strategies to consider.

a) Joint ventures

A joint venture is pursued as a strategy when a particular temporary opportunity arises and when partnerships can be formed by two or more organisations to capitalize on the opportunity (David 2011). In joint ventures, partners contribute proportional amounts of capital, skills, managers and technology to the specific venture.

The importance of combination strategies and, in particular, joint ventures is commonly acknowledged within the business world. According to Hill (2009), organizations continuously have to look for creative and effective ways to build their business, and joint ventures and partnerships are two options for the next generation of companies striving to meet the demands of a fast-changing business environment.

Commenting extensively on all the possibilities of the different strategies falls outside of the ambit of this study, but joint venture is a strategy that the church as an organization must investigate because of its problem-solving potential. In fact, the future of the church, especially smaller churches and churches that are under financial constraint, lies in the exploration of combination strategies such as joint ventures. Combination strategies enable organizations to have a greater pool of core competencies from which to draw in order to achieve the strategic intent. It also enables organizations to outsource some functions with which the organization struggles or does not possess within it structures (Salaman 2001) . Joint ventures can therefore benefit the church enormously in terms of the greater utilization of resources and a shared vision that brings new enthusiasm and communality. Consequently, two organizations can do more and make a greater impact than one can on its own.

Although there are many differences between churches, for example language, culture, politics, spirituality and dogmatic matters, joint ventures will become inevitable for the church, its mission and its organization as times get more difficult in terms of financial support, participation and member numbers,. Joint ventures will ensure a bigger pool of core competencies and give churches the opportunity to explore new challenges together. The advantages arising from joint ventures will assist the church in its mission to impact and transform society.

In order for the church to be pro-active rather than re-active, churches need to acknowledge the fact that formal partnerships between organizations can only expand and enhance the impact of the church in a particular area. Of course, forming joint ventures will be difficult, challenging and often frustrating. It will need inspirational leaders and effective strategic management in terms of culture and resistance, but it will be worthwhile to ensure future sustainability in service.

b) Strategic alliances

The difference between strategic alliances and joint ventures is that organisations involved in strategic alliances do not share ownership of a specific business venture (Culpan 2002). For a defined period only, organizations share skills and expertise to maximise the opportunities from the business venture. "In a global market tied together by the Internet, joint ventures, and partnerships, alliances are proving to be a more effective way to enhance corporate growth than mergers and acquisitions" (Schifrin 2001).

Forming strategic alliances will ensure that the church as an organization maximises its opportunities based on sharing valuable resources such as skills, expertise and finances between organizations for a defined period or a particular project. Besides joint ventures and alliances between churches as organizations, strategic alliances can also include ventures between the church and other non-faith-based organizations. There is no reason why joint ventures need to be restricted only to the church as organization. Creativity and innovation is needed in order for the church to form alliances with other organizations.

The church has social capital that it can offer to society in terms of morality, ethics, care-giving, human capital, social skills, *et cetera*. The church is still one of the most trustworthy NGO's in the country and has shown in the past that it has much to offer in terms of transformation in various forms (Kumalo 2010). During the political transition in South Africa in the 1990s, a number of church leaders became involved as mediators between negotiating parties and took part in peacekeeping efforts in various contexts and places that were engulfed by political violence at the time (De Gruchy 2004). The church as an organization played and still plays an integral and important role in building relationships between different cultures and education for responsible citizenship based

on the core Biblical values for which it stands. In cooperation with other religious groups, the church raised issues of ethical concern with government, keeping the state and its representatives accountable to basic principles of good governance, and ethics (Mugambi 1995). This is only a few examples of what the church as an organization can add when engaging with other organizations and institutions.

The options for churches to form alliances with other organizations are numerous, and various organizations can benefit from the social capital of the church. One example is to form alliances with supermarkets. Supermarkets have the products, namely food, that the church often needs in its mission to take care of people. The advantage for a supermarket of having the church in alliance is that it gives the supermarket the platform and peace of mind that their social responsibility is met through a well-structured organization. The church on its part receives the means in order to fulfil its service of caring, compassion and grace. There are numerous possibilities in terms of other enterprises, job creation, development of skills, *et cetera*. Joint ventures and strategic alliances with the church need to be explored and researched further.

The different possible strategies discussed are "ingredients" to consider in creating a creative recipe that will fit the organization in realizing its goals and strategic intent. These different strategies provide a basic strategic direction and point of departure for strategy implementation. Although the strategies presented in this chapter are the most commonly used, the assumption should not be made that these alternatives are the only options available to the church as an organization.

The most important aspect regarding strategy choice is the focus on the realization of the strategic intent and the exploitation of core competencies. The church as an organization needs to spend more time contemplating forming strategic alliances and joint ventures in order to keep a competitive advantage. This will enable the church to render better a service and will open up new possibilities.

4. The process of selecting the appropriate strategy

4.1 The role of the participants in selecting a strategy

Continuity is vitally important as far as the members and management team involved in the strategic management process are concerned. David concurs to this as he suggests a continuation of participants in the strategy analysis and choice activity. By this, he means that the same people that were involved in the formulation of strategic intent and environmental analysis should be included in selecting the strategies (David 2011:175):

> Recall that involvement provides the best opportunity for managers and employees to gain an understanding of what the firm is doing and why, and to become committed to helping the firm accomplish its objectives.

Another key aspect of strategic management is that it is an ongoing process where organizations continuously look back at the strategic process. Information acquired during the various analyses is re-used in the different steps and stages of the process. Vision and mission statements, strategic intent, external and internal analysis and the long-term goals provide the basis for choosing tools and strategies (Allen 2013; Hitt *et al.* 2011). It is therefore important that every participant in the strategy analysis and choice team must have all the relevant information on the overall process. The information together with the strategic intent will help participants to crystallize in their own minds specific strategies that they believe would benefit the organization most.

During the process of selecting a specific strategy, it is essential that participants be given the freedom and opportunity for strategy innovation and creativity in order to present alternative strategies (Malphurs 2013). According to Gavin Staude (in Louw & Venter 2011), it is evident that organizations increasingly recognise that competitive advantage is temporary and are therefore engaging in strategic innovation as a means of creating new markets and sources of competitive advantage. Louw and Venter (2011:320-321) explain this notion as follows:

> The impact of strategic innovation by an organisation or its competitors cannot be underestimated, hence the prominence we give to this topic in setting the scene for our discussions on strategic

choice. Authors are generally clear about the fact that strategy innovation is not technological innovation. It is, rather, a fundamentally new way of competing or a fundamentally different strategy for competing in an industry.

Within the framework of the church as an organization, it is very important that thought is given to the people involved in the strategic management process. When the strategic management team is formed, it often consists of people who have time for frequent and lengthy meetings and not necessarily people committed to change and innovation in the organization. Forming a balanced team consisting of stakeholders, leaders and members representative of the organization is essential in the strategic management process. Within this team, it is essential to create an organizational culture of learning, creativity and innovation in order to keep a competitive advantage. The importance of these elements in the strategic management process will be discussed in more detail in the next chapter.

4.2   Tools for strategic analysis and choice

The strategic-choice phase presented in this chapter leads to the point where an organization has the opportunity to choose between different strategies. Although these strategies are categorized and grouped, the organization is still left to choose between numerous other possible strategies.

The following question arises: How does an organization choose the right or the best strategy to achieve its goals or strategic intent? The answer to this question is twofold.

Analysis and intuition are two very important elements that provide a basis for making strategy-formulation decisions (David 2011). Strategic choice is therefore not merely a quantitative and scientific activity but also involves the intuition and common sense of participants. This underlines the key principle, as stated in chapter 1, that management is not merely a science but also an art. When an organization considers the direction it needs to go, as will be stated later in the chapter, it usually prioritizes a list of possible strategies. The prioritizing is very much an intuitive and subjective process because one strategy will often be chosen over another based on likeability and personal interest.

However, choosing a strategy cannot solely rely on intuition. Quantifying the options and using matrixes to assist organizations to choose a specific strategy to implement is considered the final phase of the strategy analysis. "It is still a risk – but most calculated one you will find in strategic management" (Ehlers & Lazenby 2011:242). A matrix adds numbers to the different options in order to minimize subjectivity. Using quantifying methods to assist in the strategy choice is also referred to as quantitative strategic planning. This implies that the strategic manager has the opportunity to choose a specific strategy by using a quantifiable method.

The church as an organization is mostly unfamiliar and often uncomfortable with the use of quantifying options and matrixes to assist in strategic choice. One of the reasons is found in the refuted (Chapter 4, par. 4.1.1.) belief that scientific "worldly" methods cannot supply the church with answers. Answers come through meditation and prayer. However, using scientific measures in order to make decisions that are more informed is responsible in dealing with facts and faith.

A basic understanding of matrixes to assist faith-based organizations in strategic choice is therefore important. It is conceded that matrixes will not be used in every strategic decision, but when radical change is part of the strategy, matrixes are valuable tools in ensuring and confirming that the right strategies are followed.

Many matrixes that offers assistance to organizations choosing a specific strategy to implement are presented within management science literature. Some of these matrixes include the SWOT Matrix (Strengths, Weaknesses, Opportunities, Threats), SPACE Matrix (Strategic Position and Action Evaluation), Grand Strategy Matrix (GSM), BCG (Boston Consulting Group) Matrix, IE (Internal-External) Matrix and the QSPM (Quantitative Strategic Planning Matrix).

Before a specific matrix is applied to assist in strategy choice, a preliminary assessment of possible strategies needs to be done. David (2011) suggests that the initial proposed strategies be considered, discussed and listed in writing. When all feasible strategies that participants identified are understood, the strategies should be ranked in order of attractiveness by participants:

1 = should not be implemented

2 = should possibly be implemented

3 = should probably be implemented

4 = should definitely be implemented

This process will then result in a prioritized list of best strategies and will reflect the collective inputs of the strategic management group. This first preliminary step in analysing and selecting a strategy then sets the basis for applying quantifiable methods in determining the right strategy.

4.3   The SWOT Matrix

Although there are many strategic choice matrixes presented by management science literature, the SWOT matrix is an appropriate, efficient and effective matrix that can assist the church as an organization in strategic choice. The SWOT matrix in particular applies to single organisations with a dominant product or service, rendering it suitable for application to the church as an organization. Because it is often difficult to quantify faith-related activities and services, the presented SWOT matrix will provide the church with a distinct and objective tool to assist in strategic choice.

In order to do the quantitative analysis using the SWOT matrix, it is obvious that the role players involved in compiling this matrix need the information gathered in the earlier stages of the strategic management process regarding strengths, weaknesses, opportunities and threats. This underlines the principle discussed earlier that strategic management is a continuous process that interactively uses all the information gathered through the different stages (Burke & Friedman 2011).

The SWOT matrix that I shall present has been adapted for faith-based organizations in the sense that it only uses information gathered from the SWOT analysis and not, as it is traditionally compiled, from the SWOT, IFE Matrix (Internal Factor Evaluation) and EFE Matrix (External Factor Evaluation). To apply the SWOT matrix as a quantifiable method, numerical values from 1-3 (1 being the most important and 3 less important) are

assigned to each element in the four different quadrants of the SWOT analysis done in the assessment phase. This will ensure that a prioritized list of the three most important elements from each quadrant will be reflected in the SWOT matrix.

There are seven steps in formulating a SWOT matrix. The different steps are schematically presented by the example of a SWOT matrix done on a local church taken as example earlier.

- **Step 1**

The SWOT matrix consists of nine cells, and the top left must always be left open.

- **Step 2**

The top two cells represent the strengths (S) and weaknesses (W). These would consist of the most important internal strengths and weaknesses. A numerical value should be assigned to each element.

- **Step 3**

The two cells on the left represent the opportunities (O) and threats (T). These would be the most important external opportunities and threats. A numerical value should be assigned to each element.

- **Step 4**

The aim of Step 4 is to match the internal strengths with the external opportunities (SO strategy) and then to record possible strategies in the corresponding cell. In the corresponding cell, the organization writes specific options related to the strength and opportunity and specify these in brackets. It is important to remember that SO strategies use internal strengths to take advantage of the external opportunities that exist. This is also called an attacking strategy where strengths are leveraged to maximise opportunities.

- **Step 5**

In Step 5, the internal weaknesses are matched with the external opportunities to get a possible outcome, called WO strategies. This is done on the same basis as in Step 4. WO

strategies aim to improve weaknesses by taking advantage of the external opportunities. WO strategies build strengths for an attacking strategy by countering weaknesses through exploiting opportunities.

- **Step 6**

Match the internal strengths with the external threats and record the outcomes as ST strategies. ST strategies use the internal strengths to try avoiding the possible external threats. This is also called a defensive strategy when strengths are leveraged to minimize threats.

- **Step 7**

Match the internal weaknesses with the external threats and record the outcomes as WT strategies. WT strategies are very defensive by nature and these strategies usually aim to reduce the internal weaknesses and avoid the external threats to the organization. WT strategies built strengths for a defensive strategy by countering weaknesses and strengths.

After the completion of the SWOT matrix, an organization ends up with four sets of possible strategies, namely SO, WO, ST and WT strategies. It is very important to remember that there is no single perfect set of strategies. These strategies should be carefully discussed and evaluated by the role players as alternative options. The matrix does not give an indication of which one to use, but it is very useful for organizations to see that there are certain viable options. What is important though is for each alternative strategy to be identified as a specific type of grand strategy. By doing this, it gives the organization an idea of what resources are going to be involved and what other implications there are.

Ehlers and Lazenby (2011:245) explain the identification of SWOT strategies with a grand strategy as follows:

> It is very interesting to note that SO are commonly growth and development strategies, while the WT strategies will commonly be defensive ones. The other two strategies (WO and ST) may differ from aggressive to defensive, depending on the specific factors chosen.

Table 22: The SWOT matrix of the DRC Universitas

	Strengths – S Friendly, warm organizational culture (1). Blended worship style (2). Professional band/orchestra (3).	Weaknesses – W Only focus on the Afrikaans market (1). React slowly to changes in the neighbourhood (2). Inability to involve students in ministry (3).
Opportunities – O The change in neighbourhood to reach, accommodate and involve people as members in the congregation (1). Get more children involved in the church because of a very good primary school close to the church. This will attract members to the congregation and ensure investment in the future of our children (2). Be involved in the school in terms of the spiritual support to staff and children (3).	SO strategies Attract new members in the neighbourhood by introducing the church through home visits using the warm and friendly character of its members (S1+O1). Get the children from school involved in the band at church. The worship leader can start a "beginners" band, teach them music and at the same time involve them in ministry (S3+O2).	WO strategies Reach out to Black, English-speaking children in the neighbourhood. Children are more open to a multicultural ministry and can slowly influence the congregation (W1, 2 + O 1, 2, 3).
Threats – T Because of the slow reaction to changes in the environment, other religious groups can	ST strategies Keep the service in the morning the same for the "traditional" stakeholders of	WT strategies Make the church available for another Christian denomination that can involve

cease the opportunity to influence students (1). An over-emphasis on the change in environment without considering the main stakeholders might alienate them (2). An organizational culture that is still not open enough to multi-cultural service, although the neighbourhood is multicultural in its very nature (3).	the congregation. Slowly introduce a multicultural element to the evening services (S1, 2, 3+T2, 3).	the majority of Black, English-speaking students in the neighbourhood (W1+T1).

After completing the strategy choice matrix, an organization will have to choose from several possible strategies. Although the SWOT matrix gives possibilities of strategies to follow, it will not give the answer to the final choice of strategy (Stone, Bigelow & Crittenden 1999).

Although these strategies could all be viable strategies to pursue, the management team will have to narrow down these possible strategies and eventually evaluate them based on the quantitative methods done as well as the intuition of members. The most feasible strategic choice will then be made to gain a competitive edge based on realizing the strategic intent and exploiting core competencies.

5. Conclusion

When an organization has no sense of direction and therefore no coherent strategy, it will usually end up in some place it does not want to be. It was evidently proven in this chapter that the managerial skills and principles of strategic choice can be applied

effectively and efficiently to the church as an organization, addressing the research aim that management skills and principles will assist and have a positive influence on managing the church as an organization.

Different strategies for strategic choice were discussed as fundamental principles in order to create an appropriate strategy that will fit the church as an organization in realizing the strategic intent as well as exploiting core competencies. Strategic management, as a continual process, was emphasized, calling for the same people to be involved in the whole of the process and for well-informed participants in the strategic management process. The importance of clear and calculated decisions being made in terms of strategy choice is of particular importance for the church as an organization. The SWOT matrix is presented as an appropriate quantitative tool that will assist the church as an organization in choosing a strategy to achieve competitive advantage. The principles and skills presented in this chapter will contribute to the more effective and efficient management of the church as an organization as set out as one of the objectives of the study.

Chapter 10

Strategy implementation

1. Introduction

The planning phase of strategic management has been discussed as the first phase of the strategic management process. However, strategy analysis and choice will have no positive influence on organizations, unless it is properly implemented. McConkey (1988:66) explains this point as follows:

> Even the most technically perfect strategic plan will serve little purpose if it is not implemented. Many organizations tend to spend an inordinate amount of time, money, and effort on developing the strategic plan, treating the means and circumstances under which it will be implemented as afterthoughts! Change comes through implementation and evaluation, not through the plan. A technically imperfect plan that is implemented well will achieve more that the perfect plan that never gets off the paper on which it is typed.

David concurs with this when he says that successful strategy formulation does not guarantee successful strategy implementation. "It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation)!" (David 2011:245).

It is evident that strategy implementation is essential in realizing the strategic intent. Having a strategy does not bring change in itself. Implementing the plan or strategy brings change and innovation! In this regard, Dickson (2000:5) voices the following opinion:

> So visionary strategy has been succeeded by an era in which the cliché – "formulation is easy, it is implementation that is the problem" – holds sway. If strategizing consists of having visions, it is obvious that formulation is easy and implementation the problem: all substantive issues of strategy have been redefined as issues of implementation.

There is growing recognition that the most important issues in strategic management are not related to strategy formulation but rather to strategy implementation (Flood *et al*. 2000).

Jooste and Fourie (2009) did a very important empirical study on the perceived role of strategic leadership in strategy implementation within South African organizations. They concluded their study by saying the following (Jooste & Fourie 2009:64):

> It was found that strategy implementation is more important than strategy formulation in South African organisations and that the ability to implement a strategy in an organisation is more important than the ability to formulate a strategy in an organisation. In addition, strategy implementation is perceived to be more difficult than strategy formulation, and poor strategy implementation is perceived to result in a high failure rate of change initiatives.

This was confirmed when the respondents perceived their organisations to be better at formulating strategy than at implementing strategy. The respondents also perceived a moderate to large gap between strategy formulation and effective strategy implementation. It is therefore commonly acknowledged that the ability to implement a strategy is more important than the quality of the strategy itself, highlighting the importance of the strategy-implementation process.

The church as an organization has managed to formulate basic vision and mission statements some extent but often failed in strategic analysis, choice and especially implementation. The church as an organization is therefore not excluded from the substantive issues of implementation. This underlines the importance of a basic understanding of the skills and principles needed to implement strategy effectively and efficiently.

In this chapter, drivers and barriers to successful strategy implementation will be discussed. Special emphasis will be on strategic leadership as a driver of strategic implementation and the management of change as barrier to implementation. The chapter will end with a brief discussion on structuring an effective organization for the future. As stated in the previous chapter, the continuity of people involved in the management process is a key instrument in implementing strategy. "This translation is much easier if managers and employees of the firm understand the business, feel a part of the company,

and through involvement in strategy-formulation activities have become committed to helping the organization succeed" (David 2011:244).

2. What is strategy implementation?

Strategy implementation is, in the words of two well-worn phrases, to move form "planning your work" to "working your plan". It is therefore a shift in focus from formulation to implementation. The basic tenet of strategy implementation is that the chosen strategy needs to be translated into strategic action.

Thompson and Strickland (2003:365) define strategy implementation as follows:

> … [an] integral component of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions and then results to ensure that the vision, mission, strategy and strategic objectives of the organization are successfully achieved as planned.

Converting a strategic plan into action demands an answer to the question: What business actions have to be taken to get the strategic aims accomplished? (Goldman & Nieuwenhuizen 2012). The strategy implementation phase is an essential component to the strategic management process because it deals with the strategic change required within an organization to make the chosen strategy work and achieve the desired results.

The management of change is one of the most important reasons why implementation is often considered the most difficult part of the strategic management process. The value of a strategy can consequently only be recognized once it has been implemented.

Strategy implementation differs from strategy formulation in several ways. Whilst strategy formulation focuses on effectiveness, implementation focuses on efficiency. Strategy formulation is primarily an intellectual process whereby implementation is primarily an operational process. As was stated in the previous chapter, strategy formulation requires intuitive and analytical skills whilst implementing the chosen strategy requires leadership skills. Whilst strategy formulation takes place mostly at top-management levels, strategy implementation is the responsibility of all levels of management.

The importance of a broad involvement of management and personnel in the strategic management process was mentioned and emphasized in previous chapters. However, what often happens, especially in the implementation phase, is that the implementation of a strategy is wrongfully shifted to make it the responsibility of middle management. The result is that middle management becomes the recipients of decisions made by top management and carries the responsibility to motivate lower-level managers in the execution of strategies. The importance of the involvement and commitment of managers and personnel in the strategic management process cannot be understated.

As with strategic choice, there is no single recipe for strategy implementation because strategy implementation takes place in different organizational contexts and settings. All the different drivers and barriers have to be calculated constantly to implement strategy successfully.

3. The strategy-implementation process

In order to implement change effectively and efficiently, strategic leadership needs to acknowledge and manage the different barriers and drivers for strategy implementation. Aspects of strategy implementation will be discussed in two main categories, namely barriers to strategy implementation and drivers for strategy implementation. Within the ambit of this study, change has been identified as the most important barrier for implementation whilst leadership, culture and reward systems are regarded as the most important drivers for strategy implementation.

3.1 Barriers to strategy implementation

Just because a new strategy has been chosen, it does not mean that it will be enthusiastically accepted by all the members or employees. Often new strategies are accepted with scepticism, seen as unlikely to succeed or even threatening to positions or careers.

It therefore takes adept managerial leadership to convincingly communicate the new strategy and the reasons for it, to overcome doubt and disagreement, to build consensus on implementation and execution and to secure the commitment and cooperation of organizational units (Thomson, Strickland & Gamble 2005).

Paladino (2011) identifies four significant barriers to strategy implementation. The number one barrier is a vision barrier. Only 5% of company employees fully understand their company's strategy. The reasons for this low percentage are that the strategy is poorly communicated and not related to people's everyday objectives, roles and responsibilities. The second barrier is a management barrier. Overall, 85% of executive teams spend far less time discussing strategies and strategic issues than traditional operating results. The third barrier is a resource barrier where organizations do not link budgets to strategy, and the fourth barriers entails people where only 25% of management incentives are linked to the company strategy.

The study by Jooste and Fourie (2009) within the South African context corresponds with the research of Paladino (2011). The respondents' perceptions of the barriers to effective strategy implementation were categorised in terms of major, moderate and minor barriers to strategy implementation.

Major barriers to effective strategy implementation were identified as the following:

a) The workforce does not understand the organization's strategy.
b) The organization's strategy is not effectively communicated to the workforce.

Moderate barriers to effective strategy implementation are:

- The goals of, and incentives for, the workforce are not aligned with the strategy of the organization.
- Human capital is not effectively developed to support strategy implementation.
- There is an inability to manage change effectively.
- The allocation of resources is not aligned with the strategy of the organization.

Minor barriers to effective strategy implementation include all other the factors that might influence strategy implementation.

The respondents in the study of Jooste and Fourie (2009) perceived poor understanding of the strategy by the workforce because of ineffective communication of the strategy as the most important barrier to effective strategy implementation in their organization. This corresponds with the statement of Paladino that only 5% of employees fully understand their company's strategy because of poor communication of the strategy. It is therefore critically important that management effectively communicate the organization's strategy to members and staff and that objectives, roles and responsibilities are related to members and staff's role within the organization.

It is evident that many barriers might influence strategy implementation in one or another way. It is therefore not in the scope of this study to identify and discuss all the possible barriers to implementation applicable to the church as an organization. Sound managerial skills, principles and leadership are needed to manage effectively the different barriers to implementation within different environments and contexts.

Because of a very strong and often well-established organizational culture as well as the fact that churches tend to function as closed systems and are often reluctant to change and innovation, change has been identified and will be discussed as one of most important barriers to implementation that needs to be managed within the church as an organization.

3.1.1   Change as a major implementation issue

Today, managers must increasingly deal with new products, increased competition, technological developments and government regulation. This necessitates an openness to respond to changes in the internal as well as external environments. In order to respond adequately to change, most companies or divisions of major organizations undertake moderate organizational changes at least once a year and major changes every four or five years (Kotter & Schlesinger 2008).

Most efforts to implement change within an organization encounter problems (Kotter & Schlesinger 2008). Change often takes longer than expected or desired, sometimes kill morale and often cost a great deal in terms of managerial time or emotional upheaval. The

implication is that some organizations do not even try to initiate the needed changes because the managers involved are too afraid to implement the necessary changes.

Naturally, people are resistant to change, especially when individuals feel threatened or perceive themselves to be losing out rather than benefiting. The major issue underlying this fear is often a lack of trust between the people initiating change and the member or employees. It is therefore important in any organization to encourage people to recognize the need for change, see the benefits of change and realise the threat of an organization that is not changing. It is critical that time and effort is invested in explaining, justifying and persuading change within the organization. Thomson and Martin (2010:680) phrase this as follows:

> Early supporters should be visibly rewarded for their commitment, and this will encourage others and begin to consolidate the changes. Conservative people are inevitably going to be late joiners; and some older people, together with those who are very set in their ways, are likely to be laggards. The general problem with change is that it can be slow to take off and then often appear to be failing once the process is well under way. This will renew resistance and opposition to change, making the process of managing change that more important.

Resistance to change is something that the church, like any other organization, experience frequently. What is interesting though from the empirical data gathered on the church is that there is an openness and willingness amongst members towards change within the organization (Chapter 2, par. 4.1.1.). When this attitude within the church and its culture is managed effectively and efficiently, it will be beneficial to the future existence and success of the organization.

3.1.1.1 Reasons for resistance

There are several reasons why change might be resisted and, hence, need to be managed.

Some resistance to change can be expected where people have worked out ways of doing things that are beneficial to them in terms of their own objectives and preferences. When people have mastered tasks, they feel in control, safe and secure. Change may then be perceived as a threat to their security, and they often fear that they will not be able to develop the new skills and behaviour that is required of them (Thomson & Martin 2010).

People generally have a fear for the unknown and feel comfortable with situations, policies and procedures that they know well. An awareness, knowledge and understanding of the changes and change processes are therefore important aspects of change management. It is critical for any organization and its strategic leadership to manage change effectively and efficiently in order to achieve the strategic intent.

Another major obstacle to organizational growth is managers' inability to change their own attitudes and behaviour as rapidly as their organizations require. It often happens that managers understand the need for change in the organization and even in the way they operate, but sometimes, they are emotionally unable to make the transition (Kotter & Schlesinger 2008). Ehlers and Lazenby (2011) add to the importance of management embracing change by stating that the ability to manage change is fundamental to an effective organisation with mangers and all employees being supportive of rather than resistant or hostile to the proposed change. "Sometimes management itself must be changed to implement new strategies and to take the organisation to the next level" (Ehlers & Lazenby 2011:264).

Because the church, as a non-profit, faith-based organization is managed by a board or council, major consideration should be given to the time or period that members serve on the management board. What often happens within the management structures of the church is that people stay on boards for long periods of time, sometimes even decades, preventing new members from entering the management structures! This is not conducive for an organizational culture that needs to embrace change and create a learning culture within the church. Although continuity within management is very important, new members will bring new ideas and enthusiasm that is desperately needed within the organization to embrace change and innovation.

As stated in the study of Jooste and Fourie (2009), all the major barriers to strategy implementation has to do with change, either changes within the organization or its structures, workforce and expectations or external changes such as changes in the business environment.

3.1.1.2 Managing change

Strategic change differs from the normal organizational changes that happen as part of normal development and growth. Strategic change is a pro-active change, therefore implying change management in terms of the people and the tasks that they must perform within the organization.

It is clear that strategic change in an organization needs to be managed effectively and efficiently in order for strategies to be implemented successfully. Many managers underestimate not only the variety of ways in which people can react to change within an organization but also the influence that they can have on the effective and efficient implementation of change within an organization (Kotter & Schlesinger 2008).

The role of the strategic leader in terms of creating an organizational culture conducive to change as well as the pro-active management of people and the tasks they need to perform will be essential in the future existence of the church as an organization. This, once again, underlines the necessity of basic managerial skills and principles in order to create an organization conducive to change and leaders managing change pro-actively, effectively and efficiently.

3.1.1.3 Types of strategic change

Change can have many facets and faces. There is generally four different types of strategic change (Johnson, Scholes & Whittington 2005):

a) **Adaptation**

   The organizational setting can facilitate the incremental change, and it is only necessary to adapt to a situation.

b) **Reconstruction**

   The current organizational setting can handle a change that involves a sudden alteration in the market conditions. The processes and policies may need to be reconstructed in order to implement the new strategy.

c) **Evolution**

Fundamental changes need to be made in the way in which the organization deals with the situation, but it can happen over time. However, the lack of urgency may cause strategic drift in which case it is essential that the organization must become a learning organization to manage this change.

d) **Revolution**

Fundamental changes need to be made because of sudden and fast-changing conditions. The organization will have to implement a new strategy very fast.

These four types boil down to the question of whether the change required can be accommodated within the boundaries of the existing organization and organizational setting or whether significant changes are required in terms of the structure and beliefs of the organization to accommodate the necessary change (Ehlers & Lazenby 2011). For example, the launch of a new service within one of the committees of the church does not require fundamental changes to the organization. However, to change from being a service-orientated organization to a manufacturer require fundamental change.

There are some important aspects that need consideration in order to manage change effectively and efficiently (Johnson, Scholes & Whittington 2008).

- **Time**

  How quickly is change needed? Does the organization have time to change, or is change needed immediately.

- **Scope**

  What kind of change is needed? Is dramatic revolutionary change needed or moderate change.

- **Diversity**

  What is the level of homogeneity in the organization? A heterogeneous workforce can hamper change.

- **Capacity**

  In terms of the resources of the organization, does it have the capacity to change?

- **Readiness**

  Is the organization and employees ready for change? What will the levels of resistance be?

- **Capability**

  Does management and employees have the capabilities to implement change?

All these different issues and factors need to be reckoned with when considering changing the organizational direction through implementing new strategies.

3.1.1.4 Dealing with resistance

Robert Waterman Jr. says (1987) that most people fear change. Even when our minds say that change is normal, one's stomach quivers at the prospect. However, strategists and managers today have no choice but to change.

The role of managers in dealing with change effectively and efficiently within an organization was emphasised above (par. 3.1.1.2). Kotter and Schlesinger (2008) identified six ways by which managers can overcome resistance to change. These six approaches are vitally important management principles and skills to embrace when dealing with change effectively and efficiently within the church as an organization.

a) **Education and communication**

   Education and communication as approach to dealing with resistance is commonly used where there is a lack of information or inaccurate information and analysis. One of the most common ways to overcome resistance to change is to communicate and educate people about the possible change beforehand. The communication of the ideas that will stimulate change helps people to see the need for and the logic of change. This education process, through proper communication, can involve one-on-one discussions, presentations to groups or reports. The drawback of this approach is that it can be time consuming, but the advantages are that people who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.

b) Participation and involvement

The initiators of change can often forestall resistance by involving the potential resisters in some aspects of the design and implementation of the change. By involving and listening to the resisters, the process of implementing change will benefit.

c) Facilitation and support

This approach is commonly used in situations where people are resisting change because of adjustment problems. Managers can deal with potential resistance simply by being supportive. This might include providing training for new skills needed or simply listening and providing emotional support in order to help people handle change more effectively.

d) Negotiation and agreement

This approach is implemented where someone or some group will clearly lose out in a change and where that group has considerable power to resist. A way to deal with resistance is to offer incentives to active or potential resisters. One example is to give a union a higher wage rate in return for a change in work rules. Offering incentives to resisters is not applicable within the church as an organization. However, the principle remains that much time and effort must be invested into building strong relationships based on trust and personal involvement with resisters.

e) Manipulation and co-optation

In some situations, managers resort to covert attempts such as "buying off" informal leaders by personal reward or status to influence others. However, these methods are ethically questionable and are not recommended.

f) Explicit and implicit coercion

This approach is especially common in situations where speed is essential and the change initiators possess considerable power. Managers sometimes have to deal with resistance coercively and have to force people to accept a change by explicitly or implicitly threatening them. These threats can be with the loss of jobs, promotion possibilities, *et cetera*. This is a risky option because of the fact that people resent forced change. Coercion is often the only option when change needs to happen fast and will not be popular regardless of how the change is

introduced. Within the unique context and culture of the church as an organization, coercion should be avoided at all costs.

This framework provides valuable skills and principles that leaders can utilize when dealing with resistance to change. Kotter and Schlesinger (2008) warn against using just one method and suggest a combination of methods when a situation of change is being considered. For managers to lead organizations to change effectively, they need to employ the approaches with sensitivity to their own strengths and limitations and appraise the situation realistically. One of the most common mistakes that managers make is to use only one approach or a limited set of approaches, regardless the situation. In this regard, Kotter and Schlesinger (2008:8) give the following advice:

> The most common mistake managers make is to use only one approach or a limited set of them regardless of the situation. A surprisingly large number of managers have this problem. This would include the hard-boiled boss who often coerces people, the people-oriented manger who constantly tries to involve and support his people, the cynical boss who always manipulates and co-opts others, the intellectual manger who relies heavily on education and communication, and the lawyerlike manager who usually tries to negotiate.

The method for dealing with resistance to strategic change set by Kotter and Schlesinger (2008) is a valuable framework and adds insight to managing change effectively and efficiently in order to achieve the desired goals.

3.1.2   The strategic-change process

After the need for change has been determined within the organization, management science literature provides basic skills and principles that can assist leaders in the process of implementing change strategically. Four steps of the strategic-change process will be discussed as a guideline in managing change effectively.

- **Step 1: Identify the areas of change**

The first step when dealing with change is to identify the areas where change needs to be implemented. There are commonly three main areas where change needs to be implemented within an organization because of the choice of a new strategy.

The areas are:

a) technology and operational tasks
b) administrative changes, for example new structure, policies, budgets and reward systems
c) people, where it might be necessary to change the behaviour of employees, perform new operational tasks and train employees to do it.

- **Step 2: Analyse the situational factors**

The second step in the strategic change process is to analyse the situational factors fundamental to the change within the organization. Cummings and Worley (2014:40) advocate the importance of analysing situational factors when planned or strategic change needs to be implemented by stating the following:

> … [*considerably*] more effort needs to be expended identifying situational factors that may require modifying the general stages of planned change. That would likely lead to a rich array of planned change models, each geared to a specific set of situational conditions.

Kottler and Schlesinger (2008) suggest that the following questions need to be answered:

a) How much and what kind of resistance do we anticipate?
b) What is the position of the leaders or management relative to resisters in terms of power and the level of trust between them?
c) Who has the most accurate information about what changes are needed: management or the members or employees?
d) How urgent is the situation and need for change?

Joining Kottler and Schlesinger, Ehlers and Lazenby (2011) also regard the identification of the areas in which change has to take place (situational factors) as an important step in the strategic-change process.

- **Step 3: Determine the optimal speed of change**

The third element to consider in the strategic change process is the speed at which change need to take place. Change needs to be implemented quickly if the organization faces the

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risk of plummeting performance or death, but it should proceed slowly if (Kotter and Schlesinger 2008):

a) resistance will be intense and extensive
b) the strategic leader anticipate needing information and commitment from others to help design and implement the change
c) the leaders have less organizational power than those who may resist the change.

Within the church as an organization, it is very important for management or the board to discuss and consider a realistic timeframe in which change needs to be implemented. Sometimes, much time is spent on preparing the direction in which the organization must proceed, and when the final decision is made, management are so enthusiastic and motivated to implement and see change in the organization that no time is spent on planning a realistic timeframe for implementing and managing change responsibly and effectively.

- **Step 4: The power of influence**

After identifying the areas of change, the situational factors and the speed of change, the next step in the strategic management of change is to persuade organisational members to support the change. It is important to note that strategic leaders, as the drivers of strategic change, have the power to influence people in order to implement the decisions that will bring about change.

A very important characteristic of a strategic leader is that such a leader has the assignment and responsibility within the organization to introduce the necessary changes in order to maintain a competitive advantage. This implies that a strategic leader will have to generate agreement and manage potential conflict.

It is important to realise that managers have to use their power to influence people in order to bring about the necessary change. Power and influence are two very important aspects of strategy implementation and change because they enable mangers to be proactive and to influence the organizational environment by controlling situations and changing people's intentions (Ehlers and Lazenby 2011).

To challenge a leader within the framework of the church as an organization to utilize his or her influence in order to achieve the necessary change will be a weird and even wrong concept to embrace. In fact, the emphasis is today more on servant and participative leadership than on using influence to determine the outcome of a process. However, within the correct context where church leaders form part of a strategic management team that deals responsibly and prayerfully with the future of the organization, the importance of the influence of a leader cannot be ignored (Blanchard 2003).

Church leaders must accept the fact that they have the opportunity to influence the strategic management process responsibly in order to implement change and drive the organization to achieve the strategic intent. Although the leader within the church as an organization has a very distinct role to play, he or she cannot hide from the responsibility to influence people responsibly in order to bring about the necessary change within the organization. When leaders within the church as an organization embrace their role in influencing the change process, change in the organization will not only be more proactive, but leaders will also assist in changing the intentions of people. The importance of leadership as a driver in the strategic change process will be discussed in the next section of this study.

Thomson (2001) made some suggestions on tactics that managers can use to influence the organizational members and employees. Some of them are as follows:

a) Managers can develop liaison with other people who do have power to influence organizational members.
b) It is sometimes necessary to follow an approach of compromise to gain the support of people. This means that a manager must be willing to give and take.
c) Successful managers strike while the iron is hot, meaning that a manager must build on success and reputation quickly.
d) It is sometimes necessary that radical changes be disguised as minor changes.

Change within an organization is inevitable and so is the resistance to change when new strategies are to be employed. It is therefore important for strategic leaders to identify the barriers of change in an organization in order to respond correspondingly. The

management of change is an important aspect and responsibility of a strategic leader to ensure that the strategic process is employed effectively and efficiently.

3.1.3   The learning organization

Throughout this study, the importance of an organization being open to its environment and being willing to learn, change and embrace challenges was emphasised. In his book, *The fifth discipline: The art & practice of the learning organisation* (1990), Peter Senge popularised the concept of the "learning organisation". The basic idea behind a learning organization is that it is easier for an organization to adapt to changes if there is a culture of learning.

Becoming a learning organization is also helpful in the process of managing strategic change precisely because the employees in the organization accept the importance of continuous learning.

James Taylor (1998:n.p.) defines the learning organization as "… the organisation which builds and improves its own practice by consciously and continually devising and developing the means to draw learning from its own (and other's) experience".

In his definition, four critical elements of a learning organization are emphasized (Taylor 1998:n.p.):

a) A learning organization is an organization which learns consciously and is intentionally committed to the process of learning.

b) The second condition to qualify as a learning organization is, according to the definition, to achieve "improved practice". This simply means that what the organization learns must improve the organization in practice. All too often, organizations understand what their major problems and challenges are but are unable to implement the "action" required to address them. The definition of Taylor (1998) implies that an organization qualifies as learning organizations only to the extent that they are improving their practice, which is a step beyond having great insights and understanding.

c) The third aspect of the learning organization that Taylor (1998) defines is that the nature of the learning is that is an ongoing process. Learning becomes not only a more conscious process but also more continuous in achieving an appropriate balance between reflection, learning and action. In a learning organization, learning is not a "once-off" activity; it is a cumulative and constant process. As the organization learns how to improve its actions, it opens new opportunities for understanding and further learning. The process of learning is therefore an ongoing upward spiral through which the implementation of improved practice continually provides opportunity for new learning.

d) The definition highlights "experience" as a source of learning. An organization with a learning culture will draw on a variety of sources to learn from but will also develop the means and ability to exploit fully its own actions and experience as a primary source of learning.

Senge (1990) adds some important aspects to the list of a learning approach:

- Learning is a continuous process.
- Employees work and learn as a team.
- In a learning organization, the skills of the employees are the most important asset.
- It will be necessary to reconsider continuously the organizational habits and corporate interpretations that may no longer be relevant.

The diagram below is an illustration of how Taylor (1998) envisions the process that leads to establishing a learning organization.

Ideally, all activity or action should be part of a plan. This activity or plan should be regularly reflected on. From the continual reflection on the plan and the consequent action, the organization draws some valuable insight and information to learn from. These "lessons" are then built into improved plans and action. This is a continuous learning process for the organization.

Figure 12: Processes in a learning organization
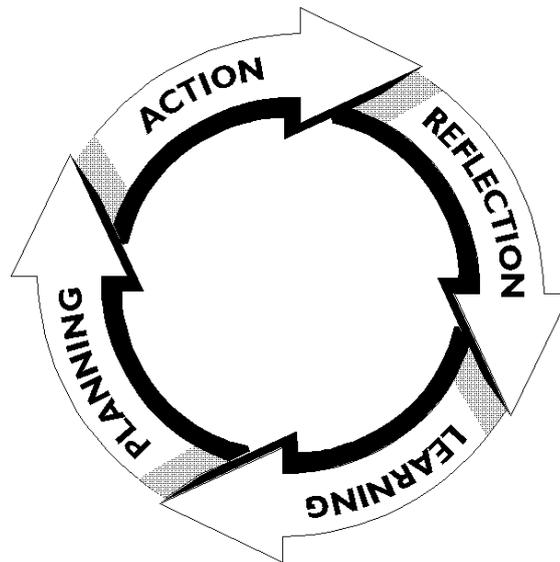
Source: (Taylor 1998)

An emphasis on creating an organization and organizational culture of learning will assist the church as an organization to react proactively to change, adapt faster and be more willing and open to change within the organization. This will eliminate many barriers to change within the organization. Therefore, probably the most important aspect of creating a learning organization is to change the organizational culture in order to accommodate learning in all its different forms. Especially within the church as an organization, people work in environments where they are afraid of getting things wrong because "getting it wrong" it is most often, wrongly, related to failure. The church as an organization needs to create a culture where the working environment is a safe space. Leaders within the church as an organization need to create an environment where people can risk making mistakes and are supported in learning from failures and successes. Creating a learning organization will create a culture where people are challenged to deliver to the maximum of their potential and are joined in celebrating achievements. This will ensure that the organization will embrace change and adapt to changes more easily and readily.

The importance of organizational culture will be discussed later in this chapter.

3.2 Drivers of strategy implementation

As stated earlier in this chapter, implementing strategy is a tremendous challenge to the management of an organization. In order to implement strategy effectively and efficiently, organizations make use of a number of strategy-implementation drivers to assist the organization in implementation. Some of the drivers of strategy implementation that will be discussed in this chapter are the following:

- leadership
- organisational culture
- reward systems
- organizational structure or design
- resource allocation.

3.2.1 Leadership as a driver of strategy implementation

Strategy does not implement itself, and change does not occur spontaneously. In any organization, there must be someone with a vision and willing to guide the organization to the achievement of the strategic intent through strategy implementation. The person in the organization tasked to do this is the strategic leader. The influence of the strategic leader in change management was discussed in the previous section of this chapter.

The successful transition from strategy formulation to strategy implementation ultimately depends on the strategic leader of the organization. Hence, the reluctance or incompetence of leaders in constructing the process for implementing strategic change is the single most reliable predictor of its failure (Feedman & Tregoe 2003).

Leadership, and specifically strategic leadership, is widely documented as one of the key drivers of effective strategy implementation (Hrebiniak 2005; Kaplan & Norton 2004; Pearce & Robinson 2009; Thompson & Strickland 2003). At the same time, a lack of strategic leadership by the top management of an organization has been identified as one of the major barriers to effective strategy implementation (Hrebiniak 2005; Kaplan & Norton 2004).

In order to understand the significance of leadership as a driver of strategy implementation, strategic leadership needs to be defined. According to Ireland and Hoskisson (2007:375), strategic leadership is "… the leaders' ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary". Ireland and Hitt (1999:45) define strategic leadership as "… a person's ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate change that will create a viable future for the organization". Important in the definitions of strategic leadership are the key concepts of vision, flexibility and initiative that set strategic leadership apart from general leadership.

In the study by Jooste and Fourie (2009:63), they concluded their survey on the expected roles of a strategic leader by saying the following:

> The respondents perceive the determination of a strategic direction for the organisation as the strategic leadership action that plays the most important role in effective strategy implementation (90% of the respondents agreed to a "large extent" and "very large extent" with this statement.

The study is particularly important because the empirical research of Jooste and Fourie, as well as the Church Mirror Survey presented in Chapter 2, confirm the literature on the importance of strategic leadership as a driver of change.

3.2.1.1 Leaders versus managers

Although the difference between leaders, managers and administrators was discussed in Chapter 4 (par. 4.1.2) within reference to the church as a faith-based organization, further references to the different functions of leaders and managers need to be discussed within the context of strategic leadership.

John Kotter (1990:104), a widely recognized leadership expert, made this distinction between management and leadership:

> Management is about coping with complexity. Its practices and procedures are largely a response to one of the most significant developments of the 20th century: the emergence of large organizations. Without good management, complex enterprises tend to become chaotic in ways that threaten their very existence. Good management brings a degree of order and consistency to

key dimensions like the quality and profitability of products. Leadership, by contrast, is about coping with change. Part of the reason it has become so important in recent years is that the business world has become more competitive and more volatile … the net result is that doing what was done yesterday, or doing it 5 percent better, is no longer a formula for success. Major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership.

Benis and Nanus (1985:21) draw a distinction between leaders and managers by saying the following:

> To manage means to bring about, to accomplish, to have charge of, responsibility for, and to conduct. Leading is influencing, guiding in direction, course, action, and opinion. The difference may be summarised as activities of vision and judgement – effectiveness – versus activities of mastering routines – efficiency.

Rowe (2001) argues that strategic leadership synergistically combines both managerial leadership and visionary leadership. He then makes the distinction by saying that managerial leadership concerns day-to-day activities and the short term. It is involved with stability and the preservation of the existing order of the organization and has a low level of emotional involvement with others. In contrast, visionary leadership is future orientated, proactively shapes ideas and relates to people in empathetic ways to ensure the future of the organization.

Strategic leaders, according to Rowe (2001:83), have the following responsibilities:

a) overseeing operating (day-to-day) and strategic (long-term) responsibilities
b) formulating and implementing strategies for immediate impact and preservation of long-term goals
c) having strong, positive expectations of the performance of their superiors, peers and themselves
d) using strategic controls
e) believing in strategic choice, that is, their choices make a difference in their organizations and environment.

Louw and Venter (2007) summarize the differences between visionary and managerial leaders in the table below.

Visionary leaders	Managerial leaders
Are proactive, shape ideas, change the way people think about what is desirable, possible, and necessary.	Are reactive, adopt passive attitudes towards goals. Their goals arise out of necessity and not out of desires and dreams and are often based on the past.
Influence the attitudes and opinions of others in organizations.	See themselves as conservators and regulators of the existing order. Their sense of who they are depends on their role in the organization.
Know less than their functional experts about functional areas.	Are experts in their functional area.
Are more likely to make decisions based on values.	Are less likely to make value-based decisions.
Are more willing to invest in innovation, in human capital and in creating and maintaining an effective culture to ensure long-term viability.	Engage in and support short-term-led cost behaviour to enhance financial-performance figures.

Source: (Louw & Venter 2007:365)

As indicated above (see Benis & Nanus 1985), although the differences between leaders, managers and administrators were discussed in Chapter 4, it is important for strategic leaders within the church as an organization to take note of the fundamental differences between visionary leaders and managerial leaders. In Chapter 4, it was argued that many churches are over-managed and under-led whilst others are over-led and under-managed. This observation emphasised the need to strike a necessary balance and interaction between leadership and management. The summary of Louw and Venter (2007),

emphasises the importance of leadership that is not only reactive (managerial leadership) but proactive in searching for change, new possibilities and dreams (visionary leadership). Managerial leaders tend to formulate goals out of necessity and not out of dreams, and these goals are often based on the past. In contrast, visionary leadership is willing and brave enough to invest in change and innovation, in human capital and in a learning organization to ensure long-term viability and the realization of the strategic intent. Within the church as an organization, dreams and expectation are two very important ingredients that visionary leadership needs to bring to the church as an organization. This will receive attention in Chapter 12 when the habitat of expectation is introduced as a platform from where visionary leadership can bring strategic change.

However, it is important to emphasise the fact that leadership is not better than management or visionary leadership more important than managerial leadership. These two can also not replace one another. Both types of leadership are necessary for successful strategy implementation, and the different attributes of leaders and managers complement each other (Ehlers & Lazenby 2011).

Macmillan *et.al.* (2001:199) concludes: "It seems then that management is about efficiency and routine; leadership is about effectiveness and change."

From the literature, it is evident that strategic leadership requires both visionary leadership and strategic management skills. Therefore, strategic leadership involves the usual day-to-day management but goes further by focussing on the future, implementing strategy and managing change.

The appointment of the so-called "church managers" was an attempt by the church to give pastors managerial assistance regarding administrative functions and lower-level management tasks such as basic administration and the management of personnel, buildings and certain ministries. The reasoning was that the assistance in administrative functions would ensure a focus on "more important" aspects of the pastor's work.

However, most pastors then, with the additional help of church managers, did not accept and embrace the role of strategic leadership in the congregation. This resulted in a church manager managing day-to-day activities, but still no one took responsibility for strategic leadership. Strategic leadership in the church as an organization is most often left to a

church council with no particular responsibility and accountability given to a specific leader. This contradicts the fundamental strategic leadership function of someone taking the initiative and responsibility to envision and drive change in an organization.

Within the framework of the church as an organization, it is important for pastors as leaders and managers of the organization to understand the different roles that leaders and managers play in strategically managing an organization. Some pastors will be visionary leaders in need of managerial assistance. Others will easily fit into managerial leadership but will need visionary leaders to shape and change the direction of the organization.

A basic knowledge and understanding of managerial and leadership principles and functions will ensure that the church as an organization embraces the expertise of both types of leadership necessary for successful strategy implementation and survival in the contemporary business environment.

3.2.1.2 Emotional intelligence

Emotional intelligence is one of the crucial elements in the armour of an effective and successful strategic leader. Emotional intelligence is a reflection on the personality, quality and attributes of a strategic leader. It includes aspects such as self-awareness, self-regulation, motivation, empathy and social skills. Emotional intelligence refers to the manner in which a leader has embraced these aspects in his leadership and in personal and relational skills.

In the research done by Goleman at more than 200 large global companies, he found a direct link between emotional intelligence and measurable business results. Because Goleman's research is considered the definitive reference on the subject of emotional intelligence, it will be used as reference in the discussion and overview on the importance of emotional intelligence in strategic leadership.

Goleman (2011) found that the most effective leaders are alike in one crucial way: the fact that they all have a high degree of emotional intelligence. Without emotional intelligence, a person can have the best training in the world, an incisive, analytical mind and an endless supply of smart ideas, but such a person will still not make a great leader.

Although many organizations, in the appointment of leaders and management, focus solely on qualifications and skills, emotional intelligence is often overseen or viewed as unimportant. Goleman (1998) agrees with this when he states that there is no direct relationship between IQ and standout performances by leadership. On the contrary, emotional intelligence is regarded as the hidden ingredient, especially in successful leadership. In his own words, Coleman (1998:94) explains this as follows:

> In the lower reaches of job complexity there is a more or less direct ration between a person's cognitive ability and performance, in that a smarter clerk or machine operator will do better than one who is not so bright. But at the higher levels of job complexity – in executive or managerial ranks – IQ and expertise do not predict who will be the standout performers. The immense difference between top and bottom performers in high-complexity jobs makes emotional intelligence not simply additive with cognitive ability, but multiplicative: arguably, the hidden ingredient in star performance.

He then concludes his discussion on the importance of emotional intelligence by stating that it is evidently true that there is a direct link between an organization's success and the emotional intelligence of its leaders. Even more importantly, research is demonstrating that leaders can develop their emotional intelligence (Goleman 2004).

For the reference of this study, it is important to understand the different elements of emotional intelligence. A better understanding of the elements of emotional intelligence will assist leaders in developing their own emotional intelligence in order to be more effective and efficient as strategic leaders.

There are five elements of emotional intelligence: self-awareness, self-regulation, motivation, empathy and social skills. Self-awareness, self-regulation and motivation are self-management skills whilst empathy and social skills focus on relationships. Goleman (1998) also gives some guidelines in order to recognize emotional intelligence in potential leaders. A brief overview of each aspect will be given as fundamental to the skills and principles needed as a manager of the church as an organization.

a) Self-awareness

Self-awareness means having a deep understanding of one's emotions, strengths, weaknesses, needs and drives. People with strong self-awareness are neither overly critical nor unrealistically hopeful. Rather, they are honest with themselves and with others.

How can one recognize self-awareness? Self-awareness shows in the ability to assess oneself realistically. People with high self-awareness can speak accurately and openly about their emotions and the impact it has on their work. Self-aware people are comfortable talking about their limitations and strengths whilst people with low self-awareness interpret criticism as a threat or a sign of failure.

Despite the value of having self-aware people in the workplace, the research of Goleman indicates that senior executives do not often give self-awareness the credit it deserves when they look for potential leaders. Many executives fail to give due respect to employees who openly acknowledge their shortcomings, and the latter are consequently too readily dismissed as "not tough enough" to lead others (Goleman 2011).

b) Self-regulation

Self-regulation is the manner in which people control their emotions, feelings and impulses. Even when people with high self-regulation feel in a bad mood, they find ways to control them and even channel them in useful ways. People with low-self regulation allow emotions to dictate their actions. This often leads to a grim silence or an emotional outburst. Goleman takes the importance of self-regulation in leadership a step further by stating that self-regulation enhances integrity, not only the integrity of the individual, but eventually also the integrity of the organization.

People who can master their emotions are sometimes wrongly considered as having a lack of passion. In contrast, people with fiery temperaments are frequently considered as charismatic. However, when these fiery temperamental people make it to the top, their impulsiveness often works against them. In his research, Goleman (2011) found that extreme displays of negative emotion have never emerged as a driver of good leadership.

c) Motivation

One trait virtually all effective leaders must have is motivation. People with a high self-motivation want to achieve for the sake of achievement and are not motivated by external factors such as a big salary or status. Highly motivated people seek out creative challenges and take great pride in a job well done. They also have energy to do things better and often seem restless with the status quo. Leaders with high motivation often questions why a particular thing is done on a certain way and are eager to explore new approaches to their work.

Consequently, it is not difficult to understand how and why a motivation to achieve translates into strong leadership. If leaders set the performance bar high for themselves, they will do the same for the organization, and this drive to surpass goals can be contagious. Leaders with these traits can often build a team around them with the same traits, optimism and organizational commitment (Goleman 2011).

d) Empathy

Whilst the first three components of emotional intelligence are self-management skills, the last two are concerned with a leader's ability to manage relationships.

Empathy has to do with a leader's relationship with the people around him or her and is easily recognised in the thoughtfully considering of other peoples (employees) feelings and emotions. Empathy is the ability to know when to push for better performance and when to hold back. Through the manner in which leaders motivate people, they actually demonstrate empathy in action. What is evident today is that empathy does not receive much respect in business because people wonder how leaders can make hard decisions if they have empathy for all the people who will be affected. However, according to Goleman (2011), leaders with empathy do more than sympathize with people around them: "They use their knowledge to improve their companies in subtle but important ways" (Coleman 2011:18).

Ehlers and Lazenby (2011) emphasize, from a South African perspective, the important role that empathy plays in managing cultural diversity. An empathetic leader has a deep understanding of the existence, importance and complexity of cultural and racial

differences within an organization and its management structures. Especially within the church as an organization that relies heavily on building relationships between people inside and outside of the borders of the organization, the importance of leaders developing empathy and social skills will only benefit the organization in achieving its strategic intent effectively and efficiently.

e) Social Skills

The last aspect of emotional intelligence is social skills. Social skills are not just a matter of socializing and friendliness. It is friendliness with a purpose, and the purpose is to move people in the direction that the leader desires and to build a network that the leader can utilise later. People with social skills tend to have a wide circle of acquaintances. They easily find common ground with people and succeed in building rapport. This does not mean that they socialize continually. It does, however, means that they work according to the assumption that nothing important is done alone (Goleman 2011:19).

It is evident that emotional intelligence plays an increasingly important role in the success of leading organizations strategically. Emotional intelligence is particularly important at high-level management in organizations, which will include the strategic leadership role that the pastor, as leader or the organization, needs to embrace. In his research, Goleman found that the higher the rank of a person who is considered being a star performer, the more emotional intelligence capabilities showed up as the reason for his or her effectiveness. When he compared star performers with average ones in senior leadership positions, nearly 90% of the difference in their profiles was attributable to emotional intelligence factors rather than cognitive abilities (Goleman 1998:84).

These five aspects of emotional intelligence are fundamental to the personal characteristics of manager of the church as an organization. Developing their own emotional intelligence will assist leaders of the church as an organization to be more effective and efficient as strategic leaders.

Louw and Venter (2011) add an interesting perspective on the relationship between strategic leadership, leadership styles and emotional intelligence. They argue that effective strategic leadership requires the leader to have a range of behaviours to select from in certain situations. Emotional intelligence then assists leaders to manage effectively within different contexts "… by employing the right type of leadership style for any business situation, in essence demonstrating what is termed behavioural complexity" (Louw & Venter 2011:449).

Goleman (2000:80) adds to this discussion on the use of a collection of styles in different contexts by using the game of golf as an analogy:

> Imagine the styles as the array of clubs in a golf pro's bag. Over the course of a game, the pro picks and chooses clubs based on the demands of the shot. Sometimes he has to ponder his selection, but usually it is automatic. The pro senses the challenge ahead, swiftly pulls out the right tool, and elegantly puts it to work.

Part of the success of strategic leadership therefore lies in combining different leadership styles with emotional intelligence. This enables a leader to align different leadership styles to different situations and even the different personalities of people. What makes effective strategic leadership even more complex is that a change in strategy also often necessitates a change in leadership style. It is a well-known fact that different types of strategy require different types of leadership styles.

Goleman (2000:78–90) identified six leadership styles:

a) Coercive leaders demand immediate compliance.
b) Authoritative leaders mobilize people toward a vision.
c) Affiliative leaders create emotional bond and harmony.
d) Democratic leaders build consensus through participation.
e) Pacesetting leaders expect excellence and self-direction.
f) Coaching leaders develop people for the future.

The following table is a summary by Louw and Venter (2011) of the different leadership styles, together with their underlying emotional intelligence competencies and an

indication when each style works best. For the reference of this study, this is of particular importance because it presents different management principles and skills that strategic leaders need to acquire and apply in different situations in order to be effective and efficient in managing the church as an organization.

Table 24: Leadership style and emotional intelligence

	The leaders' modus operandi	The style in a phrase	Underlying emotional-intelligence competencies	When the style works best	Overall impact on the climate
Coercive	Demands immediate compliance	"Do what I tell you."	Drive to achieve, initiative, self-control	In a crisis, to kick-start a turnaround or with problem employees	Negative
Authoritative	Mobilises people towards a vision	"Come with me."	Self-confidence, empathy, change catalyst	When changes require a new vision	Most strongly positive
Affiliative	Creates harmony and builds emotional bonds	"People come first."	Empathy, building relationships, communication	To heal rifts in a team or to motivate people during stressful circumstance	Positive
Democratic	Forges consensus	"What do you think."	Collaboration, team leadership, communication	To build buy-in or consensus, or to obtain input from valuable employees	Positive
Pace Setting	Sets high standards for performance	"Do as I say now."	Conscientious, drive to achieve, initiative	To obtain quick results from a highly motivated and competent team	Negative

Coaching	Develops people for the future	"Try this."	Developing others, empathy, self-awareness	To help an employee improve performance or develop long-term strengths	Positive

Source: (Louw & Venter 2011:450)

The interaction between different leadership styles and emotional intelligence is a critical leadership skill that needs to be acquired and applied within the church as an organization. Strategic leaders must recognize, acknowledge and embrace the fact that a strategic leader requires the skill to select from a range of behaviours in certain situations. It is not sufficient for leadership within the church to adopt only one leadership style and apply this universally to different people in different situations throughout his or her whole ministry.

As it was stated earlier, leaders can improve or develop their emotional intelligence. It would therefore simply be irresponsible for leaders within the church as an organization not to engage in the development of their emotional intelligence in order to manage people within the organization more effectively and efficiently.

3.2.1.4 The key responsibilities of a strategic leader

To conclude the discussion on strategic leadership, four key responsibilities of a strategic leader within an organization will be stated. The responsibility of clear communication, creating a learning organization, effective and efficient resource allocation and the management of conflict was identified as key strategic-leadership responsibilities.

a) Communication

A poor understanding of the strategy by the workforce because of ineffective communication was found to be the biggest change barrier in the study of Jooste and Fourie (2009). It is therefore evident that one of the key responsibilities of a strategic leader is to clarify the strategic intent by communicating the vision and strategic direction

to all the employees and stakeholders of the organization (Hitt, Ireland & Hoskisson 2011; Louw & Venter 2007).

Strategic leaders within the church as an organization will have to focus more vigorously on continual communication to their members and personnel regarding the challenges and changes that the organization faces. In a technological era with access to internet and social media, the church must engage in utilizing these available sources in communication. Proper, clear and concise communication will assist in the effective and efficient implementation of change and strategies in the church as an organization.

b) Creating a learning organization

As discussed earlier in this chapter (par. 3.1.3), the strategic leader is responsible for creating an organizational culture of learning (the learning organization) where change is embraced and people are motivated to work together in realizing the strategic goals (Taylor 1998). It is therefore one of the key responsibilities of strategic leaders in the church to intentionally focus on creating an environment where "getting it wrong" is not related to failure but to being courageous. Strategic leaders need to focus on creating an organizational culture of support where staff, members and leaders embrace opportunities to learn from failures.

c) Resource allocation

It is important to make a brief remark on resource allocation as one of the key responsibilities in strategic leadership. The importance of resources and especially core competencies were discussed in Chapter 8 (resource-based view).

An important function of strategic leaders in the execution of strategy is to identify and exploit the core competencies of the organization and mobilise the necessary resources in order to execute the strategy successfully (Hitt *et al.* 2011). David (2011:251) comments as follows on the lack of strategy in resource allocation:

> In organizations that do not use a strategic management approach to decision making, resource allocation is often based on political or personal factors. Strategic management enables resources to be allocated according to priorities established by annual objectives.

According to David (2011), there are a number of factors that commonly prohibit effective resource allocation. This can include an overprotection of resources, too much emphasis on short-term financial criteria, organizational politics, vague strategy targets, a lack of sufficient knowledge and a reluctance to take risks. Effective resource allocation in order to accomplish the organization's objectives is therefore one of the key activities and responsibilities of a strategic leader in strategy execution. The strategy analysis phase is therefore vitally important in order for strategic leaders to identify resources and especially core competencies within the organization. The church as an organization has the distinct advantage of a great diversity of people as resources, all with different gifts, skills and expertise, to utilize. The use of resources and core competencies is therefore not merely an analytical exercise but requires leadership skills for identifying but also developing and allocating these skills effectively and efficiently throughout the organization.

d) Management of conflict

Conflict within an organization is inevitable. Conflict is an inevitable part of life. It is natural and happens in every ongoing relationship. It can be predicted and must even be expected because of the simple fact that people have differences in values, goals, perspectives, personalities and cultures.

In order to prevent dysfunctional consequences that might affect organizational performance, it is important that conflict be managed and resolved effectively (Clegg, Kornberger & Pitsis 2008). Managing conflict is one of the key responsibilities of leaders when managing a church as an organization strategically through change and innovation. Important skills and Biblical principles in conflict resolution will be given in order for church leaders strategically to lead organizations through change and inevitable conflict.

Conflict resolution is a key strategic-leadership task and an example of the integration and application of basic managerial skills and business principles in church leadership.

- **What is conflict?**

Conflict manifests as a difference between two or more persons or groups characterized by tension, disagreement, emotion or polarization where bonding is broken or lacking (Kohlrieser 2007).

- **How to manage conflict**

According to a survey by the Chartered Institute of Personnel and Development (Leadership and the management of conflict at work 2008) into leadership and conflict management, almost half of the respondents report that they have to manage disputes at work frequently or continually whilst one in three respondents admit to having left a job as a result of conflict at work.

According to the American Management Association, managers typically spend 24% of their time managing conflict (Kohlrieser 2007). For this reason, it is understandable that many managers are often afraid of conflict in organizations.

There are commonly four typical responses to conflict (Harper 2004:69):

Fight reaction – A person react in a challenging way. At work, this may mean shouting or losing one's temper. The irony is that there cannot be a winner.

Flight reaction – This is a typical reaction where a person will turn his or her back on what is going on. By ignoring a problem, they hope that it will go away.

Freeze reaction – When a person is not sure how to react, the person often consequently become very passive. They might begin to deal with the issues, but things drift or become drawn out through indecision.

Face reaction - People approach a problem in a calm and rational way with a planned approach.

The first step in managing conflict effectively and efficiently is to accept the existence of conflict. Since conflict is perfectly normal, managers should expect it to occur (Harvard Business School Press 2013). Trying to stop or constantly avoid all conflict is a waste of time and energy, especially since positive results can emerge from some conflict.

When faced and managed correctly, conflict is often the single most important driver of change within organizations (Kohlrieser 2007). Disputes, disagreements and diverse points of view about strategy and implementation create energy, bring about change, stimulate creativity and innovation, create stronger bonds, build effective teams and improve performance. Therefore, conflict is often a sign of a need for change, and it can be embraced as an opportunity for growth, new understanding and improved communication.

The point is that, when conflict is embraced and managed effectively, it can be extremely productive for organizations.

A very good example of how the effective management of conflict brought about growth, better relationships and a new understanding within the church as an organization is the council at Jerusalem in Acts 15. In the meeting in Jerusalem, there was a vehement debate about the differences in view regarding the circumcision. Without effective and efficient conflict management, this could easily have caused the early church much damage.

From this example of how conflict was resolved successfully within the church as an organization, four essential skills are derived for managing conflict effectively. These essential skills are commonly found in literature on the science of conflict management.

- **Essential skills for managing conflict effectively**

The four essential skills for managing conflict that can be derived from the above-mentioned meeting in Acts 15 are a focus on the common goal, built positive relationships, put the fish on the table and establish dialog. Each of these skills will be discussed.

a) **Focus on the common goal or vision**

It is clear throughout the whole meeting in Acts 15 that there was a focus and emphasis on the common goal or vision (strategic intent). In fact, every time someone said something they started by focussing on their calling.

Acts 15:7: "At the meeting, after a long discussion, Peter stood and addressed them as follows: "Brothers, you all know that God chose me from among you some time ago to preach to the Gentiles so that they could hear the good News and believe."

Acts 15:12: "Everyone listened quietly as Barnabas and Paul told about the miraculous signs and wonders God had done through them among the Gentiles."

In their resolution of the conflict, the vision on God and his calling was instrumental.

Conflict can only be resolved successfully if there is a constant reminder of the common vision or goal. In addition, in every conflict situation, it is important to communicate to the participants the desired outcome: "What are we aiming for?" That makes reaching the outcome much more likely.

b) Build positive relationships

The key to defusing conflict is to build positive relationships even within disagreement (Kohlrieser 2007). Striking in the Acts meeting is the focus on relationships even when participants vehemently disagreed. They welcomed one another warmly (Acts 15:4), listened to one another and gave everyone a chance to participate in the search for a solution, encouraged and strengthened their faith (Acts 15:32) and gave one another the blessing of peace (Acts 15:33).

The basic underlying principle in conflict resolution is to treat others as friends not enemies and to base the relationship on mutual respect, positive regard and co-operation. People do not have to like one another to form a bond, but mutual respect is needed.

In the resolution of conflict, every effort must be taken to nurture relationships in pursuing the focus on the desired goals. By focussing on relationships, leaders learn to separate the person from the problem.

c) Put the fish on the table

This expression simply means raising a difficult issue without being aggressive or hostile (Kohlrieser 2007). The analogy comes from Sicily where the fishermen, who were strongly bonded, put their catch on a large table to clean it together. They worked through the messy job and were rewarded by a great fish dinner at the end of the day.

If a manager leaves a fish under the table, it starts to rot and smell. However, once an issue is raised, leaders can work through the mess of sorting it out, finding a mutually beneficial outcome.

This is what happened in the Acts meeting. They worked patiently through the "mess", analysing the problem by putting arguments on the table. Analysing the conflict will help to clarify the specific problem and will hence separate the person from the problem. This gives the necessary understanding of exactly what the roots or causes of conflict are. Unless one gets to the causes and understands the roots of the conflict, it will not be resolved sufficiently. Some questions that may be asked as an analysis are:

- What triggered the conflict?

- Who are you angry with?

- What are you not getting that you want?

- What are you afraid of losing?

- Is your conflict or anger accurate or over exaggerated?

- How can your conflict be resolved?

The tricky part when putting the fish on the table is always to balance reason and emotion. Emotions such as fear, anger and frustration have the tendency to disrupt otherwise thoughtful actions. This is why it is so important rationally to get to the roots of conflict, controlling emotions and working towards a mutually acceptable agreement or goal.

d) Establish a dialogue and negotiate

Like in every other relationship, communication is essential. It is therefore very important that every organization keeps an open-door policy that ensures that employees and members have the confidence to speak out openly. An openness to partake in the debate was also evident in the Acts meeting. However, the dialogue always needs to be relevant and focused on the organizational intent and a positive outcome in order for conflict to be resolved effectively and efficiently (Kohlrieser 2007).

There are some positive steps that strategic leaders can take to minimize the negative aspects of conflict:

- Realize that conflict is natural and happens all the time.
- Stress the positive aspects of conflict. Just because tension arises, the world is not going to collapse. In fact, if handled well, conflict often leads to innovation.
- Realize that conflict can be handled in a positive way that leads to personal and professional growth, development and productivity.
- Encourage others to raise points of conflict and differences. Allowing people to fester inevitably encourages them to erupt later, usually at a most inopportune time.
- Identify the root cause(s) of the conflict. Strategic leaders cannot begin to unravel the potential negativity in conflict and look toward progress until they have determined the source of the issue.

Strategic leadership also involves the important leadership skill of conflict management. When faced and managed correctly, conflict is an important driver of change within organizations that can create energy, stimulate creativity and innovation and form stronger bonds between people.

In the academic preparation of church leaders, the key leadership functions and responsibilities, communication, resource allocation, conflict resolution and creating a learning organization need to be addressed properly. Apart from the academic preparation in terms of leadership responsibilities, leaders also need to be evaluated in terms of emotional intelligence as it evidently plays an increasingly important role in the success of leading organizations strategically. Because emotional intelligence can be developed and improved, the church as an organization needs to engage with this in its organizational leadership and formal theological training. A basic understanding of management principles and skills within the formal education of leaders in the church as an organization will bring the necessary focus and attention to these key leadership principles and skills when dealing with students in the preparation for their ministry.

3.2.1 Culture as a driver for strategy implementation

The culture of an organization is often also referred to as the personality of the organization. The organizational culture manifests in the values and principles that are preached and practiced, in the official policies and procedures, in the stories told and in the traditions in an organization. It therefore follows that the values, beliefs and practices that form an organization's culture can be traced back to the history, philosophy, culture and tradition of the organization. Over time, these cultural underpinnings became embedded in how the organization conducts its business or service.

The culture of an organization is a product of the core values and principles of what is ethically acceptable or unacceptable. It is the behaviours that define "how we do things around here", the stories that are told repeatedly to illustrate and reinforce values and traditions. The organizational culture is the approach to people management and its internal politics. "The meshing together of stated beliefs, business principles, style of operating, ingrained behaviours and attitudes, and work climate define a company's corporate culture" (Thomson, Strickland & Gamble 2005:369).

The stronger a company's culture, the more likely it is for that culture to shape the company's strategic actions. "Sometimes the organizational culture can even dominate the choice of strategic moves" (Thompson & Strickland 2003:63).

Where it is often easy to observe *what* happens in organizations, it is in the effort to understand *why* these things happen that culture as a concept comes into its own (Schein 2004). Schein (2004) defines culture in terms of what a group of people collectively learn as they adapt to new challenges and changes. He (Schein 2004:17) offers the following definition of culture:

> … a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

The culture of an organization can be seen in its belief systems and values, in its philosophy on how business or service ought to be conducted and in its relationships and ethics. Organizational culture manifests in the stories, legends and traditions of an

organization and can be seen in the way in which it approaches problems and makes decisions. Organizational culture is the personality that all the members of the organization share.

The organizational culture is therefore a key driver in strategy implementation and deserves the necessary respect and attention when new strategies are to be employed. Organizations often fail in their efforts at change and improvement because of their inability to bring about change in the organizational culture (Cameron & Quinn 2006). Together with strategic leadership in the management of change, change and the management of organizational culture are very important and sadly often neglected with negative consequences. This is often the case within the church as an organization.

As stated earlier in Chapter 7 (par. 3.4.3.) on the influence of the organizational culture on strategic intent, much time is spent on formulating strategy, doing assessments and implementing the strategy, often without the necessary attention given to managing the organizational culture in such a way as to embrace these changes. Leaders within the church as an organization must therefore realize the importance of spending time and effort in informing, preparing and adapting the organizational culture to accept and embrace the necessary change in the organization. Kokt (2009) emphasises this responsibility of leadership to create an identity (organizational culture) that is acceptable to management and employees. He states that an environment or culture that allows for quality improvement and diversity will improve the commitment of management and employees to the vision and intent of the organization (Kokt 2009:33). It is simply not effective strategic management to expect change within the organization without preparing the organizational culture to be receptive of the change.

Therefore, strategic leadership and organizational culture are closely related. When a new strategy is pursued, the present organizational culture may or may not be compatible with what is needed for the effective implementation of the chosen strategy. When the strategy is compatible with the core values and strategic intent, organizational culture can be a strong driver in strategy implementation and change. However, when the culture is in conflict with the new direction in which the organization needs to go, culture becomes an obstacle that needs to be managed with great circumspection. "Ideally, the culture and

strategies being pursued will complement each other and, again ideally, the organization will be flexible and adaptable to change when it is appropriate" (Thomson 2001:204).

It is therefore important for the church as an organization to embrace the fact that, in order to strengthen or influence the organizational culture, deliberate action and attention is needed. A strong and adaptive organizational culture will not always form spontaneously but requires the necessary time and effort to be spent on employing stories and rituals, forming core values and teaching the fundamentals of the organizational. Too often, an organizational culture is left unchanged, thinking or hoping that it will develop naturally by itself in order to fit the strategic process. Neglecting the organizational culture is one of the fundamental errors in managing the church as an organization. However, it can be addressed and rectified by sound managerial skills and basic principles.

3.2.1.1 Types of organizational culture

There is no one, uniform organizational culture across organizations. As stated above, culture is formed by the history, tradition, personality and values of an organization. There is however different ways of classifying and categorizing organizational cultures. An understanding of the different elements of organizational culture will assist strategic leaders in managing and influencing organizational culture effectively and efficiently.

Cameron and Quinn (2006) identified the following four types of organizational cultures:

a) **Hierarchy culture**

The hierarchy culture is characterized by a formalized and structured workplace where the long-term concerns are stability, predictability and efficiency. In this type of culture, rules and formal policies hold the organization together.

b) **Market culture**

The market culture is focused on transactions with external constituencies, including suppliers, customers, *et cetera*. Competitiveness and productivity are core values in the market culture, and this is achieved through a strong emphasis on external positioning and control.

c) Clan culture

Typical characteristics of the clan culture are teamwork, employee involvement and the organization's commitment to employees. The assumption of the clan culture is that the environment can best be managed through teamwork and employee development. The clan culture is held together by loyalty and tradition whilst the organization emphasizes the long-term benefits of individual development.

d) Adhocracy culture

The main objective of the adhocracy culture is to foster adaptability, flexibility and creativity, especially where uncertainty and information overload are typical. Much emphasis is placed on individuality and risk-taking because these organizations often have to produce innovative products or services and adapt quickly to new opportunities.

Organizational culture can also be divided into the following four categories (Ehlers & Lazenby 2011; Kotte & Heskett 1992; Thompson & Strickland 2003):

a) **Strong culture** – values and beliefs are deeply ingrained and difficult to eliminate.

b) **Weak culture** – the culture within the organization is fragmented, but there are a few shared traditions and values.

c) **Unhealthy culture** – the culture in the organization is politicised, and influential managers operate in autonomous "kingdoms".

d) **Adaptive culture** – the organization's culture is characterised by a willingness to take risks, experiment and innovate. Therefore, strategies are changed whenever necessary.

Deal and Kennedy (Morden 2004) give another perspective on organizational culture by identifying culture as follows:

- **tough-guy macho culture** – a culture where high risks are taken
- **work hard/play hard culture** – a culture where fun and action are the rule and few risks are taken

- **bet your company culture** – a culture where large investments are made now to recover them over time
- **process culture** – banks, insurance companies and other heavily regulated industries display this culture where there is a low level of risk and slow feedback.

In terms of the different types and categories of cultures, it is important to note that most organizations do not have a single homogeneous culture. Especially in large organizations, it can easily happen that each department or functional area have a different culture. In these cases, it is important that the same set of beliefs and values be communicated throughout the organization to ensure a strong organizational culture.

Because of the long history of the church as an organization, most churches have a strong culture where values and beliefs are deeply ingrained and difficult to eliminate. However, as shown by the empirical data of the Church Mirror Survey, members are generally open to change and innovation in the church as an organization (Chapter 3, par. 4.1.1.). This emphasises the importance of an adaptive culture with a willingness to innovate and experiment. Therefore, the categorization of culture based on strong, weak, unhealthy and adaptive cultures will suit the church as an organization in dealing with culture as a driver or barrier of strategy implementation.

3.2.1.2 Transforming culture to match the chosen strategy

In the strategy implementation phase, it is very important to identify the components of the organizational culture that may hinder successful strategy implementation. A new strategy often goes with "a new way to do things".

Strategies that do not allow for cultural mismatches are unlikely to succeed (Macmillan and Tampoe 2001). In this regard, Macmillan and Tampoe (2001:194) point out the following:

> What this means is that if an organization which has run on bureaucratic lines wishes to become more entrepreneurial, it has a lot of work on its hands to change the mindset of its people to behave entrepreneurially. For example, their risk tolerance will have to be adjusted to

accommodate a less certain decision environment and an organization where authority and power are more evenly distributed.

It is therefore important for the success of strategy implementation, as stated in the previous section, to give change in organizational culture the necessary attention when a new strategy is decided on. Ehlers and Lazenby (2011:297) express the following opinion about organizational culture:

> Changing the organizational culture to align it with the chosen strategy is one of the most complex and arduous long-term challenges faced by strategic leaders. Cultural change is difficult to accomplish as habits, values are often deeply embedded in the organization, and people tend to cling emotionally to the old and familiar. An organisation faced with such a situation should determine whether reformulation of the strategy is not perhaps the most appropriate solution.

Within the church as an organization, it is evident that change can harm the culture of the organization in many ways. The repositioning of the organization may contradict old values and traditions and raise doubts about the sincerity of the leaders and uncertainty about the future. It is therefore important for strategic leaders to thoughtfully and empathetically manage the strategic process in terms of the relationship between the organizational culture and strategy. Part of the strategy-implementation process is to decide whether the chosen strategy is compatible with the current culture of the organization. Emotionally intelligent strategic leaders will simply acknowledge the fact that some strategies will not fit into the framework and extensibility of an organizational culture. To ruthlessly follow the chosen strategy to the detriment of a possible negative culture and emotions in the organization is not sensible management and will not serve the strategic management process positively.

Pearce and Robinson (2009) developed a simple framework that is well used to manage the strategy-culture relationship. The framework is depicted in the figure below and will be discussed briefly as a valuable tool for strategic leaders to align culture and strategy or even decide to reformate strategy because of difficult cultural change needed.

Changes in key organizational factors that is necessary to implement the new strategy	Many	**Quadrant 1** **Link to mission** Link changes to basic mission and fundamental organizational norms	**Quadrant 4** **Reformulate strategy** or prepare carefully for long-term, difficult cultural change
	Few	**Quadrant 2** **Maximise Synergy** Synergistic – focus on reinforcing culture	**Quadrant 3** **Manage around the culture** by separating divisions, subcontracting, use outsiders
		High	**Low**

Potential compatibility of changes with existing

Source: (Pearce & Robinson 2009:301)

The framework consists of four quadrants. The four quadrants will be explained together with suggestions on how to link culture with strategy.

a) Quadrant 1 (Link to mission)

Organizations in quadrant 1 find themselves in the position where many changes need to be made to achieve the strategic intent, and there is a high potential for compatibility within the existing organizational culture. These organizations are in a very promising situation where the organization can pursue a strategy that requires major changes but still benefits from the power of cultural reinforcement (Pearce & Robinson 2009).

It is important that the organization links the new strategy or changes to the company's mission and use existing personnel to fill positions created by the new strategy. The reason is that the personnel embody the shared values of the organization that will help

ensure cultural compatibility. The reward systems should be adjusted to be consistent with the new strategies, and key attention should be paid to the changes that are least compatible with the current culture in order to prevent these changes of disrupting the existing culture.

b) Quadrant 2 (Maximise synergy)

Organizations in quadrant 2 find themselves in a position where few changes need to be made, and the potential compatibility of changes within the existing culture is high. An organization in this situation should emphasize two broad themes (Pearce & Robinson 2009):

- take advantage of the situation by reinforcing the current organizational culture
- use this time to remove any barriers that there might be in pursuit of the desired culture.

c) Quadrant 3 (Manage around the culture)

Organizations in quadrant 3 have few changes to make in order to implement the new strategy, but the compatibility with the existing culture is low.

The question for organizations in this quadrant is whether they can indeed make these necessary cultural changes in order to implement the new strategy. An organization can manage around the culture in various ways, for example, separate division, subcontract or bring in an outsider (Pearce & Robinson 2009). The key idea is to create a method of achieving the desired change but in the same time avoid confronting the incompatible cultural norms and values. With time, the cultural resistance will diminish, and the change will be absorbed into the organization.

d) Quadrant 4 (Reformulate the strategy or culture)

Organizations that find themselves in quadrant 4 are in a very difficult and sensitive position. These organizations need to make many changes with a low compatibility within the existing culture. These organizations face complex and often long-term challenges in changing its culture. It is often a challenge that is impossible and raises the

question whether the strategy is appropriate and the changes necessary. If the answer is still yes, massive changes in management and personnel are often necessary.

This framework presented by Pierce and Robinson will assist managers with vital management principles in the strategy-culture fit and ensure that the organizational culture is a driver and not a barrier to strategy implementation and change.

3.3 Reward systems as a driver for strategy implementation

In this chapter, strategic leadership and organizational culture were discussed as key factors in strategic implementation. Another critical motivational factor for management and employees to commit to the implementation of a new strategy is reward systems. It is critically important and a significant challenge to top management to encourage managers, employees and members to work towards the strategic goals. Reward systems can play an integral and important part in motivation and encouragement.

Reward systems can be based on monetary or non-monetary compensation (Cooper & Burke 2011). Monetary compensation includes increases in salary, profit share, cash bonuses, incentives, severance agreements and retirement packages. Reward systems may focus on the performance of individuals or the performance of a group.

Within the focus of this study, recognition as a component of reward systems will be discussed as a driver for strategy implementation. In a faith-based organization, people are seldom rewarded with monetary compensation because of the voluntary participation of members in service. Therefore, the focus in this section is on recognition as a non-monetary compensator.

3.3.1 Recognition as an important component of reward systems

The fundamental principle in recognition, as a component of reward systems, is that the basic need of people is not merely monetary reward but also recognition of their commitment and contribution to the organization.

According to Brun and Dugas (2008:727) recognition entails the following:

> … first and foremost a constructive response; it is also a judgment made about a person's contribution, reflecting not just work performance but also personal dedication and engagement. Lastly, recognition is engaged in on a regular or ad hoc basis, and expressed formally or informally, individually or collectively, privately or publicly, and monetarily or non-monetarily.

Ventrice (2009) suggests that each item on a mangers to-do list that has been completed necessitates the question of how recognition can be incorporated into it. Because recognition is expressed in relationships, it is an attractive reward system for strategic leaders within the church as an organization that relies heavily on building solid relationships between people.

There are four main forms of recognition that can be identified with respect to the key dimensions of work (Brun & Dugas 2008). They are existential recognition, recognition of work practices, recognition of dedication to work and recognition of results. Each of the four will be briefly discussed.

Figure 14:Forms of recognition
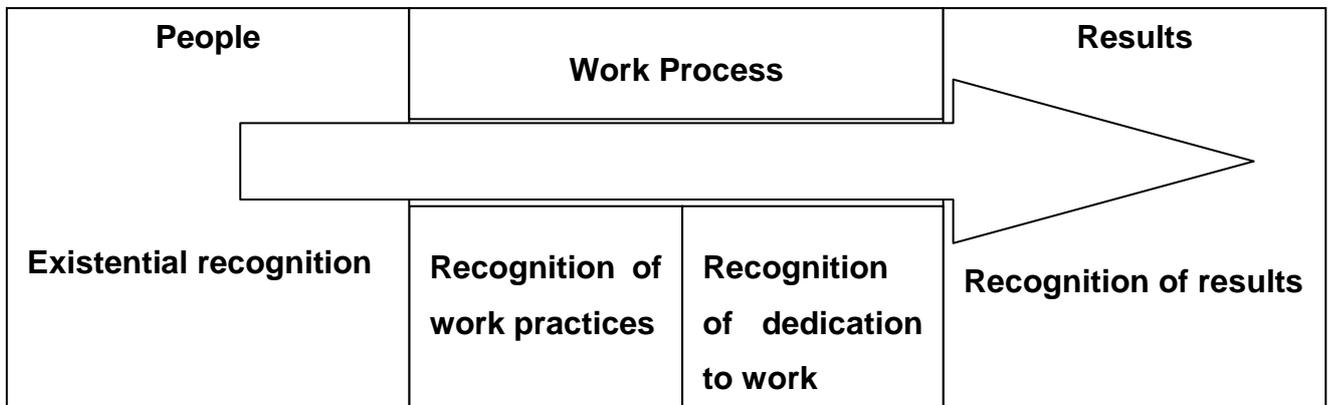
Source: (Brun & Dugas 2008:719)

a) **Existential recognition**

The focus of existential recognition is recognition of the person as a distinct human being with an own identity and expertise. This recognition is found and expressed in everyday interaction with people.

b) Recognition of work practices

The focus of the recognition of work places is on how employees perform a task. The employee's behaviour, skills, creativity, innovation and continued improvement of work methods are taken into account. In short, this form of recognition evaluates the way in which people perform work duties on a daily basis.

c) Recognition of dedication to work

The quality and quantity of employee efforts are recognized as well as the contribution they make, risks they take and energy they spend on completing their objectives. It recognizes the contribution an employee makes to the ongoing operation of the organization.

d) Recognition of results

The recognition of results is directly related to the end product. It is a judgement made solely on the efficiency, usefulness and quality of the work that has been done. This form of recognition depends on results and is only expressed when tasks or projects have been completed.

These four forms of recognition are interdependent and complementary, and all four should be used on a daily basis to motivate and show the necessary appreciation for the people and their efforts (Brun & Dugas 2008). In other words, recognition should be part of the daily management of leaders to ensure an appreciated workforce.

The four forms of recognition can be divided into eight subcategories, namely,

a) **formal recognition** – official recognition according to rules and standards of the organization
b) **informal recognition** – a spontaneous every-day activity
c) **public recognition** – ensures visibility for outstanding work
d) **private recognition** - personal recognition towards an individual or group
e) **monetary recognition** – a financial benefit to reward performance
f) **non-monetary recognition** – any form of psychological and relational recognition
g) **individual recognition** – toward one person in particular
h) **collective recognition** –toward groups.

Ironically, although the importance of recognition as a component of reward systems was emphasized, it is not commonly part of the organizational culture of the church. Although the church relies heavily on the voluntary participation of members in order to achieve expected objectives, few churches have a structured plan and well-defined focus for rewarding volunteers by, for example, recognition.

The reason might be found in the theological understanding that members (believers) are not motivated by the need for recognition but partake in the mission of the church primarily for God and His kingdom. "What the one hand does, the other hand need not to know," is often the reasoning in the minds of church members. Recognition is therefore often considered in the church as the wrong motive for people to be involved in the organization. When the contributions of people are mentioned, it is often done with great caution. It is fair to say that the organizational culture is not conducive to appraisal and recognition. However, people are in need of appreciation. When the efforts of personnel and volunteers in the organization are acknowledged, this will lead to improved contributions and efforts, loyalty to the organization and ensured future participation.

The church and its leadership need to accommodate recognition as an important foundation in building a strong organizational culture. The appreciation of personnel and members in voluntary participation is the heartbeat of the organization and will ensure future participation. The church and strategic leadership will have to embrace, organize and structure recognition as part of the day-to-day activities so that it will eventually become part of the organizational culture of the church.

Apart from informal, private and individual recognition, thought must be given to how recognition and appreciation can be shown formally, collectively and publicly in the church. Recognition as a reward system will contribute to greater participation and loyalty and will address the basic human need for recognition of efforts. Members do not participate as volunteers for the sake of monetary benefit but because of an inner drive to serve God by serving in his kingdom. In order for members to persist in this mission, the church as organization continually needs to recognize the importance of human effort in the sustainability of its services. Simply not to recognize people's efforts and contributions are inexcusable and organizational suicide.

People are an organization's most valuable resource and asset. Appreciation for and recognition of efforts and contribution to the organization are some of the fundamentals in building a strong organizational culture. Deep down, people want to be recognised and often wait to be appreciated. Therefore, it is important that employee and member recognition play an integral role in the day-to-day activities of strategic leaders and that it eventually becomes part of the organizational culture.

3.4 Structuring an effective organization

Times have changed and so has organizational structures. There is a well-known saying within management that structure follows strategy. This emphasises the fact that a change in the chosen strategy necessitates a change in structure. As the strategy of an organization changes, the structure or design may also change because of the fact that the structure is the framework within which the strategic process operates to achieve the organization's goals.

Over the last few decades, organizational structures have changed dramatically. "Much of the corporate downsizing movement in the late 1980s and early 1990s was aimed at recasting authoritarian, pyramidal organizational structures into flatter decentralized structures" (Thompson & Strickland 2003:382).

In the 21st century, the shift away from formal structures to flat, informal organizational structures continues. This shift is influencing the organizational structures of the church as well. In the past, churches were formally structured, mostly hierarchical and top-down. The result was often a failure in delivering responsive services and adapting fast enough to changing conditions because people were required to look upward in the organizational structure for answers and approval. However, it is expected that organizational structures will continue to be more flexible, interdependent and informal, as Pearce and Robinson (2009:278) argue:

> Successful organizations once required an internal focus, structured interaction, self-sufficiency, a top-down approach. Today and tomorrow, organizational structure reflects an external focus, flexible interaction, interdependency, and a bottom-up approach, just to mention a few characteristics associated with strategy execution and success.

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Thompson and Strickland (2003:382) argue that organizational structures have moved away from layered management hierarchies:

> … with lots of checks and controls that required people to look upward in the organizational structure for answers and approval were bogging down, failing to deliver responsive customer service and adapt fast enough to changing conditions.

It is important for the strategic leadership of the church to take note of the development within the structuring of effective organizations. Structure follows strategy, and this emphasises the fact that a change in strategy at least necessitates the consideration and contemplation of the efficiency and effectiveness of current structures. The development of manage science in terms of a focus on networks, relationships and technological innovation will be of great importance to the future structuring of the church as an organization. In terms of its design and structure, more and more organizations are lean, flat, innovative and responsive, delegating responsibility and empowering managers and workers to act on their own judgement and networking with outsiders to improve existing organization capabilities. This is the fundamentals of the direction in which organizational structuring will move in future.

In the past, much emphasis was placed on well worked-out structures, but the organizational design of the future is one that embraces the principle that organisations work well not because the design is perfect but because the people in it work around the difficulties and imperfections of the organization (Macmillan & Tampoe 2001).

4. Conclusion

In this chapter, the emphasis was on implementing strategy as the second element of the proposed PIC strategic management framework. The fundamental principles of strategy implementation were introduced in order to depict important management skills to manage implementation and change effectively and efficiently within the church as an organization. Some of the skills that were presented to assist leaders in effectively and efficiently managing the church as an organization were:

- skills to manage change and conflict

- skills to deal with resistance to change

- skills to create a learning organization that is supportive of strategic change

- leadership skills as initiators of change within an organization

- developing emotional intelligence in order to effectively and efficiently drive strategic implementation

- skills to motivate and encourage people through recognition as a reward system.

The posed research problem about the responsibility of church leaders to manage the organization without a proper understanding of or education in the underlying management principles and skills was addressed with these valuable and important skills presented by the strategy-implementation phase. These different management skills further emphasize the principle presented in the study that a specific management skill can only be acquired if the fundamental principle is understood and identified.

Chapter 11

Control, evaluation and continuous improvement

1. Introduction

In the previous chapters of Part 2 of the study, the different phases of strategic management were discussed and applied to the framework of the church as an organization. They are the strategy-planning phase and the strategy-implementation phase. The final stage in the strategic management process is the strategic-control and evaluation or check phase. Although this might be seen as the final stage, strategic management does not end with the strategic-control phase. As was emphasised throughout the study, strategic management is a continuous process where all the different phases and aspects are constantly revisited in order to be open to changes in the internal as well as external business environments. David (2011:318) confirms this position in the following words:

> The best formulated and best implemented strategies become obsolete as a firm's external and internal environments change. It is essential, therefore, that strategists systematically reviews, evaluate, and control the execution of strategies.

When organizations go through the strategic management process, the chosen strategy is based on management assumptions about numerous factors and events that have not yet occurred. Organizations face dynamic environments, which often change quickly and dramatically, and this makes strategy control and evaluation in any organization a continuous and extremely important process. It is therefore strange that many organizations neglect the evaluation of strategies in order to achieve continuous improvement. As stated in Chapter 5 (par. 3.), when the different management strategies were evaluated, some authors even excluded the control and evaluation phase of strategic

management, emphasizing the negligence of control and evaluation in the strategic management process.

In this chapter, strategic control and evaluation will be discussed as an integral part of the continuous strategic management process. Three elements of the check phase will be dealt with, namely control, evaluation and improvement.

2. Strategic control and evaluation

Control is one of the primary functions of management. Jones and George (2003:331) define control as "… the process whereby managers monitor and regulate how efficiently and effectively an organization and its members are performing the activities necessary to achieve organizational goals".

Strategic control is concerned with tracking strategies as these are being implemented, detecting problems or changes in its underlying premises and making the necessary adjustments for the process to be effective and efficient. Strategic control is therefore concerned with guiding action on behalf of the strategy as that action is taking place and when the result is still in the future (Pearce & Robinson 2003).

According to Ehlers and Lazenby (2011:358), strategic control entails the following:

> … [it] is in essence the phase of the strategic management process that concentrates on evaluating the chosen strategy in order to verify whether the results produced by the strategy are those intended. Strategic control provides feedback on the formulation and implementation phases of the strategic management process.

Strategic control has two focal points:

a) to review the content of the strategy
b) to evaluate and control the implementation process.

From the definitions, it is clear that strategic control is concerned with evaluating the strategy that are being implemented, detecting possible changes and making the necessary adjustments. Strategic control is therefore a dynamic interactive process where

information from all the different stages of the strategic management process are reviewed and evaluated in order to make the necessary adjustments.

Strategy evaluation is vital to the well-being of any organization because timely evaluations can alert management to problems before the situation becomes critical. That is why strategic control, in contrast to post-action control, is concerned with guiding the strategic process to the desired result.

Churches follow the same pattern as many other organizations. Often, the evaluation and control of strategy formulation and implementation are neglected in churches (Malphurs 2013). Much time will be spent on formulation. The church might even succeed in implementing certain strategies, but often, it neglects the control and evaluation of strategies. Because strategic management is based on assumptions about numerous factors and events that have not yet occurred, if control and evaluation is not part of the strategic management process of the church, strategies will become obsolete as the church's external and internal environments change.

Strategic control is therefore the process whereby the church monitors how efficiently and effectively the organization and its members are performing the activities necessary to achieve the organizational goals. This includes detecting problems with changes in underlying premises and adjusting the strategy accordingly. It is simply verifying whether the results produced by the strategy are those intended.

A lack of evaluation and control is part of the reason why churches are slow to react to changes occurring inside and outside of the organization. Often, churches only evaluate environmental and industry factors that might have an effect on the organizational goals or strategic process during the initial strategic-formulation phase. In churches, evaluation is often triggered by one or other crisis in the organization, resulting in an evaluation of strategies only once every few years. This is post-action control where the organization actually reacts to changes that had already occurred, based on a lack of proper control and evaluation.

The continuous evaluation and control of strategies and implementation will ensure that the church recognizes certain changes in premises, in the environment, as well as in the

implementation of strategies faster. Secondly, it should enable the church to adapt in order to accommodate the necessary change.

The sooner changes in premises are detected, the better are the chances that an acceptable shift in strategy can be devised. It is therefore evident that the church will have to evaluate strategies and implementation as a standing point on the agenda in its meetings. By simply recognizing the importance of evaluation, the church and its leadership will be sensitized to changes and will adapt faster and more regularly to change. This will also help in building a learning organization where people understand the importance of constantly evaluating objectives and processes, learning from mistakes and adapting accordingly. Because evaluation is neglected, the organizational culture is miss-formed into one where people only expect evaluation and change in times of crises.

Rumelt (1993) argues that organizational-strategy evaluation involves seeking answers to three questions:

a) Are the current objectives of the organization still appropriate?
b) Are the strategies, which are now being implemented but which were created earlier, still appropriate?
c) Do current results confirm or refute the expectation of the set objectives?

The fundamental principle of effective strategy evaluation and control is adequate and timely information. However, this can be a complex and sensitive undertaking because too much emphasis on evaluation may be counterproductive. The more managers attempt to evaluate others, the less control they tend to have. In contrast, too little evaluation can create worse problems.

In any organization, management should be continuously aware of the progress that is being made in order to achieve the organizational objectives. Organizations need to have sufficient, checks and balances and controls in place, but control also have the danger that it will inhibit creative thinking and innovation. A balance is needed so that effective and sufficient control and evaluation is pursued, but the organization still has to be free and unobstructed to adapt, change and innovate.

There are generally four types of strategic control that organizations can use, namely premise control, strategic surveillance, special-alert control (all three are used to review content) and implementation control (used to evaluate strategy implementation).

2.1 Premise control

As stated in the introduction, every chosen organizational strategy is based on certain assumptions or predictions simply because of the fact that strategic managers very seldom have all the detailed information on all the current different factors, for example environmental and industry factors.

For this reason, premise control is designed "… to check systematically and continuously whether the premises on which the strategy is based are still valid" (Pearce & Robinson 2003:319). If it is found that a key premise is no longer valid, the strategy may have to be changed. The sooner an invalid premise is detected, the better the chances that an acceptable shift in strategy can be devised.

2.2 Strategy surveillance

Strategy surveillance is an unfocused evaluation or surveillance to monitor a broad range of influences inside and outside of the organization that are likely to affect or threaten the course of strategic action (Pearce & Robinson 2003). The importance of strategy surveillance is that it is unfocused. In other words, it is a surveillance of information that is gathered through the general monitoring of multiple information sources such as newspapers, journals, conversation and conferences.

2.3 Implementation control

Once the chosen strategy has been implemented, new information becomes available that might have an influence on the strategy and objectives of an organization.

Implementation control then serves the purpose of assessing whether the overall strategy needs modification or change (Kachru 2009).

Implementation control is usually exercised as the implementation process unfolds. This is the reason why implementation control takes place over a period of time and consists of various activities. Implementation control provides managers with information in terms of the anticipated performance levels of the implementation phase as well as with indications as to whether the strategic direction needs to be altered.

According to Schreyögg and Steinmann (1987:97), it is important to understand what the task of implementation control is not. It is not:

> … to see whether strategy implementation proceeds as planned. This is the task of operational control. The task of strategic implementation control is to assess whether the whole strategic course should be changed in the light of past events. Unlike operations control, strategic implementation control continuously questions the basic direction of the strategy.

2.4   Special alert control

Special alert control is constituted when unexpected events influence the organization in such a way that it needs to reconsider its strategy. This is supported by the definition of Pearce and Robinson (2003:321): "A special alert control is the thorough, and often rapid, reconsideration of the firm's strategy because of a sudden, unexpected event."

A basic knowledge of strategy control will assist leaders within the church as an organization to evaluate the viability and implementation of the strategic intent continuously. Control and evaluation within the church as an organization are important aspects that leaders will have to embrace in order to ensure the effective and efficient implementation of strategy. This will also ensure a continuous effort to improve the implementation of strategy within the organization.

Within the context of the church as an organization, evaluation through management by walking around (MBWA) can assist with continuous control and evaluation in order to react, redirect and improve the strategic management process. The management

principles and skills of MBWA will be dealt with in the next paragraph as an important and valuable principle and skill of control and evaluation in the church as organization.

3. Evaluation through MBWA

One effective and efficient way in which leaders can evaluate the execution of strategy within an organization is by gathering information through formal and informal sources. Formal sources of information include meetings, presentations and reviews of the latest operating results whilst informal sources can simply be talking to subordinates or clients on different levels. The fact is that people are the best resource in the strategy-control and evaluation phase because they can provide valuable information about the strategy and implementation.

The technique called managing by walking around (MBWA) is practiced in a variety of styles in order to evaluate an organization informally in terms of strategy implementation. Thompson and Strickland (2003:442) explain this approach as follows:

> MBWA provide opportunity to talk informally to many different old people at different organizational levels, speak with encouragement, lift spirits, shift attention from the old to the new priorities, and create some excitement – all of which generate positive energy and help mobilize organizational efforts behind strategy execution.

With feedback such as presentations and briefings by subordinates, the whole truth is often not presented. Problems and bad news may be minimized or even not reported at all. Failures and problems are often also delayed in the hope that more time will give people room to turn things around. MBWA will provide a great source of first-hand information by engaging informally with people.

The value of MBWA as a strategic control tool within the context of the church as an organization is that the strategic leader obtains information that is more accurate as well as a feel for the existing situation. In fact, part of the retention of the church in the past was the fact that pastors had sufficient formal and informal contact with church members through, for example, small-group meetings and even house visits. During these meetings, pastors had the opportunity to communicate important information and

motivate members to greater participation and involvement. Subsequently, members had the opportunity to meet the pastor, form a personal bond, discuss problems and solve possible issues immediately. In essence, MBWA was practiced by pastors in the church, continually adding valuable information in order to evaluate goals and strategies and manage possible change.

The danger is that, because of the high work load on pastors, the formal and informal contact with church members are often moved to lower on the priority list. This has the ripple effect that not enough opportunity is created for pastors to gather information at "grass-roots" level that can be useful in evaluation. Consequently, opportunities are missed to communicate basic information and strategies to members. MBWA emphasizes the importance that the church as an organization needs to consider innovative and creative measures and alternatives such as technology and social media to meet with members formally and informally. It will ensure that more accurate information about the organization is gathered and that the leadership will have a feel for the situation in the organization.

Therefore, one of the key areas of strategic leadership is to attach great importance to spending time with people in order to gather first-hand information and opinions from diverse sources about aspects of the strategy-execution process.

Although matrixes and frameworks such as Balanced Scorecard, Total Quality Management and Six Sigma are implemented to evaluate and control the strategic progress, basic people-skills, spending time with people and listening can add valuable insight to the operations of an organization. For completeness sake, the organizational control of the Balanced Scorecard will be discussed as a framework to evaluate and control the strategic progress. Although an emphasis by strategic leaders on MBWA will probably be sufficient in control and evaluation, the Balance Scorecard as an organizational control can add some valuable insights to the control and evaluation phase.

4. Establishing organizational controls

Organizational controls are valuable tools that organizations can utilize in order to control and evaluate the strategic process effectively and efficiently. Ireland and Hilt (2005:72) word this value in the following words: "Organizational controls are the formal, information-based procedures that strategic leaders and managers use to frame, maintain, and alter patterns of organizational activities."

As was stated earlier in this chapter (par. 2.), strategic-control systems have two functions, namely to review the contents of the strategy and to evaluate the progress made with implementation. The Balanced Scorecard, as a formal strategic-control tool or framework, can be employed in order to ensure that these two focal points of strategic control are incorporated into one system.

4.1   The Balanced Scorecard

Robert Kaplan and David Norton developed the concept of the Balanced Scorecard in 1992. Since then, many companies and organizations have used the Balanced Scorecard as a tool or framework to measure how their organization is doing.

The Balance Scorecard is a framework that allows organizations to evaluate strategies from four perspectives, namely financial performance, customer knowledge, internal business processes and learning and growth. The Balance Scorecard Analysis requires organizations to seek answers to the following questions and then utilize that information, in conjunction with financial measures, to evaluate the strategies being implemented (David 2011). The three questions are the following:

a) How well is the organization doing in continually improving and creating value along measures such as innovation, product quality and leadership. This is the internal business-process perspective.
b) How well is the organization improving on its core competencies and competitive advantages? This is the learning and growth perspective.
c) How satisfied are the customers? This is the customer-knowledge perspective.

In other words, the Balanced Scorecard augments financial measures with benchmark performance in the three key nonfinancial areas. The importance of innovation, leadership, core competencies and customer needs and satisfaction were discussed as key elements that need to be managed within the church as an organization. The value of the Balance Scorecard is to link finances to these key elements within an organization. Kaplan and Norton (2007:1) explain the advantages of this approach as follows:

> When performance measures for these areas are added to the financial metrics, the result is not only a broader perspective on the company's health and activities; it's also a powerful organizing framework. A sophisticated instrument panel for coordinating and fine-tuning a company's operations and businesses so that all activities are aligned with its strategy.

What often happens within organizations is that the budget (financial measure) bears little direct relationship to a company's long-term strategic objectives. The real value of the Balanced Scorecard is that it supplements financial measures with the three key nonfinancial areas, and thus, "… it therefore enabled companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they would need for future growth" (Kaplan & Norton 2007:2).

The flipside is also often applicable to the church as an organization. Because many churches are increasingly under financial pressure, finances tend to override the strategic management and evaluation process in terms of goals, strategies and expectations. The Balance Scorecard will therefore assist strategic leaders in a more balanced evaluation of the strategic process, constantly reminding the organization of the other key elements of growth that needs to be evaluated. In the process, it will help the organization to limit the role of financial measures in the strategic process.

The Balanced Scorecard is constructed differently within different organizations, but it always has to evaluate the four perspectives, namely financial performance, customer knowledge, internal business processes and learning and growth.

The figure below illustrates how the vision and mission are evaluated in terms of the four perspectives.

Figure 15: The Balanced Scoreboard

Translating vision and strategy:
Four perspectives

Financial

To succeed financially, how should we appear to our shareholders?

Objectives	Measures	Targets	Initiatives

Customer

To achieve our vision, how should we appear to our customers?

Objectives	Measures	Targets	Initiatives

Vision and strategy

Internal Business Process

To satisfy our shareholders/ customers what business processes must we excel at?

Objectives	Measures	Targets	Initiatives

Learning and Growth

To achieve our vision, how will we sustain our ability to change and improve?

| Objectives	Measures	Targets	Initiatives

Source: (Kaplan & Norton 2007:4)

The Balanced Scorecard provides strategic leaders with the ability to know whether a chosen strategy is working or not. However, the value of the Balanced Scorecard is far greater than only an evaluation tool. Ehlers and Lazenby (2011:365) argue that it also has the following value:

When creating and implementing balanced scorecards for the purposes of performance measurement systems, the developers of the balanced scorecard found that four distinct management processes emerged. These four processes form a framework for strategy implementation and control or evaluation.

The Balanced Scorecard has thus evolved from a tool to measure or evaluate performance to a management system that provides information on both focal points of strategic control (review content and implementation process).

The Balanced Scorecard relies on four processes that are directly linked to the four perspectives discussed above (Kaplan & Norton 2007). They are translating the vision, communicating and linking, business planning, feedback and learning. These points are illustrated by Figure 21 below. The four processes of the Balanced Scorecard to evaluate and control performance will be discussed as the chosen framework of evaluation and control for the church as an organization.

Figure 16: Processes of the Balanced Scoreboard
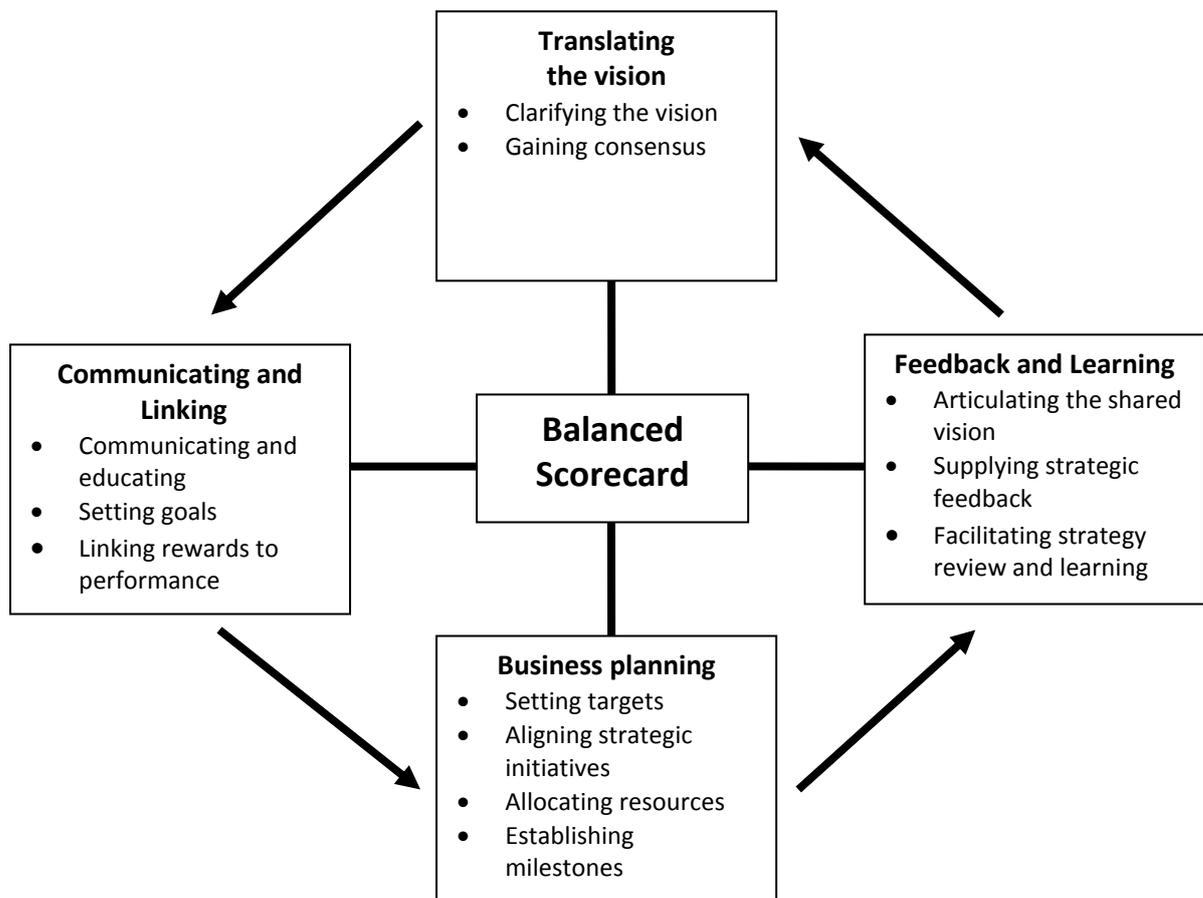
Source: (Kaplan & Norton 2007:4)

a) Translating the vision

The process of translating the vision helps managers to evaluate the consensus around the organization's vision and strategy. It is important to translate the vision into action or operation. Kaplan and Norton (2007:3) put this importance in the following words:

> For people to act on words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long-term drivers of success.

It is therefore important that the vision be translated into objectives in order for a strategy to be evaluated as successfully implemented.

In Chapter 10 (par. 4.1.), the vision barrier to strategy implementation was discussed as one of most important barriers to strategy implementation because of a poorly communicated strategy and strategies that are not related to peoples' roles, responsibilities and objectives. This is exactly what the Balance Scorecard evaluates in the first process. The first step of the Balance Scorecard is therefore to evaluate how successfully the vision is translated into the business processes and structures.

b) Communicating and linking

The main objective of this second process is to evaluate the communication within the organization as well as between the organization and its members. It addresses the problem of poor communication as stated above. The emphasis on linking is to evaluate how employees understand their tasks and responsibilities as fitting into the overall organizational strategy. Communication was discussed in the previous chapter as one of the key responsibilities of strategic leadership. It promotes commitment and accountability to the organization's strategy. The Balance Scorecard reminds strategic leaders to evaluate the effectiveness and efficiency of the communication within the organization. However, communication is not only linked to the organization within but also to the customers outside the organization. How well is the organization communicating to its customers, and how effective or open is the communication from the customers back to the organization?

c) Business planning

Business planning is the process whereby the strategic plan (business plan) is integrated with the financial plan. This ensures that and evaluates how the allocation of resources supports the chosen strategies.

d) Feedback and learning

The forth process that emerges from using the Balanced Scorecard is feedback and learning. Feedback and learning evaluate the organization's capacity for or emphasis on strategic learning as discussed under the learning culture in the previous chapter (par. 3.2.2.). Feedback and review often focus only on whether departments or employees have met their budgeted financial goals. However, with the Balanced Scorecard as a management system of evaluation and control, an organization can monitor short-term results from three additional perspectives, namely customers, internal business processes and learning and growth (Kaplan & Norton 2007).

Implementing and adapting the Balanced Scorecard to evaluate the strategic management process within the church as an organization will certainly ensure continuous evaluation and improvement. As stated earlier (Chapter 7), vision and mission statements often end up on bulletin boards, never implemented or revisited. Even when the organization implements strategic intent, the strategic management process is often not revisited or evaluated. An emphasis on MBWA and the Balanced Scorecard will ensure continuous improvement in terms of four key perspectives and ensure improvement where the strategic process is falling short of the desired results.

An added advantage of the Balanced Scorecard is the fact that each of the four processes helps to overcome the barriers in the strategy-implementation phase as discussed in the previous chapter. For example:

- The barrier of the workforce not understanding the organization's strategy is dealt with in the process of translating the vision and communication and linking.

- The barrier of the organization's strategy not effectively being communicated to the workforce is dealt with in communicating and linking.

- The barrier of alignment between the organization's structure and the strategy is dealt with in business planning.

- The barrier of goals and incentives not being aligned with the strategy of the organization is dealt with in business planning.

The Balance Scorecard remains one of the most popular management tools for control and evaluating strategies as indicated by Bain and Company (Rigby & Bilodeau 2013). It is widely used by South African companies as a way of mapping strategies and measuring performances. The four processes of the Balanced Scorecard will assist in the evaluation and control of the strategic management process in the church as an organization in a great manner, limiting the risk of strategies not being implemented effectively and efficiently and creating opportunities to respond to changes and challenges in the internal as well as external environments.

4.2   Example of the application of the Balanced Scorecard to the church

An example of how the Balanced Scorecard can be used within a local church (DRC Universitas) is given in summary below. The four processes are continuously evaluated in the light of financial measures.

Table 25: The Balanced Scoreboard applied to the DRC Universitas

Translating the vision	Feedback and learning
Evaluation:	**Evaluation:**
- Is the vision of being a centre of worship, healing, growth and service still relevant within our changing context? - Is there consensus about this still being the vision? - How is this vision translated into	- Do we progress in establishing a learning organization? - What can we do to strengthen our culture of the appreciation and accommodation of change? - How do the different committees fare in terms of spending their budgets?

action? Are there examples?

- Is the importance of the realization of this vision reflected in our budget?
- Is the vision integrated within the different committees of the church?
- Do the committees give practical form to the vision in the community?
- What can we do to translate and realize this vision better?

Change and Improvements:

- During the next meeting of the different committees, emphasis must be placed on the evaluation of current projects and the strategic intent. Written report must be given in the minutes.

Change and improvements:

- Conduct a sermon about how the gospel transforms people and how we must be open to change and transformation in our own congregation.
- The financial officer must set the monthly income and expenditure available for the different committees to evaluate their work and expenditures.
- Training must be given to the different committee leaders in managing their budgets effectively.

Communicating and linking	Business planning

Evaluation:

- How are the practical examples of realizing the vision communicated to the members and non-members?
- How do people perceive the church's performance in terms of realizing its vision?
- Do the members and personnel understand what their role in and influence on the organization is?
- What new goals must be set in order to achieve the strategic intent?
- Do management give enough

Evaluation:

- Is our chosen business strategy of growth still achievable to realize our strategic intent?
- Is our budget reflecting the expected growth in our church?
- Are the different committees growing in terms of their services and planned projects?
- Are the current administrative personnel coping with the workload?

recognition to members and staff? **Change and Improvements:** • We must communicate the successes of the different committees over the past quarter during the Sunday service and publish it in our newsletter and through social media. • A tea will be given at the end of the month for all staff members to show appreciation for their hard work and effort.	**Change and improvements:** • Because of the financial recession, we have to amend our financial forecast for the year. • We have to ask the committees to stick strictly to their budgets.

The value of the Balanced Scorecard together with MBWA is that evaluation and control results in change and improvement.

5. Continuous improvement

Evaluation without something changing or improving after the evaluation is done is meaningless and a waste of time. Control and evaluation must result in change or improvement for it to be of value. There are different practices that organizations can adopt to achieve continuous improvement and ensure maintaining a competitive advantage. Some of these include Benchmarking, the Six-Sigma approach, Re-engineering and Total Quality Management (TQM). These four practices for achieving continuous improvement are widely used in national and international organizations. TQM, Re-engineering and Benchmarking has been included in Bain and Company's survey of the 25 most popular management tools (Rigby & Bilodeau 2013).

Within the scope of the study, a brief overview on TQM and Benchmarking, as tools for ensuring continuous improvement, will be given. These tools, together with the Balanced Scorecard, will add valuable managerial skills and business principles to assist leaders in evaluating and improving strategic management processes.

5.1   Total Quality Management

Total Quality Management (TQM) is in its essence customer driven and focuses on customers' needs and expectations (Reid & Sanders 2013). It focuses on identifying the causes of quality problems and build quality into the service or production process. Melnyk and Denzler (1996:295) define TQM as follows:

> … a culture; inherent in this culture is a total commitment to quality and attitude expressed by everybody's involvement in the process of continuous improvement of products and services, through the use of innovative scientific methods.

Fundamental to the importance of TQM is an emphasis on the customers in terms of the quality of service they receive. According Besterfield *et al.* (2011), the Golden Rule in TQM is simple but effective: Do unto others as you would have them do unto you. They (Besterfield *et al.* 2011:1) define it as follows:

> TQM is defined as both a philosophy and as set of guiding principles that represent the foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve all the processes within an organization and exceed customer needs now and in the future.

TQM is an important focus that the church needs, especially because of the growing consumer society within the church. Church members are no longer satisfied with mediocre service, and they often show their disapproval simply by moving from one church to another. In order for the church to deliver a service of quality effectively and efficiently to its members, strategic leaders need to focus on and listen to the needs and expectations of customers or members in order to adapt or improve its service. Within the church as an organization, the problem is often that service is produced and delivered purely based on what management think is appropriate or is comfortable in delivering. Often the voices of members are not heard or are ignored because of the comfort zone in which leaders find themselves in delivering a particular service in a particular way. TQM will assist leaders in focussing on the quality of service and the needs of customers or members.

TQM is based on four focuses or principles:

a) Commitment to quality

TQM focuses on identifying the root causes of quality problems and corrects these problems at the source by attempting to embed quality in every aspect of the organization. "Quality at the source is the belief that it is far better to uncover the source of quality problems and correct it than to discard defective items after production" (Reid & Sanders 2013:158).

In essence, the organization must focus on quality at every level and aspect. When the church as an organization embraces a commitment to quality, there will be a definite change in the way in which it conducts its service. Too often, church leadership are set only on delivering what is needed and necessary, and in the process, it often delivers a mediocre and uninspired product. Consequently, the church as an organization is satisfied with underperformance and mediocrity purely because of a sensitivity to the argument of the participation of volunteers in its service. When committing to improvement and TQM, the leadership will have to have the courage and necessary emotional intelligence empathetically to implement a culture where volunteers are expected to deliver services of quality. Being a volunteer does not give you licence to underperform or under-deliver!

The commitment to quality is not only applicable to volunteers but also to the staff and the pastors of the organization. Being a pastor does not give you licence to underperform or under-deliver! The church will have to implement measures to assess the quality of work done by their staff and pastors. One of these measures of assessment is a formal forum, committee or council charged with quality assessment of the personnel, volunteers and services of the church as an organization.

As was stated in the empirical study on pastors and their employment relationships in Chapter 2, only 30% of church councils evaluate the work of the pastor once a year, and 3% of pastors have their salaries connected to the evaluation of their work. This is a clear indication of a lack of commitment to evaluate and assess the quality of work and service within the church as an organization.

b) Scientific knowledge

Organizations need to make use of scientific tools, techniques and methods to assist organizations in making changes in their processes and products. The emphasis of this study is on the importance of basic management principles and skills needed to effectively and efficiently manage the church as an organization. Without the basic scientific knowledge of management skills and principles, the church will continue to struggle in the implementation of strategic plans and processes.

c) Involvement, teamwork and empowerment

In solving quality problems, great emphasis is placed on teamwork. The philosophy of TQM is to involve and empower all employees and members of the organization to seek out and correct quality problems. Reid and Sanders (2013:149) explain this concept as follows:

> With the old concept of quality, employees were afraid to identify problems for fear that they would be reprimanded. Often poor quality was passed on to someone else, in order to make it "someone else's problem". The new concept of quality, TQM, provides incentives for employees to identify quality problems.

For the church as an organization to embrace the philosophy of TQM, it will have to create a culture of quality. When there is an emphasis on realizing the common goal or intent within the organization, people will start working together in ensuring a quality service is delivered throughout the organization. In order to do this, pastors must allow members to participate in ministry, acknowledge them as co-workers that can often perform tasks better than they can and embrace the opportunities to empower members for service. When this is pursued, quality control will not be the sole responsibility of management but of everyone involved in the ministry.

d) Continuous improvement

Kaizen is the philosophy of never-ending improvement (Plunkett *et al*. 2012). It is a philosophy adopted by TQM where the focus is on continuous improvement, which requires and encourage the members of an organization to improve on something every

day. It is evident that the philosophy of *Kaizen* is hard to adopt within the church as an organization. Too often, pastors and church leaders are satisfied with the status quo and maintaining the services delivered over years. This philosophy of maintenance rather than *Kaizen* is one of the great downfalls of the church in the modern era.

5.2   Benchmarking

The second practice for achieving continuous improvement is benchmarking. Benchmarking simply means to study the business practices of other organizations (usually the "best in class" organizations) and to compare the these to your own organization (Saul 2004).

An important consideration regarding benchmarking is that comparisons can stretch over different types of organizations and even different industries as Reid and Sanders (2013:149) indicate:

> The ability to learn and study how others do things is an important part of continuous improvement. The benchmark company does not have to be in the same business, as long as it excels at something that the company doing the study wishes to emulate.

This reiterates the fact that organizations function as open systems, drawing information from different sources in order to maintain a competitive advantage. Learning from other faith-based organizations is something that can add great value to the church as an organization. It was evident in this study as well that there are many comparisons and similarities between the church as an organization and businesses competing in different contexts. Being open to learning from and comparing to others is an important virtue the church must embrace in order to keep a competitive advantage.

6. Conclusion

In Part II of the study, the principles of strategic management was discussed in order to depict valuable and important management skills that can be applied to manage the church effectively and efficiently. Different strategic management frameworks were

discussed and evaluated, and the PIC strategic management framework for non-profit, faith-based organizations was presented. The fundamentals of management as discussed in Part 1 of the study, namely planning, leading, organizing, staffing and controlling, are contained in the different processes of strategic management, underlining the importance of these fundamental management functions within the context of strategic management and management in general.

Effective and efficient strategic management, as a dynamic process in order to achieve the expected strategic intent, needs essential management skills in order to be implemented successfully. The management principles, skills, processes, techniques and frameworks presented in Part 1 and Part 2 of the study are critical for any strategic leader in managing an organization effectively and efficiently.

The value of strategic leadership was emphasized as one of the key drivers in the successful implementation of strategy. Valuable skills for and insight into the management of organizational change and culture will assist strategic leaders in strategically managing change in an ever-changing environment. To be effective and efficient in implementing and realizing the expected strategic intent, evaluation and continuous improvement were emphasised as valuable elements in the strategic management process. Different control and evaluation tools and techniques were presented to assist managers within the church as an organization in effective and efficient strategy implementation.

The objective of Part 2, to define and illustrate how the framework of strategic management (PIC strategic management framework) adds valuable managerial principles and skills to the management of the church as an organization, was therefore achieved.

From the research presented in Part 1 and Part 2 of the study, the claim in paragraph 3 of Chapter 1, that the church as an organization and subsequently the formal education of leaders through faculties and institutions of theology has not engaged properly or incorporated sufficiently the new developments within management science to lead the organization, should have become clear. It should also be evident that the church has also not been studied extensively by management science. Therefore, the objective of the study to present the fundamentals of management science and managerial principles and

skills to assist leaders in effectively and efficiently managing the church as an organization was met in Part 1 and Part 2 of the study. They are:

- **to define the unique character of the church as an organization and prove the necessity of managerial principles and skills to the organization**

- **to define and illustrate how the PIC strategic management framework adds valuable managerial principles and skills to the management of the church as an organization.**

In Part 3 of the study, the proposed PIC strategic management framework will be applied to the context of faith-based organizations, especially the church in South Africa. The habitat of expectation will be introduced and presented as the unique platform form where strategic- management principles and skills can be applied to manage the household of God effectively and efficiently.

Part III

A new paradigm for church management and strategic leadership

In Part 1 of the study, an organization was defined as a group of people working towards the realization of a common goal. Management was defined as based on the five basic management tasks, namely planning, leading, organizing, staffing and controlling of human and other resources. Based on these definitions and objectives of management, the church as a faith-based organization was found to be unique in its character and purpose. However, it remains an organization that needs to be managed on sound managerial principles and skills. In the management of this organization, the unique character of the church needs to be acknowledged when it engages with management science.

Because of the fact that the environment is always changing, the church needs to adapt faster to new challenges in order to stay relevant. The need for sound managerial principles was expressed at the end of Part 1 in order for the church to continually change and adapt effectively and efficiently in the realization of its expected intent and purpose as an organization.

Part 2 of the study addressed the essential management principles, skills and processes needed in order to assist the church in effective and efficient strategic management. The principles, benefits and risks of strategic management as a vehicle for analysis and change in an organization were discussed. I presented a strategic management framework (PIC strategic management framework) and suggested that a faith-based organization can utilize the principles, skills, values and frameworks of business management. Keeping in mind the unique character of the church as an organization, these principles need to be applied within the church as a non-profit, faith-based organization, upholding the definition of the church in Part 1 of the study. The application of management skills and

frameworks throughout this study emphasises the applicability and interaction between the church as an organization and management science.

The basic managerial skills and principles discussed in Part 2 can successfully be applied to any business, firm or organization, upholding the universality of management as discussed in Part 1. Because of the unique character and context of each business or organization, the management skills and principles need to be adapted to different environments and contexts, emphasising that management is a science as well as an art. The aim of this study is not to apply all the discussed skills, principles, frameworks and matrixes to the church as organization. The application of these skills, principles, frameworks and matrixes will be different and have different results within the various contexts and environments in which the church as an organization functions. However, it provides a framework that strategic leaders can use to implement and apply the various skills and principles within their unique organizational context, culture and environment. I also acknowledge that much research has to be done in order to serve the church with more examples of the application of these skills and principles within different churches and environments. These basic skills and principles should be the fundamentals in creating a unique framework of strategic management within the different contexts and challenges of the church as an organization.

In Part 3 of the study, the emphasis will be on the context in which the strategic management of the church as an organization can be launched effectively and efficiently. Using the PIC strategic management framework as reference, I present examples of some important strategic elements and changes that can incrementally be implemented within the church as an organization in order to be effective and efficient in managing the church strategically and in realizing the strategic intent within the context of expectation.

Chapter 12

Strategic management within the context of expectation

1. Introduction

In Chapter 6, the importance of the organizational context as the first step of the PIC strategic management framework was discussed. Context was defined as the unique habitat of an organization. This habitat includes the issues it faces, the availability or lack of resources, conflict within the organization, economic and political changes and the changes that the organization expects or needs to make.

Habitat sets the scene for and forms the background of the strategic management process, and an organization therefore needs to understand its own habitat in order to ensure that the necessary changes will be made effectively and efficiently.

If the habitat has been well defined, the organization can start by setting the strategic direction. Changes in the habitat pose new issues and dilemmas to which the strategic management process needs to respond.

In Chapter 2, an empirical overview of the Dutch Reformed Church was given. The Dutch Reformed Church is one of many churches and faith-based organizations in South Africa. Because of the diverse nature of the Christian church in terms of structure, confession, spirituality, culture, language, *et cetera*, it is not in the scope of this study to apply business skills to all the different church groups or denominations. The values, skills and principles of management science can universally be applied to different organizations functioning in different environments and contexts.

The Dutch Reformed Church in South Africa was taken as an empirical example for reasons stated in Chapter 1. In this chapter, the context of the church, with particular emphasis on the empirical study of the Dutch Reformed Church, will be explored and discussed in order to present a unique context from where a strategic management process in the church can be launched, based on the PIC strategic management framework.

2. The habitat of the church over the last two decades

As it was stated in Chapter 6, when the organizational context is considered, the strategic question, "What are the important issues for the organization at this stage?", needs to be answered in order for the strategic management process to start. The way in which one sees the context evidently influences the strategies that will follow. In fact, strategic management is all about resolving the issues that the strategic context provides.

From the empirical data gathered in Chapter 2, on can draw some conclusions about the habitat in which the Dutch Reformed Church functions and hence about the questions that strategic management needs to address.

Although the results was summarized in Chapter 2, some general remarks on the habitat of the Dutch Reformed Church will be discussed under two headings, namely the perceived view of the members on the context of the organization and, secondly, the perceived view of the leaders on the context of the organization.

2.1   Perceived view of members in terms of the habitat

Collecting and analysing data relating to the perceived view of the members in terms of the habitat of the church as an organization, only 7% of members perceived the church to be dynamically growing. The survey found that 36% were excited about the organization's future while only 18% felt that the congregation was moving in a new direction. According to the members of the organization, the general direction in which the church is moving is largely aimed at maintenance.

Regarding vision, 26% of worshippers felt that the congregation has a clear vision, goals or direction, and they are committed to partake in the mission. The organization is declining in terms of membership numbers due to various reasons as mentioned in Chapter 2. However, membership is not restricted to specific locality (geography) as it was previously structured according to the geography of borders around churches.

Membership and participation is voluntary, and members are influenced by the consumer society.

Furthermore, 40% of respondents felt a strong and growing sense of belonging in the congregation, but participation in and belonging of members to a congregation weakened from the previous census. The members expected change leadership, member participation, being equipped as participants in mission and agents of change and empowerment from leaders.

2.2   Perceived view of leaders in terms of the habitat

Data related to the perceived view of the leaders in terms of the habitat indicate that 47% of leaders were doubtful about their role in the congregation. In addition, 33% often experienced a lack of knowledge and understanding of their leadership role whilst 30% of pastors were frustrated by their efforts to focus on tasks of importance. The data indicated that 31% agreed that they felt drained by the tasks given to them in the church whilst 48% felt fulfilment in the work they do.

Another meaningful statistic relating to the habitat is that 56% of church leaders thought about leaving the ministry for a secular job in the two years before the survey whilst 52% thought of leaving the ministry for another ministry.

In terms of the financial position of pastors, 57% were satisfied with the salary and benefits whilst 16% were dissatisfied. Regarding finances, 40% of pastors felt that the church gave them financial security, but only 47% felt that the church council would fill their position when they leave.

As was stated in the introduction, the general question that the context poses to an organization is the following: "What are the important issues at this stage that needs to be addressed?"

From the abovementioned a few conclusions can be drawn about the context of the Dutch Reformed Church in general. Schoeman (2011) identifies two key issues at the end of the survey:

a) In terms of the internal well-being of the organization - participating and belonging to the congregation are weaker and loyalty may be taken for granted.

b) In terms of the external environment - the community is not in the sight of the congregations, and involvement in the community needs to improve.

Some of the questions that the interpretation of the current habitat poses are the following:

- Why are only 36% of church members excited about the future of the organization? Consequently, 64% are not that excited about the future of the church as an organization!

- Why is the loyalty of members taken for granted when the church is numerically declining?

- If there is a growing focus by members on involvement in the community, why is the community not in the sight of congregations? Secondly, if there is a growing need for involvement, why is the participation of members weaker than in the previous census?

- It is clear that members expect leaders to equip and empower them through change leadership to greater participation and involvement. Why then are 47% of leaders doubtful about their role in the congregation?

- If there is such a great need for churches to be effective and efficient in their mission and service as drivers and implementers of change and transformation in communities, why do 56% of church leaders want to leave the ministry and miss out on a chance to manage change?

These are some of the issues that the Dutch Reformed Church face, based on the empirical data. Each individual congregation will further face different challenges that

need to be identified through strategic assessment. However, the above-mentioned is a general view on the habitat of the Dutch Reformed Church in South Africa.

What is evidently clear though is that change within the organization is necessary to ensure the future viability of the organization. This is acknowledged by members as they expect leaders to lead and manage change in the congregation. Although leaders acknowledge the need for change, their particular role, involvement and leadership in the management of change is not clear, not even for themselves.

The argument presented throughout the study is reaffirmed by the questions posed by the organizational habitat of the church. Basic management principles and skills are required in order to address challenges in the organizational habitat and to equip leaders to lead an organization through the process of strategic management and change.

3. A habitat of expectation

As stated above, the habitat of an organization plays an integral part in setting the direction of strategic management action. Change within an organization does not start with planning but with the interpretation of the organizational habitat.

I propose that a realistic but positive view of the organizational habitat is necessary in order to manage and achieve organizational change effectively and efficiently within the church as an organization. Too often, organizations start with the elements of the strategic management process before sufficient time and effort is spent on the content and interpretation of the habitat of the organization. The author will present a habitat of expectation as a point of departure and an inevitable part of effective and efficient strategic management in non-profit, faith-based organizations.

The replacement of the resource-based strategy with a strategy based on future opportunities will be an integral part of the paradigm of managing the church effectively and efficiently within the context of expectation.

3.1 The fundamentals of expectation

There is a wonderful story about a widow and the priest Elisha in 2 Kings 4. One day, the wife of one of the seminary students came to Elisha to tell him of her husband's death. He was a man who loved God, but he owed some money when he died, and now, the creditor was demanding it back. She had nothing and was in danger of losing her last and only precious possession, her two sons.

She took refuge to Elijah the priest, and the miraculous story of her relief unfolded.

Elisha asked her what she had left in her house, and she brought him a jar of oil. Elisha then instructed her to go and collect as many empty jars from her neighbours as she and her two sons could find. They went to every house and collected the jars, put them on the floor of their little house and closed the door behind them. As Elisha instructed her, she started to pour out the oil into the empty jars and put them aside as they were filled.

A miracle took place! Her sons brought one pot after another, and she filled each and every jar to the brim until there were no more empty pots left. She literally poured herself out of her misery! With faith, as the main "ingredient" of faith-based organizations, and in the hand of God, even limited resources can become abundant!

There is an important moment in the story that relates to the presented theme of expectation. The moment they ran out of empty pots, the oil stopped flowing. Thus, it is not the oil that ran out, it was the lack of more empty pots! This is supported by the exegesis on the passage (Henry 1990) where the empty jars can be symbolic of our expectation of God to fill the expectation with his blessings (oil often refers to God's blessing in the Bible). There was no limitation in the amount of oil; the limitation was in the empty jars put out to be filled!

The expectation of faith, what God can do, plays an integral part in faith-based organizations. In the New Testament, five pieces of bread and two fish fed thousands on the mount. In the hands of Jesus, normal water turned into wine! These are only a few examples of limited resources transformed by faith and expectation. In fact, faith within faith-based organizations is kept alive by expectation, the expectation that God will provide, the expectation of transformation, the expectation that He will return.

Part of the DNA of the church as a non-profit, faith-based organization and therefore part of the habitat in which the church operates is expectation. If there is no expectation, no empty jars put out to fill, the organization will receive and achieve nothing. It is only when faith-based organizations put out visions, goals and expectations that they will be rewarded. Faith is a factor that can never be excluded from the habitat, unique character and intention of the church as an organization.

At the beginning of this discussion on a habitat of expectation, a realistic but positive view of the organizational habitat was emphasized. There are two key elements of the habitat of expectation that will evidently have an impact on the planning, implementation and evaluation aspects of strategic management. They are the fact that expectation is simultaneously unrealistic and realistic.

a) The habitat of expectation is unrealistic

Expectation entails a vision even far greater than what the organization think it is capable of. This is the movement from or replacement of a resource-based strategy with a strategy based on future opportunities. It involves imagination, dreaming dreams that may even seem far greater than what is possible (Chapter 7, par. 3.3.3.). As a matter of fact, strategic leadership must encourage these kinds of "unrealistic" or "unexpected" dreams. Too often, teams or leaders pour cold water on big, ambitious and innovative dreams, immediately draining the organization from innovation, creativity, expectation and enthusiasm.

What the church as an organization needs is imagination! It needs imagination of what is possible, what can be done, what can be achieved and what impact can be made when it not only maximize opportunities based on the resources available (as traditional management defines) but achieves much more than what was initially thought to be possible. This will be dealt with later in formulating intent within the context of expectation.

When there is an expectation, leaders, managers and members will be enthused with positive energy and commitment which will result in the revitalization of the church in its mission (Malphurs 2013). Positivity, commitment and enthusiasm are the crucial fuel on

which the faith-based organization will function. This will encourage and motivate people to join in the mission and consequently build loyalty to the organization.

The expectant results or goals will set the direction in which the strategic management process can be lead. An organization that assess, strategize and function within the habitat of expectation will find new enthusiasm, new commitment and even some unexpected results!

In Part 1 of the study, the church was identified as an organization with unique characteristics but nonetheless in need of basic management principles and skills to achieve its desired intent. The habitat of unrealistic expectation is another example of the unique character of the church as a faith-based organization that needs to be upheld when dealing with management science. Having an unrealistic expectation does not set the church as an organization free from effectively and efficiently managing the expectation based on sound management principles and skills in order to achieve the strategic intent.

b) The habitat of expectation is realistic

There will always be tension between what we have (the resources) and the expectant outcome (what we want). In fact, this tension justifies action and strategic management. This is true in every organization but especially in faith-based organizations that often struggle with insufficient resources, funds and volunteers and that operates within a habitat of an ever-growing mission of service to members inside and outside of the organization.

Although the importance of expectation and imagination was stressed as fundamental to the unique habitat of strategic management in the church as an organization, the elements, assessments, frameworks and analyses of the strategic management process will bring the necessary realism. If the strategic management process is set within the habitat of expectation, dreams will be adjusted according to the various assessments, processes and frameworks that will be implemented in the management process. The strategic management process will bring balance between "what we have" and "what we want" or "what we can" and "what could be".

The alignment of resources with future opportunities cannot be achieved in the strategy-formulation phase. It is therefore irresponsible of leaders to demolish dreams and expectations in the formulation phase.

However, it is true that there might be unrealistic expectations within a congregation. This might include an expectation far greater or beyond the scope or reach of the organization. It is also true that not every expectation of the organization will necessarily be realized. Nevertheless, the fact that a goal might be unrealistic at first does not mean that organizations may not have expectations. The function of the strategic management process, as presented through the PIC strategic management framework in Part 2, is to point out where the expectations need to be altered or modified. This will either lower the expected results or set the bar even higher. The strategic assessments, controls and evaluations presented in Part 2 of the study are the checks and balances in order to identify what is realistically possible and what not! The strategic management process needs to be trusted in order to align expectation with resources.

At first glance, expectation and reality might be contrasting terms. A definition of realistic is that it entails a true assessment or reflection of the current situation. In the example of the widow, she acknowledged the fact that she was deeply in trouble and searched for help and alternatives. If she did not acknowledge the reality of her situation, she would not have received help. In order to create an organization with a habitat of expectation, the church needs, to use a hackneyed term, a reality check. It needs to accept, acknowledge and embrace the fact that there are issues or challenges that need to be identified and addressed in order to maintain a competitive advantage. The PIC strategic management framework gives the framework for the "reality check" in order to identify, analyse and address those issues.

However, the acknowledgement of challenges should not prevent the church from dreaming, imagining and expecting a better future.

3.2   Setting strategic elements within the habitat of expectation

As was stated in Chapter 7, strategic intent, as the first element of the PIC strategic management framework, articulates something of the overarching ambitious goal of the organization, and it stretches the organization in terms of current capabilities and resources that will not suffice. It also sets shorter-term objectives that can bring immediate change. It articulates something of the misfit between resources and ambitions and serves as a motivation for change in an organization. Because formulating a strategy is a continuous process and needs constant adjustment and redevelopment, the organization can always go back and tone down the statement of intent if it is found to be unachievable. Initially, dreams must be dreamed, and the organization needs the freedom to imagine what it can be and can achieve! The principle of expectation is the setting or habitat in which strategic intent is determined.

In traditional strategic management processes, organizations tend to define only what is achievable or not, or what can be done with the resources available. According to Herrero (2008), narrowing down the choices often entails abandoning all those good ideas that are 'not under our control' or would be too costly. Unfortunately, the ideas that could make the biggest impact are often never considered and dismissed far too quickly.

When choosing a strategy (element three of the PIC strategic management framework) within the habitat of expectation, it means that a strategic choice to end the services of a church and close its doors is simply not an option. This strategy fundamentally disregards the expectation of impacting society with the message of the transforming gospel as a core 'product' of the church as organization. When considered against the habitat of expectation, the strategic process needs to re-assess changes in the external as well as internal environment and imagine, dream and expect how it will transform people with the transforming 'product'. It is important that the church not only have faith in the process of managing expectation but fundamentally have faith in the 'product'. In order for the church to dream, imagine and expect change and transformation, it must have "faith" in its product (the transforming message of the gospel in all spheres of life and society). If the church as an organization loses its faith in the efficiency and effectiveness of its core business or 'product', it will have no purpose and will easily terminate its service.

In other words, faith-based organizations cannot choose strategies that are contradicting the context of expectation. However, this does not exclude, for example, decline strategies to be employed within the habitat of the church as an organization. In order to continue its mission, a turnaround functional strategy might still be appropriate to refocus and restructure the organization in terms of personnel and assets to fulfil its mission. What is important within the habitat of expectation, though, is that decline and turnaround strategies must still bring new hope, expectation and enthusiasm to the organization. If the strategic process does not bring these three elements of hope, expectation and enthusiasm, it does not comprehend the habitat of expectation and faith and consequently will not succeed.

It is therefore important that expectation is accounted for in every element of strategic management. This will ensure that expectation is reflected throughout the strategic management process.

3.3   The expectancy theory

The proposed habitat of expectation is different from Vroom's expectancy theory developed in 1964.

Victor H. Vroom was a John G. Searle Professor of Organization and Management at the Yale University's School of Management. He developed the expectancy theory through a study of the motivations behind decision-making (Yale University 1998). It is based on cognitive psychology and explains why individuals choose one behavioural option over another. The expectancy theory proposes different options in order to motivate people for better results. According to Lunenburg (2011:11), expectancy theory entails the following:

> … "expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance. In other words, people will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards.

Some of the proposed guidelines for enhancing employee motivation include altering the individual's effort-to-performance expectancy where better performance from the workforce are expected, performance-to-reward expectancy where the belief that good performance will result in valued rewards should be increased and the valences of rewards where the different values linked to the achieved performance are increased. The principle underlying the expectancy theory is motivating individual employees to increase job performance by linking performance to reward (Lunenburg 2011).

This is obviously different than the proposed habitat of expectation. The habitat of expectation is not based solely on individual effort or on the effort of a group as stated by Vroom's expectancy theory but on the expectation that something great can be done even with limited resources. However, what the expectancy theory learned is that expectations can be managed. In other words, a strategic leader can influence people and therefore the strategic management process with a philosophy of expectation in order to get the desired results.

The influence of strategic leadership to establish a culture and context of expectation within the organization is needed within the church as an organization to effectively and efficiently manage the organization in the realization of its strategic intent.

4. No expectation means no need for strategic management!

Based on the empirical data, the perceived habitat of the Dutch Reformed Church is far from one of expectation. On the contrary, many churches are focused on survival, and agendas are set on maintenance (Chapter 2, par. 4.1.2). Leaders are often despondent, unenthused and without a clear vision of the future or understanding of their own role within the organization (Chapter 2, par. 5.4).

Consequently, many members of the organization doubt the future existence of the church as an organization (Chapter 2, par. 4.1.3). People are asking questions about the future existence of the church as an organization, and even leaders are wondering about the future of the organization. This is the reason why so many are looking for new jobs and opportunities (Chapter 2, par. 5.4). Together with economic and political challenges,

the church often struggles to believe that there is a better future, and it struggles to dream or imagine its own future as well as the transforming impact it can have on society.

If the church as an organization cannot expect change and transformation coming in and through the organization, it has no future and no need for management. Implementing strategic change will simply fail if it is done within a habitat where people do not belief that the church has reason for existing! The Church Mirror Survey found that 64% of the members of the church are not totally excited about the future of the organization! A lack of expectation may also be one of the reasons why so many church leaders do not know where they are going because they simply do not have any expectation of what the future or impact of the church as an organization can be. In those congregations and under that leadership, a strategic management process simply cannot start unless the habitat of expectation has become part of the culture of the management team as well as the organization. Without expectation and imagination, a strategic process is doomed to failure! The preliminary step of any strategic action in the church as an organization should therefore be to determine the level of expectation in the organization. This includes the level of expectation of its leaders and of the congregation. It is considered to be the preliminary step of the PIC strategic management framework. In fact, the whole strategic management process is imbedded within the habitat of expectation.

Determining the level of expectation in the organization is quite simple. It involves questions to the leadership and members of the organization regarding their own expectation. These questions of expectation are aimed at the internal as well as external environment of the church. Examples of some of the questions to determine the level of expectation are:

- Can you imagine this church having an impact in this area 10 years from now?
- What do you expect of God in this organization? Can you imagine great things happening with limited resources?
- Can you imagine what can be done through utilizing the available resources hidden in this organization?
- Do you believe that faith still is the fundamental 'ingredient' that can transform, influence and give hope to people and the organization?
- Can you imagine things changing in your organization and you being a part of it?

These are only a few examples of determining the level of expectation in the organization. Strategic leaders will have to address the issue of expectation before strategic action is taken. It is important to realize that the level of expectation is often directly linked to strategic leadership. Positive, enthusiastic leaders will influence the level of expectation in any organization. This is confirmed when pastors move from one congregation to another. A new, enthusiastic leader almost always brings new hope and expectation to the organization. In a way, the strategic management team will have to ensure that this level of expectation and enthusiasm is kept alive in the organization. This can be done by an emphasis on the fundamental principle that characterizes the uniqueness of the church as an organization – faith that nothing is impossible for those who believe and can imagine!

Expectation within the church as an organization can be enhanced in different ways. Some possible suggestions are the following:

- Continuously communicate or preach about the fundamental principle of expectation that kept the church progressing in its mission and purpose for centuries.
- Use stories as examples of how the church as an organization "survived" difficult times through simply keeping faith and expectation alive. There are many extraordinary examples of how faith filled the gap between the resources available and a miraculous outcome. This is the way God upheld his church over thousands of years!
- Set the whole PIC strategic management framework and every action, plan and project within the context of "What do we expect the outcome to be"?
- Celebrate and communicate projects, actions and planning that lived up to expectation.

If there is no context of expectation, there is no reason for strategic management. Strategic leadership is managing expectation, the gap between what we have and what we expect. Expectation is needed in the church to manage the organization with vision and enthusiasm.

5. Conclusion

The church as an organization is differentiated on the basis of faith as a fundamental principle in its strategic intent, structure and functioning. The church has the advantage of looking back over the history of the organization to see how faith and expectation filled the gap between what we have and what we expect, or even greater: what we could not even image can happen! Little resources fed many people. With few men, battles were won; with a little oil, many empty jars were filled! The church as an organization therefore fundamentally functions within the habitat of expectation, and expectation is founded on faith, the unique characteristic of the church as an organization.

The church as an organization needs to be constantly reminded of the unique habitat to expect the unexpected. The habitat of expectation sets the agenda for the process of strategic management. The whole strategic management process is embedded in the habitat of expectation. The habitat of expectation implies that, if there is no expectation greater than the current available resources, a strategic management process is unnecessary. The need for strategic management is therefore defined by the gap between what we have and what we expect to have.

Continuous improvement is also fundamentally embedded in the habitat of expectation. Expectation will bring vision, vision will bring enthusiasm, enthusiasm will bring participation, and greater participation will bring ownership to the organization. This is the management of expectation that the church is in need of when strategically managing the organization effectively and efficiently.

Chapter 13

Strategic elements in managing the household of God

1. Introduction

Although the world of management science evolved in terms of management innovation, management re-engineering, disruptive management, strategic-behavioural management, *et cetera*, strategic management is still founded on fundamental managerial skills and principles. In this study, these basic managerial skills and principles were presented as reference for the church to engage properly in strategic management. The PIC strategic management framework was presented as a strategic management framework, containing these fundamental principles and skills. It was proposed in the previous chapter that strategic management and the strategic management principles and skills presented in the PIC strategic management framework should be applied to the church as an organization within the habitat of expectation.

Although it is not in the scope of this study to apply all the relevant principles and skills to the church as an organization within the habitat of expectation, some strategic management elements based on the PIC strategic management framework will be presented as examples of the application of principles and skills to the church as an organization within the habitat of expectation.

Before these elements will be discussed, it has to be stated again that these elements are basic 'ingredients' or fundamentals that strategic leadership can utilize in order to create strategic action and change. These examples present a point of reference from where the applicable elements can be chosen and utilized innovatively within different environments.

As was stated in Chapter 7, a strategic management process is useless if action and change are not implemented. Some organizations will need to engage with all the elements of the PIC strategic management framework in order to determine the intent, implement a strategy and continuously check the realization of the strategic intent. Others will only need some strategic elements in order to make the needed small incremental changes. The adaptability and interactivity of the different actions and elements hold the key to the creative and innovative application of management skills and principles to the church as an organization in different environments.

2. Strategic management is action: Action is infectious!

The effectiveness and efficiency of the strategic management process presented by the PIC strategic management framework is dependent on the quality of changes being implemented. To get from paper to action is the fundamental aim of strategic management! It is therefore important that the church as an organization focuses on action and change and not be satisfied with merely being busy with the process of strategic management. The processes in itself do not bring change, action brings change!

As stated in the introduction, some organizations will have to engage with the whole of the strategic management process from scratch in order to define strategic intent, implementation and control. However, a focus on small incremental changes can often bring new opportunities of growth to the organization. It would therefore also be possible for the strategic leadership to focus on one or two specific elements of strategic management in order to improve, modify or change the expected outcome.

Herrero (2008), a well-known author on behavioural management wrote a book called *Disruptive ideas: 10+10+10=1000*. In this book, he advocates the importance of not getting stuck in long, protracted strategic processes and big-change projects with many components and programmes. Rather, organizations should be focusing on implementing small changes to transform an organization – what he calls "disruptive management". The emphasis of disruptive management is on immediate strategic action and implementation through disruptive ideas and small changes (Herrero 2008). These small changes will

then spread through the organization like a viral infection, often without spending much time and money on implementation.

Herrero brings a very important element of strategic management to the table by suggesting the possibility to change and innovate through constant small and incremental changes. However, implementing disruptive ideas without a proper and clear vision of the strategic intent and strategic direction of the organization will leave the organization with many things that have changed but that are not necessarily helpful in moving the organization forward in the direction of the strategic intent. Therefore, the strategic management process presented by the PIC strategic management framework still remains an important tool to set strategic intent, to analyse and to plan implementation and control. However, the implementation phase can indeed be strengthened by the innovation of disruptive ideas as suggested by Herrero.

In this chapter, I shall further explore and interpret examples of small incremental changes through the strategic management process. These ideas will be founded on the basic management skills and principles presented by the PIC strategic management framework in the study.

Throughout this study, the importance of actual strategic change and action was emphasized. Change can come in a number of ways, in the form of a lengthy strategic management process or by small incremental changes. The perspective of small incremental changes that can spread through an organization, influencing and infecting the organization positively towards the strategic intent (Herrero 2008), is one that needs to be explored and embraced more often.

In light of the different strategic management skills and principles presented by the PIC strategic management framework, the church as an organization must utilize these different elements interactively and innovatively to implement subtle changes that will spread and eventually change the organization. Too often, strategic management is just seen as a once off, lengthy, time-consuming effort that will only show results in years to come. This often causes people to lose interest, is de-motivating and creates negativity because change is not expected or experienced immediately.

Some of the advantages of small incremental changes are (Harvard Business Literacy for HR Professionals Series 2005):

- Change can be implemented continuously and much faster.
- Embracing continuous change creates a culture that is open and willing to adapt faster to changes in the internal as well as external environment.
- It assists in the fundamental principle of continuous improvement.
- It creates a learning organization where people are excited about new challenges.
- Changes can be expected and are visible over shorter periods of time.
- Strategic intent is set and realized, based on short-term, more subtle changes being implemented.
- Subtle changes can spread like an infection through the organization, limiting the barriers to implementation and resistance to change.
- Small ongoing changes are less costly and often less damaging than large crisis-related change.

In a dynamic, innovative strategic management process, action is essential in order to bring change effectively and efficiently. Change is not only realized after the strategic management process had been concluded, but it can also be realized continually by embracing the philosophy of small incremental changes that will spread virally through the organization. The different strategic methods, elements and strategies will give strategic leaders options to innovatively create an appropriate strategy. Strategic management is management in action. Action inevitably brings change in an organization, and change can transform organizations over time or start spreading immediately like an infection!

As stated in the introduction, some strategic management elements will be discussed as examples to assist strategic leaders in managing the church to change and in the realization of strategic intent. The fundamental principles of these elements and aspects were dealt with in Part 1 and 2 of the study. Examples of small incremental changes through the application of the strategic management principles and skills of the PIC strategic management framework will be discussed and applied to the church as an organization in terms of the following (the corresponding phase of the PIC strategic management framework in brackets):

- the nature of the organization (habitat and **P**lanning phase)

- strategic leadership (**I**mplementation phase: strategic implementation driver)

- organizational culture (**I**mplementations phase: strategic implementation driver)

- organizational structure (**I**mplementation phase)

- recognition as a tool for evaluation, control and continuous improvement (**C**heck phase)

- fixed accountabilities (**C**heck phase).

The application of the strategic management principles and the skills of the PIC strategic management framework will serve as examples of how small changes in the different elements of the strategic management process presented by the PIC strategic management framework can be implemented to spread virally through the church as an organization.

3. Let the household of God be imperfect! (Habitat and planning phase)

Expectation was presented as an important element to consider in the habitat of the church as an organization. Another important aspect that will bring immediate change in the planning phase and in setting strategic intent is to re-think the nature of the church as an organization.

There is often a perception that the church as an organization should be a perfect organization, meaning that it is not allowed to make mistakes and must be perfect in the execution of its mission. It is not in the scope of this study to debate the origin of this perception, but it is often a perception held by the members of the organization as well. This perception is derived from the fact that the church is faith-based and headed by Jesus Christ. The church is metaphorically referred to (as stated in Part 1) as the body of Christ. Being part or the body of Christ implies being obedient and following values and attributes of the Head Himself. What members then often forget is the fact that the church is still a representation of human beings, sinful in nature. The church is not a perfect organization, just as people are not perfect in the daily execution of Biblical values. Being justified by God does not make you without sin or fault. This dualism between spiritual

and world (also presented in Chapter 4 par. 4.1 as reason for the reluctance of the church to engage with management science) is rooted in the understanding of the church as an organization.

Because of this view, that the church is an organization without fault, members are often despondent when they hear about the 'normal' organizational issues with which the church has to deal such as personnel problems, financial irregularities and conflict. Members are also often disappointed when the church fails and do not expect the church to struggle as much as it usually does with normal organizational issues.

The blame is partly to be attributed to church leaders who present the church in terms of the body of Christ, often understating or under-emphasizing the fact that it is still an organization consisting of people just like any other organization. If the universality of management is upheld regarding the church, it is important that the church will also accept the fact that it is not a perfect organization. Being perfect is not the distinguishing factor between the church and other organizations! Although this might at first sound like a meaningless remark, it has enriching implications for the church as an organization when it embraces the fact that it is indeed imperfect.

Many organizations function on the slogan of doing it right the first time. At first glance, it sounds good and noble. Doing it right is fundamentally embedded within the church as an organization because getting it wrong is most often seen as failure. However, getting it right the first time is not practically achievable. In fact, it is not sensible because getting it right in terms of organizational functioning often comes through getting it wrong, through trial and error. It was discussed in the study that one of the greatest barriers in the church as an organization is an inability to adapt and respond to constant changes inside and outside of the organization. It was stated that the church as an organization feels safe and comfortable to operate within outdated structures and management principles. The reason is partly this fear of failure.

Because there is an overemphasis on getting it right, it has become part of the organizational culture of the church. It is therefore easier to stay with what is familiar and what worked in the past. In the process, the church passes by the opportunities to change and transform society with relevant and innovative answers and services. Embracing the

fact that the church is an imperfect organization that does not have all the answers beforehand, that often struggles to envision what is needed, that struggles to allocate resources correctly, that sometimes fail in delivering the right service in the right manner and time will set the church free to experiment with new, creative and innovative answers to members and society.

The importance of the organizational culture and creating a learning organization was emphasised in the study. Actually, there is no such thing as an innovative culture or learning culture in an organization. There are only cultures where people do innovative things and people are willing to learn. Therefore, according to Herrero (2008), innovative cultures are created by innovative behaviour where people challenge the status quo by relentlessly asking, "Can this be done differently?" This contributes to a learning culture when people constantly search for different angles, possibilities and unpredictable answers to generate new ideas. A learning organization is created when people are given the freedom to experiment and where 'Doing it right the first time' is not the slogan of the organization!

Trying to be perfect rather than encouraging experimentation and, in the process, creating a learning organization with an innovative culture is contradicting the context of expectation in which the church is encouraged to seek new opportunities, challenges and change within the organization.

Within the context of expectation, the church needs to envision or imagine an organization where there is freedom to experiment. Imagine the church celebrating failure because people are supported in learning from failures and remember that things will change because of mistakes made! Imagine an organizational culture where people do not just hear that making mistakes is part of learning but also experience grace and support when these mistakes are accepted as part of learning! Imagine an organization where people have the courage to talk openly about mistakes, to tell stories about mistakes made so that everybody can learn from these mistakes. Imagine an organizational culture where people have the courage to try something rather than not doing it, playing it safe and missing an opportunity to change and transform.

Embedded in this expectation is the fundamental perspective that the church is not a perfect organization, and the very imperfection as an organization sets it free to experiment. In the process, it accepts and understands that failure is part of a learning organization in search of relevant, innovative answers to constant changes and questions in the internal as well as external environment.

4. The need for strategic leadership (Implementation phase: Implementation driver)

The importance of leaders within the church as an organization taking responsibility as strategic managers and visionary leaders was emphasized in the study (Chapter 10, par. 3.1.1.). Important aspects of leadership, leadership styles, responsibilities and emotional intelligence were discussed as key principles in strategic leadership.

The role of a strategic and inspirational leader in the design of strategic intent cannot be underestimated. Very often, the strategic intent will reflect some of the views and influences of an inspirational leader (Zenger & Folkman 2013). These leaders tend to surround themselves with people who agree with their vision of the future, which can have a positive or negative influence.

An inspirational leader with a high level of emotional intelligence, is willing to listen and is open to change can have a positive and influential role in effective and efficient strategic action. These dynamic leaders are inspirational to the organization. However, leaders can sometimes fail to recognize that their personal objectives and even comfort zones are an obstacle for effective management of change (Kotter 1996).

It is therefore important that the influence (positive or negative) of key leadership is constantly kept in mind within the strategic management of the church as an organization. This can be done by giving freedom to the individuality of leaders but also to base the strategic action on the great-groups view by committing more diverse people to the process. This will ensure that the result of strategic action is more creative and supported by a representative group. The inspirational leader will be able to inspire the group if his

or her vision is worth following whilst the group has the opportunity to influence leaders and even drive change.

However, pastors have the responsibility to act as strategic leaders (Chapter 10, par. 3.2.1.4). Pastors are appointed as the leaders of the congregation and are primarily responsible to lead and/or partake in the strategic management process. It is accepted that not every pastor is a visionary and inspirational strategic leader. Nevertheless, the responsibility to initialize and mobilize continual discussions on the strategic direction of the organization is the responsibility of the pastor as the strategic leader in the church. So often, this responsibility is shifted to councils and commissions and volunteers, resulting in nobody being responsible or accountable for the strategic direction of the organization.

This does not mean that pastors must take sole responsibility for the process. They will work closely with and through a team. However, someone has to be in charge and responsible for the process, the day-to-day implementation, the assessment and the ultimate outcome. A group of people or a commission cannot do this (Malphurs 2013). The pastor of the congregation must stand up and take the responsibility of leadership.

Within the framework of expectation, even small incremental changes in leadership and leadership styles can transform the church as an organization. Some key aspects of these necessary changes in leadership will now be discussed.

4.1 Leadership of losing control: Servant-leadership

For the church as an organization to improve continuously, it is important that people will have the opportunity and confidence to partake and work together in the ministry. As it was stated in the study, much time, effort and resources should be spent on equipping and empowering people to partake in the realization of the strategic intent. Greater member participation will stimulate new ideas and creativity, and it will ensure a greater loyalty to and ownership of the organization (Zenger & Folkman 2013). The future of the church as an organization lies in the empowerment of members to become co-workers within the organization, even taking up traditional tasks that were allocated to permanent staff.

This will only realize when there is a change in leadership style.

Pastors are often the stumbling block for greater member participation and involvement in the organization. This is one of the explanations, drawn from the empirical study on the Dutch Reformed Church in Chapter 2, why there is an increase in members wanting to participate but an actual decrease in member participation. Some leaders just have to be in control of everything, and this obsession with power and control is reflected in the organization and the structures of the organization where decisions are mostly taken around formal meetings where the leader can have influence. Members rarely get the opportunity to lead a project, and even when they get the opportunity, it is regulated and under strong supervision, inhibiting creativity and own initiative.

Fundamental to this bureaucratic leadership style is a lack of trust (Armstrong & Murlis 2007). People are simply not trusted and empowered as partners in mission. Although it would be commonly acknowledged that members need to be entrusted and empowered as co-workers, there is often a reluctance to actively involve and empower people because it requires a change in structure and leadership style.

One example of how a greater involvement of people needs a change in structure and leadership style is when commissions or divisions of the church are given the freedom to manage their own work. In many organizations, the pastor is still the chairperson or serving on the commission in order to regulate and control the work that is done by that commission. When the organization decide to give greater freedom and participation to its members, it is necessary to structure the divisions differently. Pastors should not lead the commissions, and neither should it be necessary for them to sit in all meetings. Excellent leaders understand that they can accomplish far more through the wisdom of a gifted and committed team (Malphurs 2013). The organization should entrust the leaders within commissions with allocated resources to fulfil its intent and vision. The commission must be given the freedom to make its own decisions and to structure its own work and only ask the central board or council's inputs when there are matters of greater importance. When pastors start giving up some control, creativity, participation and greater ownership will increase within the organization as Bratkovic (2010:67) states eloquently:

> Leaders who allow their teams to grow and take risks and learn new skills are terrific. They expect and allow some messiness, but also provide guidance and support to ensure success. They know

that the specific strategies and tools their teams use to achieve these goals will not be the same they may have chosen themselves, but they celebrate the teams' progress and success anyway. They gently corral efforts without diminishing any individual's value and efforts, and they bit their tongues when they are ready to tell everyone how to do it "their way".

If pastors give up some control, they would inevitably have to trust others more. They have to acknowledge the fact that people are given gifts and talents and should be allowed and encouraged to partake in the areas of their interest and expertise. In addition, if pastors struggle to lose or give up some control, they must search for the reasons. Maybe they do not trust anybody else to partake, or they might not have the right people to help them yet. Giving up control and looking for the reasons why control is not easily given up will set the scene for strategic action and change within the structures and leadership of the organization.

The interesting thing about control is that the more control leaders let go, the more control they will actually have because when people are entrusted and given the responsibility of certain work areas, the divisional leader is being held accountable. This brings a new angle on control. Letting go of control and fixing accountability will actually ensure greater evaluation and control in the organization. Accountability will be discussed later in this chapter.

Within the habitat of expectation, the church needs to envision an organization where there is a conscious effort to involve people in the ministry. The ability of a leader to involve and inspire people creates the highest levels of engagement and commitment of people in an organization (Zenger & Folkman 2013). Imagine an organization where leaders are equipped, empowered and trusted to lead, organize and manage their division. Imagine an organization where the leadership is more back stage than on the stage. Imagine an organization with less centralised control but more accountability. Imagine an organization where accountability is distributed over the whole organization.

According to Herrero (2008), a decisive decision and effort to lose control must to be taken by leaders in an organization. He then challenges leaders by saying: "Delegate until you get really scared. If it is not scary, it is not radical enough. Try harder!" (Herrero 2008:45).

Embedded in the principle of losing control and delegation is servant leadership. Leadership within the church will benefit immensely from embracing servant leadership as a principle leadership style within the church as an organization. The example of servant leadership was set by Jesus Christ Himself. His life, work and leadership stood in the light of someone whose highest priority was to serve others. This He illustrated throughout his ministry, but it culminated in John 13 when He set the practical example of servant leadership by washing the feet of his disciples. In fact, his life and death are a testimony to the fact that He put serving others above his own interests.

Although Jesus Christ set the example of servant leadership, the term "servant leadership" was introduced by Robert Greenleaf in 1970. Since then, there has been a growing interest in the practice of servant leadership. According to Greenleaf (1998), a servant leader is one who is a servant first, and servant leadership therefore starts with the natural feeling and conscious choice to lead through service. Servant leaders make sure that other people's highest priority needs are being served, that they grow as persons and become healthier, wiser, freer and more autonomous while being served. Servant leadership motivates people to become servants themselves.

Spears (2005) adds to this definition when he identifies servant leadership as a movement away from traditional, autocratic and hierarchical modes of leadership to one that is attempting to enhance the personal growth of workers while improving the caring and quality of organizations.

It is evident that servant leadership embraces the principles of leadership set out in this study. In this study, the principles of leadership were set out as:

- taking up the responsibility as appointed stewards or managers of the household of God to lead the organization effectively and efficiently
- leading and managing the organization in realizing an expectation far greater than current capabilities and resources
- valuing, trusting and involving people in ministry to become collaborators in the mission of the organization
- equipping and empowering people to lead and manage their own work and division effectively and efficiently

- ensuring that people are held accountable for their contribution in the organization
- creating an environment where there is a culture of learning and where people are encouraged to be creative and innovative, where they are free to experiment and where they are allowed to make mistakes in the process of pursuing the strategic intent

Spears (2005) list a set of 10 characteristics of the servant leader that are of critical importance to the development of servant leaders. These characteristics will supplement and support the principles of leadership set out in this study and will serve as valuable principles and skills that leaders in the church as an organization can embrace and acquire:

a) Listening – although leaders have traditionally been valued for their communication and decision-making skills, an important skill of the servant leader is a deep commitment to listen intently to others. This enables the servant leader to clarify the will of the group that he or she leads and to listen receptively to what is being said and what is not being said!

b) Empathy – servant leaders try to understand and empathize with others. They accept and recognize the special and unique attributes of the people they lead.

c) Healing – servant leaders recognize the opportunity to help make whole those people who have broken spirits and suffer from a variety of emotional hurts.

d) Awareness – servant leaders have a general awareness of ethics and values but especially self-awareness – who they are, what they are capable of, what their weaknesses are.

e) Persuasion – servant leaders rely on persuasion rather than using positional authority in making decisions within an organization.

f) Conceptualization – servant leaders seek to nurture their abilities to "dream great dreams." "The ability to look at a problem (or an organization) from a conceptualizing perspective means that one must think beyond day-to-day realities" Spears (2005:3).

g) Foresight – it is deeply rooted within the intuitive mind and is the ability to foresee the likely outcome of a situation. It is a characteristic of a servant leader that enables him or her to understand and interpret the lessons from the past

together with the realities of the present in order to see and understand the likely consequence of a decision for the future.

h) Stewardship – within the church as an organization, servant leaders understand that they have been entrusted with this organization to influence and transform the lives of people and society.

i) Commitment to growth of people – servant leaders believe that there is value beyond the tangible contributions of people and is therefore deeply committed to the growth of each individual within the organization. Servant leaders will therefore nurture personal, professional and spiritual growth of people in the organization.

j) Building community – servant leaders seek to create community amongst members working together within an organization. Building community is especially important because the church was defined as an organism, underlining the importance of people working together, each fulfilling his or her role in the effective and efficient functioning of the organization.

From these characteristics of servant leaders, it is evident that a servant-leadership approach emphasizes and supports the important attributes of leadership within the church as an organization. The true value of servant leadership is the focus it brings to an organization to create a positive impact on its members and community. The principle that leadership needs to let go of control as a necessary change in leadership of the church as an organization is supported by servant leadership that does not accept bureaucracy but instead uses the power of persuasion and seeking consensus over top-down hierarchical leadership and structures.

4.2   Ask the right questions

One of the fundamental issues today is that the church is providing beautiful answers to wrong questions and is even quite happy with irrelevant but elegant answers.

One example is the current process within the Dutch Reformed Church to accept the Confession of Belhar in order to find structural unity with the Uniting Reformed Church in Africa. Much time, effort, energy and money are spent on meetings and voting

procedures to achieve a two-thirds majority for the acceptance of the Belhar Confession as a pre-requisite for unity with the Uniting Reformed Church in Africa. While the process is currently unfolding, the result is already evident in heightened emotions, conflict and division within the church at a time and in a context in South Africa where society is asking serious questions about poverty, social and moral decay, leadership crises, racism, inequality, *et cetera*. While these provocative questions need the full attention of the church and its leadership in order to impact and transform society, the organization is addressing a question of structural unity that is currently not only irrelevant to the majority of society but even to many of its own members!

It is not in the scope of this study to comment on current answers to wrong questions, but the important argument is that strategic leaders have the responsibility to ask the question, "What is the question?" By asking "What is the question?", an organization will get to the core of what it is trying to address, what the issue on the table it, why we are doing this and whether this is what we are supposed to do?

Although this might sound simple, questioning what the real issues are and how an organization is addressing these issues are fundamental to effective and efficient management (Ross 2009). Questioning the real issues and relevance of current answers can be a disruptive idea that brings innovation and change to the organization. However, asking the right questions is also not only the responsibility of management. Constantly asking these questions will become part of the organization on every level and will lead to debate on the fundamental issues and motivation of the organization. Asking the right questions can spread virally through the organization, leading to debate, a review of decisions and an evaluation of current projects and processes (strategic assessment). It assists subordinates in discovering their own solutions, increasing their competence and confidence and, in the process, taking ownership of results (Ross 2006).

Within the habitat of expectation, the church needs to envision an organization where people do not only do things because it needs to be done, but where they constantly question what and why is it done? Envision an organization where people at every level have the courage to ask, "What is the question", "What are we trying to answer", "What is expected" and "What are the real issues?" Envision how the right question will bring the right answer.

The importance of the character, ethic and personality of the pastor as the strategic leader in the church as an organization cannot be underestimated. In Part 1 of the study, key elements, characteristics and responsibilities of managers in the church as an organization were outlined.

The traditional view of leadership is one where leaders have to increase production or profit. However, this view is slowly disappearing as more leaders recognize the importance and responsibility for ensuring standards of moral and ethical values and conduct within the organization (Trevino, Brown & Hartman 2003).

One very important aspect of leadership, ethics and values is the credibility of the leaders in an organization as far as keeping promises is concerned (Sparks 2008). Although this might again sound simple, keeping a promise is the backbone of trust, accountability and credibility. What is important is that values and ethics do not reflect on leadership but eventually on the organization as a whole.

It is very important that pastors, as the leaders of the organization, realize that it is not only their own credibility that is at stake but that of the whole organization. Keeping a promise and having the trust of the people you lead is one of many fundamental values that add to the credibility and accountability of any organization, including the church. When leaders do what they say they will do – walk the talk – it actually creates a habit of reliability and trust in an organization, which will influence the way in which people behave, and it creates a platform for excellent execution (Trevino, Brown & Hartman 2003).

The simple value of keeping a promise also forces people to think whether they can really deliver on what they are saying before promising something. Customers are confronted on a daily basis by businesses and representatives promising to do things that they never do or are not even capable of doing. When promises fail, credibility and trust goes out the window. The value of keeping a promise is that people realize that someone else is depending on my promise. If I do not do what I promised to do, someone else will be disadvantaged. "If you want a culture of accountability, trust, credibility, confidence,

empowerment, reliability and excellent execution you must install, practice and reinforce one single behaviour: 'we keep promises here'" (Herrero 2008:200).

Within the habitat of expectation, the church needs to envision an organization where people in the organization keep their promises. People need to understand that someone is depending on the promise they made and they need to take responsibility for what will happen to that person if they do not deliver on promises. Imagine the church doing what it says it will be doing.

4.4   Leadership investment

In the church, there is a great emphasis on continued theological education. It is expected of pastors to enrol in different seminars and short courses to ensure the continued development of knowledge and skills within ministry.

From a management point of view, one has to ask about the content of this education? If a pastor spent most of her or his time managing the organization, how much time and effort is spent in developing his or her management skills? From the necessity of this study and the fact that basic management skills and business principles are not taught to theology students or pastors, it should be evident that not enough effort is put into investing in the management skills and principles of pastors. If a concerted effort is not made to develop strategic leadership skills and principles, the church as an organization will suffer tremendously because of a lack of basic knowledge and skills.

At the same time, the leadership of the church should also evaluate their own effort and investment in their continuous improvement in terms of skills and knowledge. This personal commitment is evaluated by self-assessment, asking for example, "Can I add something more than I was adding at the beginning or the year?", "What areas of my leadership do I need to develop?", "Where can I go to get educated on this issue?" In short, pastors have the responsibility personally to invest in their own management and leadership skills.

a) The "ME"-project

One aspect of personal investment is time for themselves. Leaders should make time in their diary for the "ME" project where they reflect on themselves, their capacity, their influence, their level of enthusiasm, *et cetera*.

Having a "ME" project is in fact a protection of a leader's capacity to think, exercise judgement and being creative. In this regard, Bryman *et al.* (2011:511) gives the following advice:

> Perhaps pre-eminent is the assumption that leaders would invest time in improving themselves and rendering their leadership more inspiring or influential because, in that way, they can direct followers' behaviours, values and actions toward those that the leaders (and perhaps their organization) understand to be valuable.

Pastors need "ME-projects" urgently! In this case, time management should not be a science; it should be as easy as implementing ME-project in diaries! When adopting and implementing the "ME project", leaders will find that the church will not go under. In fact, new creativity, innovation, vision, enthusiasm and a prolonged ministry will be some of the fruits of the "ME" project.

Within the habitat of expectation, the church needs to envision an organization where leaders have time and space to reflect on their effectiveness and efficiency. Imagine leaders having enough time to think, to re-assess and to be creative in ministry. "With no available space and time, management merely manages the inevitable: that is, things that will happen anyway" (Herrero 2008:144).

b) Leadership investment in volunteers

Leadership investment is not only applicable to pastors but also to staff and volunteers. Leadership investment is concerned with asking staff and volunteers if they have been given the adequate tools in order to do their tasks effectively and efficiently. It is continuously looking to invest in the knowledge and skills of people and provide the organization with the processes, resources and systems to get the job done effectively and efficiently (Curtis 2012). In order to invest in people, leaders have to invest time and

effort in preparing, equipping and empowering volunteers as co-workers in the organization.

Leadership investment is not only investing in current staff and volunteers but also investing in new and future staff and volunteers (Ward 2002). One of the primary tasks of strategic leadership is to look for talent. In other words, it means looking for people who can add value or make a difference to the organization, a particular project or a division. Herrero (2008) emphasises the importance of continuously looking for people to add value to the organization by saying that a great percentage of a leader's time should be spent on scanning for talent. "Scanning for talent and then bringing it into the company should be part of everybody's job description, particularly at senior level" (Herrero 2008:200).

Scanning also involves looking for new networks. There has been a constant emphasis on networking within organizations over the past few years. Leadership in the church will have to invest in networking with people, groups and businesses outside of the church in order to find new fields of influence. Everybody, that is, members, staff, divisions and volunteers, should be involved in networking. Creativity and innovation will improve when people use networks and connections to solve issues and problems.

c) Invest in the corporate IQ

Another aspect of leadership investment is the attention to corporate IQ (Underwood 2010). Corporate IQ often gets lost within the church as an organization. The usual pattern within the different commissions or divisions of the church is that of people really doing well and taking responsibility of a particular division. This person or persons eventually fill this position for years, which brings huge levels of comfort within the organization. What is often neglected though is the fact that the particular person will not be in that position forever. He or she will leave at some stage, leaving a gap in knowledge and expertise. Leadership investment involves an active effort to pass on knowledge and experience in order not to lose continuity and corporate IQ. Through networking, scanning for talent and empowerment, strategic leaders should ensure that knowledge is passed on by, for example, having someone shadow with this person, knowing that he or she will get the responsibility in future. This can be done by, for example, identifying

future leaders that can take over a particular division or commission and electing him or her as the "associate" leader. This exposes the potential future leader to the culture of the organization and the projects and work site of the particular division, and it enables the division leader to gradually give more responsibility to the associate leader as he or she gradually grows into the leadership role.

Too often, momentum and corporate IQ is lost because of a lack of leadership investment in the next generation of leaders. This will have to be a very specific emphasis of strategic leaders within the church as an organization.

Within the habitat of expectation, the church needs to envision an organization where leaders take responsibility for investing in their own personal skills in order to manage the church as an organization better through self-assessing. Imagine leaders identifying possible weaknesses and addressing and eradicating them through personal commitment to their own leadership development. Imagine an organization where leaders are continuously investing in the right people in the right positions and are even focussing on ensuring that the next generation gain valuable experience and corporate IQ. Imagine an organization where everybody in the organization is constantly scanning for new key talent. Imagine that this becomes part of the culture of the church!

4.5   Dealing with the grapevine

In Chapter 10, different barriers to strategy implementation were discussed. The management of these barriers is an important aspect of strategic leadership. The importance of communication within the organization was also addressed as well as the importance of recognizing the grapevine inside and outside of the organization in order to overcome some barriers of change.

The grapevine plays a very important role within the church as an organization. It can be extremely positive when information is distributed through the grapevine, and people are influenced positively, but the grapevine has the potential to do harm to the church as organization. This is not unique to the church as an organization. In every organization, there are a grapevine and rumours that are spread in ways such as the following: "People

say" or "I heard this or that". Some people simply thrive on gossip. The fact of the matter is that communication through the grapevine needs to be dealt with in order for it not to be disruptive for the organization and become a barrier to change implementation. To deal effectively and efficiently with the grapevine is a very important leadership skill.

Dealing with the grapevine simply mean going to the source. Leaders need to look for the individuals that are referred to as "They said" or "Someone said". One of the biggest mistakes that leaders can make in an organization regarding the grapevine is to let it get toxic and spread through the whole organization. It is not always the easiest thing to do and often involves conflict, but by dealing with it, the fruits will be reaped! If leaders are relentless in following up grapevine talks, it will have a positive effect on the organization. People will think twice before they come up with half-baked assumptions in the hope that they will get some attention. Leaders will also be able to identify how big the number of people is that are unhappy or complaining. A culture of transparency will be created within an organization when complainants and gossip through the grapevine are dealt with in this manner.

Within the habitat of expectation, the church needs to envision an organization where rumours have no place and half-truths are dealt with immediately. Imagine the church being an organization where staff and members buy into not spreading rumours themselves and verify the truth first before communicating through the grapevine.

5. Working on the culture (Implementation phase)

Within the habitat of expectation, change is inevitable and ever expected. In fact, expectation is per definition awaiting change. New strategies inevitably bring tension, scepticism and threat to people. It was stated in Part 1 of the study that churches often react very slowly to changes in the internal as well as external environment. Part of the reason is because the church is often found to be the last safe or unchanged haven in a fast-changing world. Therefore, it would be correct to assume that the church in its leadership, organization and structure does not embrace change effectively and efficiently.

Consequently, the culture of the church is often one where people feel more comfortable with the status quo and are reluctant to experiment and to embrace new challenges. When change within the organization becomes inevitable, the organizational culture often cannot handle or embrace any change effectively. This makes the process of change management in churches often painful and very difficult. Together with the lack of basic managerial principles and leadership skills in change management, the necessary changes in the organization are often ignored, or change becomes nearly impossible.

In order for the church to stay relevant in society and deliver services effectively and efficiently, much more time and emphasis must be placed on creating an organizational culture of learning. It takes leadership to convincingly communicate and overcome the doubts and disagreements in order to achieve the expected outcome and have the cooperation of people in the process. One of the most valuable drivers of change in an organization is not a once-off action plan of change management. Successful change management in churches must start by creating an organizational culture of learning. Too often, organizations try to implement strategies quickly without spending enough time and resources on communicating and preparing the organizational culture for change. It is easier for organizations to efficiently and effectively adapt to changes if there is a culture of learning in the organization. The importance of a learning organization was discussed in this chapter.

According to the survey done on the Dutch Reformed Church, it is evident that the members of the organization expect that certain changes need to be made in order for the church to pursue its objectives. The acknowledgment that change is needed is a valuable point of departure from where individual churches can start to create learning organizations that are open and prepared for new challenges and change. When there is a strong organizational culture that is open to learning and change, it will make strategic action much easier.

Two important aspects that can be implemented to bring incremental change in building a strong and healthy culture in the church as an organization will be discussed next.

5.1 Leaving the past in the past

Concerning change, Herrero (2008:227) points out the following:

> We want innovation, entrepreneurship, and creativity at the speed of light … but often still see the present as a continuation of the past. That won't work. You need to ruthlessly change focus from the past to the present and the future. If you love the past so much, you should become an archaeologist.

According to Herrero (2008), there is a lot of value in healthy forgetfulness. How organizations deal with the past says much of how they will deal with change, innovation and the future.

The importance of the history of the church as an organization cannot be dismissed. Valuable lessons can be learned from how the church dealt with issues in the past. The history of the church as an organization also adds to the tradition and an understanding of the character and culture of the organization. Dismissing the past will simply be irresponsible. However, being stuck in the past can be devastating for an organization! The fundamental principle when dealing with the history of the organization is to use the past as reference but not as direction towards the future.

What often happens in the church as an organization is that it gets stuck in the past (Armstrong 2009). Often members will remind the leadership of how things worked in "the old days" or "in my time". Leaders then become doubtful about change and innovation, are influenced by these stakeholders and easily fall back into the comfort zone of old habits and structures that "worked" in the past, preventing change and innovation for the future.

Because of the political environment in South Africa and the church's involvement in politics in the past, the church is constantly reminded of the past, the mistakes made and its participation in the past. The church is in a sense often self-imprisoned by old failures, mistakes and political influences. The past then becomes the reference from where the future of the church is managed! Methods, traditions and mistakes of the past become fundamentals that often dictates the future direction of the organization. The church needs to spend more time inventing the future than studying, analysing or repairing the mistakes of the past.

Within the habitat of expectation, the church needs to envision an organization where people focus on today and tomorrow. Imagine an organization that acknowledges the past but are focussed on the present and future. Imagine an organization where people do not hold the organization captive by saying "when I was at …" or "in my time" but realize the new challenges of a new time. Imagine the church being able to learn from the past but has its feet planted firmly in the present and its eyes focused on the future.

5.2   Communicating through stories

Part of the core business of the church is building relationships between people (Farr, Anderson & Kotan 2013). These relationships are between members mutually and between members and non-members. The fundamental building block of any relationship is proper communication. The importance of communication was discussed in the study, but one important element of communication needs to be emphasised regarding the organizational culture.

The church is greatly dependant on social skills and interaction to communicate the transforming 'product' of the gospel. In fact, this was the method and example set by Jesus Christ. His social skills and interaction with people set the foundation from where He influenced and transformed people. The danger within a technological era of communication by means of e-mails, text messages and social media is that the church will compromise this fundamental social skill of interacting and meeting people face to face.

Healthy conversations are nowadays easily substituted by impersonal e-mails that can erode the individual and collective emotional intelligence as well as the social intelligence of people when they do not interact personally. To protect the unique character of the church as an organization that personally engage with people, electronic communication needs to be utilized responsibly to protect face-to-face communication and therefore the asset of social skills at all cost.

To add to the importance of communication, Adler and Rodman (2009) remind organizations of the importance of narratives in expressing the core values and the

intention of the organization. Herrero (2008:175,177) adds to this by saying the following:

> In organizational life, we also have stories: heroic stories, gossip, talk about people's behaviours, market adventures … But we have completely underestimated their power and have favoured the clinical set of bullet points and PowerPoint slides. The language of bullet point lists is factual and descriptive. People remember stories more easily … Organizational life is not a presentation, it's a conversation. Switch from presentation mode to conversation mode.

Telling stories is part of the DNA of the church. Story telling was part of the ministry of Jesus Christ on earth. By telling stories, the knowledge, facts, history and values of the church as an organization was and is communicated and transferred from generation to generation. In fact, it was emphasised in the study (Chapter 10, par. 3.2.2.) that an organizational culture is created by telling stories. Although the importance of telling stories might sound obvious, strategic leaders often do not utilize stories effectively and efficiently enough in the management of the organization. Leaders tend to give presentations rather than having conversations using stories. A story is a natural vehicle for learning in an organization and travels better through and across organizations, transferring values and information.

The utilization of stories in building a learning organization has enriching value. It is better to tell a story of how someone handled a difficult member than it is to give a presentation, which people will eventually forget. Fundamental principles can be communicated and transferred with stories, making it a vehicle that members and staff can use in order to communicate to others (Bidgoli 2010). What has worked or not, how someone overcame a certain barrier or how another grouped finished the project can all be communicated through stories. In the process, a learning organization is created by simply sharing experiences, knowledge and skills through stories!

Within the habitat of expectation, the church needs to envision an organization where people cherish social interaction and direct, face-to-face, real-time communication. Imagine an organization where people are not cluttered by a lot of impersonal mail but have opportunities to build healthy relationships and dialogues. Imagine people rather pick up the phone than e-mail! Within the habitat of expectation, the church needs to envision a culture of learning where people tell each other stories in order to transfer

knowledge and solve difficult situations. Imagine an organization where examples of mistakes and successes are told in story form for people to learn and communicate.

6. Time to re-structure (Implementation phase)

In Chapter 10, it was stated that structure follows strategy, and the design of organizations will in future move in the direction of being lean, flat and innovative in terms of structure, focussed on delegating responsibility and empowering managers and workers to act on their own judgement.

Some important aspects or elements that can be implemented to bring incremental change in the church as an organization regarding design and structure will be discussed next.

6.1 Ending departmental isolation

Hamel (2008), in his book on the future of management, used the term "departmental apartheid" to refer to organizations that have clear, well-defined boundaries between different divisions or departments. He then advocates a more open approach where creativity and innovation are promoted by different departments interacting with one another and not necessarily keeping to traditional prescribed line functions and boundaries. Herrero (2008:55) adds to this conversation as he emphasizes the importance of more people adding valuable insights into certain situations across different departments and divisions:

> There is nothing better than seeing the world through more than one pair of glasses. Usually organizations only give us one single pair. And definitely only one hat: your role, your function, your place in the organization chart. And probably one silo. Dividing brainpower over different responsibilities is incredibly effective and disruptively healthy in organizational life.

To end departmental isolation in the design and structure of the church is very necessary. Within the design and structure of the church, there are still well-defined departments or divisions that are often restricted to prescribed boundaries of authority and work site. Volunteers and staff often stick to basic line functions or prescribed boundaries with great

sensitivity in order not to cross the line and step into someone else's work site. There is often exaggerated sensitivity to who is allowed to do what, when and where within the church as an organization. This actually suppresses the power of influence where people have the freedom and opportunity to comment, react and embrace different situations and influence one another from different angles.

Being stuck to only your division and not allowed the freedom to influence others is simply not how life works. People put on different hats all the time, are involved in different things, know more about some and less about others. Nevertheless, within the structures of the church, it is often expected that people should stick to only one hat, a situation to which Herrero (2008:54) attests as follows:

> The business equivalent of you wearing several hats in your life outside of work would be to be simultaneously responsible for multiple functions or activities or projects. And my rule is, the more the different hats compete with each other, the better for you and for the organization.

If the church calls an end to departmental isolation in its structures, people will have the freedom and opportunity of influencing others. That will eventually result in people having a holistic view of what is happening in the organization. The church therefore needs to consider having open meetings where different divisions or commissions have the freedom and courage to comment on each other's work, challenges and intents. By doing this, knowledge will be shared from different perspectives, and change and innovation will transform the organization. In the church as an organization, people need to understand that you do not have to be an expert on something to partake or contribute in discussions.

Within the habitat of expectation, the church needs to envision an organization where people have different roles to play and are free to comment on any aspect. Imagine an organizational culture where people's presence is valued and different perspectives contribute to creative answers and change. Imagine what new and creative answers and ideas will be born when departmental isolation is ended!

6.2 Making everything a project

Adopting the philosophy within the church as an organization that everything is a project will bring new enthusiasm and change to the organization. Harrington and McNellis (2006:1) define a project as a "… temporary endeavour undertaken to create a unique product, service, or result". From this definition, it is important to recognize that a project is "temporary", in other words, it has a life span, a beginning and an end. In order for a project to be completed successfully, it needs to have a plan, a large number of separate but interdependent tasks, resource allocation, a budget, milestones and control and evaluation (Woodward 1997). It has clear objectives and expectations of what is needed from participants to realize the intent of the project. Adopting this philosophy should be easy on standing current projects, but there are some aspects not usually seen as a project within an organization. Take for example the appointment of a new staff member. Traditionally this is not a project, but it can be turned into one by assigning specific people, goals, timelines, milestones, a budget and evaluation.

Making everything a project will bring new focus to the church, and things will not simply drag on in the same way for years. Projects bring a continuous focus on outcomes and an emphasis on being completed. It will force the different divisions to re-think their presence and value their contributions to the organization.

An example of the possibility of a church embracing this philosophy is to present to members a new project every month and inviting members to become a part of a project. The intent, goal, milestones, length of the project and needed resources are explained. The number of participants needed is mentioned, and on completion of the project, the project team will simply disband. Consequently, people will know exactly what is expected of them, how they can contribute, what is needed and how much time it will take from them. As stated in the empirical study, volunteers within the church are more than willing to partake and commit to projects that make a difference, but they are often are reluctant to be involved permanently in a commission or committee. Having this project approach will ensure that there is a focus on realizing the intent and completing the project. It will guarantee assessment of effectiveness. The completion of a project can be celebrated, and people will be uplifted and motivated by their own efforts because results will actually be seen! Turning everything into a project certainly will add new

dimensions to volunteer participation and involvement within the church as an organization.

Of course, there still will be standing committees or divisions performing some support and administrative functions, but new participants will get involved, be committed for a period, and more people will become part of projects and, hence, the ministry of the organization. There is, however, some downside to this. For example, projects might attract the wrong people in terms of the needed gifts or talents for a specific project, or the same volunteers might sign up for different projects. However, this voluntary participation should be weighed against the positives of faster spontaneous involvement, greater participation and ownership as well as new enthusiasm of people actually completing something and experiencing the difference it made.

Whilst other organizations can base participation in projects purely on merit, this is not the case with the church. Because people are often shy and reluctant to sign up to a new project, volunteer participation needs to be handled with great sensitivity and care. Although merit is not the only consideration for participation, volunteer participation does not prevent the church from setting clear guidelines and expected standards when people sign up for a project. Being a volunteer does not give you the freedom to underperform!

Having project groups will assist in creating a learning organization because different people participating in different projects will add ideas and initiatives that can only benefit the organization. Often within a division or commission in the church, lifetime membership is guaranteed. Although the commitment of "lifetime" volunteers cannot be left unappreciated, it sometimes has the negative spin-off that new volunteers are not attracted or sometimes even not permitted access to the committee, and consequently, no new ideas and changes are ever made.

Within the habitat of expectation, the church needs to envision an organization where people are always wanted to join new projects. The church needs to envision an organization where volunteers have choices concerning what and where to join, and volunteers know exactly what is expected of them and how long their commitment to the project will last. Imagine the amount of new resources that will become available for the

church to utilize. Again, it is not necessary to implement this strategy across the whole organization at once. Small incremental changes will spread virally!

6.3 Respecting time: Have fewer meetings and more decisions!

Because the church relies on the voluntary participation of its members, it needs to be extremely sensitive to the limited amount of time that people have available. This is important, especially because the church is often still designed on old structures that demand many formal meetings and consequently high levels of time consumption.

Within old hierarchical structures, great value is placed on formal meetings. In fact, the perception is that things happen where there is a meeting. Leaders feel in control when formal meetings are called, and people can be influenced in the decisions they need to make. Consequently, it is expected of volunteers to attend many of these time-consuming meetings. However, within the organizational structure of the church, these meetings are sometimes sucking out the life, enthusiasm and participation of volunteers in its mission. The church as an organization therefore needs to respect the time of its volunteers and re-think the structures that are consuming the time of its members.

a) Have fewer meetings

Aside from taking much time, the decision-making process in the church often frustrates many people. In fact, people generally want faster and better decisions being made. Therefore, the basic question that the church as an organization needs to answer regarding its design and structure is, "Do we really need a meeting for this?" The answer to this question can actually be disruptive because most often the answer will be 'not really'.

Consequently, if it is not necessary, why have the meetings? If a task or project can proceed without a meeting, let it be! Meetings are only necessary if it will influence or determine the outcome of a specific matter. This does not disregard the importance of meetings where decisions need to be taken, discussions have to take place and consensus must be achieved. Management or leadership meetings will always play an important and integral part in any organization. However, on a functional level, having a meeting just for the sake of having one is a total waste of valuable time!

The other problem with meetings within the church as an organization is that it is often fixed to certain dates on a calendar long in advance. It was stated in the study that the church struggles to adapt fast enough to changes in the internal as well as external environment. Part of the reason for this is the structuring of meetings. It is often nearly impossible to make real-time decisions because of the rhythm and tradition of scheduled meetings. Many new initiatives are simply put aside and deferred to the next scheduled meeting or next year's budget! Consequently, the structure of decision making in the church does not serve fast change and adaptation to new challenges. Often a bucket of cold water is poured on new initiatives because of a frustrating decision making structure.

Within the habitat of expectation, the church needs to envision an organization where there are fewer formal meetings. Imagine meetings that are enjoyable and where only the difficult issues that need discussion are on the agenda. Imagine meetings that are held in a relaxed culture that is not a burden on members and volunteers. Imagine meetings serving as social glue where people are motivated and enthused. Imagine an organization where decisions are made in real time without deferring to formal meetings unless really needed.

The key to the realization of this expectation probably lies in making more decisions.

b) More decisions

To be able to make decisions faster in order to adapt to changes and new challenges, the key question is whether decisions could be made at a lower level. Van Dam and Marcus (2012) argues that faster, more effective and more efficient decision making relies on making more decisions lower on the functional lines of the organization and holding lower-level staff responsible for the execution of the tasks because they were involved in the decision-making process. In order for people to have the "right" to make more decisions lower on the functional line, divisional leaders will have to be entrusted and empowered to make responsible decisions. Eventually, they are responsible for implementing the decisions made! Being given the decision-making responsibility will ensure greater ownership and involvement in the implementation of the decision. Therefore, the structure of the church as an organization should allow decisions to be made at lower levels. It is not necessary for a central board or management team to make all the decisions about everything! Shifting down decisions will ensure faster reaction to

current needs and expectations on every level. The challenge would be to allow decision making to take place at lower and lower levels in the organization.

In order to achieve this, strategic leaders will have to make a conscious effort to decide less and less every day. If there is an inability in taking decisions at a lower level in the organization, it is most probably because of a bureaucratic leadership style or leaders' lack of trust as mentioned earlier in the chapter.

Some small incremental changes can be made to influence the decision-making culture of the church as an organization.

- Have less formal meetings and more informal gatherings where people have the freedom and opportunity to inform others about the work in their division.

- Establish a culture where the responsible people (project leaders) are empowered and entrusted to make decisions. Project leaders or chairpersons of divisions must be given the authority and responsibility to manage their own ministry. When decisions need to be made, they must be able to do it at any time and should be held accountable for it. These decisions will be added to the minutes or agenda at the next general meeting, ensuring that everyone is informed and underlining the accountability of leadership in the organization.

- In order for divisions or commissions to react faster on immediate needs and opportunities, they should be entrusted with managing their own divisional budget. Delegating the management of the divisional budget will further assist in the empowerment and accountability of leadership. It will assist in an organization being agile in terms of decisions and structure.

- The leaders of the different divisions should be given the responsibility to ensure the constant flow of information within their division but also throughout the organization.

- There will still be a place for formal meetings to meet face to face, discuss difficult issues, talk strategy, *et cetera*. However pushing decisions to lower levels

in the line of responsibility will inevitably change the agenda of these formal meetings, allowing more time for strategic management.

Within the context of expectation, the church needs to envision an organization that can respond quickly to new initiatives. Imagine more people being entrusted and held accountable for the effective and efficient management of resources and projects. Imagine more decisions being made by the right people at the right level. Imagine what a real-time, decision-making culture will look like? Imagine some of these initiatives spreading virally through the organization.

7. Evaluate, control and continuous improvement through recognition (Check phase)

In Chapter 10, the importance of reward systems as a driver for strategy implementation was discussed. Reward systems serve as critical motivation and encouragement for managers and employees in an organization. Recognition was presented as an essential component of reward systems in churches, underlining the importance of people as an organization's most valuable asset. Strategic leaders need to consider how recognition is given to staff and volunteers within the church as an organization. The enthusiasm and commitment of volunteers as co-workers in the mission of the church was emphasized, and it was pointed out that, sadly, more often than not, proper recognition is not given to those people.

In order for the church to rely on the future participation of volunteers in its mission, much thought must be given to the place of recognition in the structures of the organization. Recognition can be given to members and staff on various manners, stretching from a gala dinner to quarterly meetings where recognition is given. It should not only be a once-off event at the end of the year dinner.

Recognition can also serve as an important tool in evaluation, control and ensuring continuous improvement. Recognition needs to be a continuous effort where praise is given, but it also needs to serve as a tool to give advice on how to change or motivate underperformers. By implementing a framework of recognition, control and evaluation

within the organization will be performed immediately and continuously. When there is a continuous focus on recognition within the organization, recognition will become a source of improvement because it will generate a healthy relationship and trust between people. By focussing on continuous recognition, timely adjustments and improvements can be made based on regular contact with members and staff. Recognition and dialog is much more effective and efficient than command and control or interrogation that is a top-down exercise. The principle of MBWA (management by walking around) remains a vital tool, not only in control and in evaluation, but also in creating a culture of continuous recognition.

Within the habitat of expectation, the church needs to envision an organization where recognition is given on the spot. The church needs a culture where there is continuous discussions and interaction and where evaluation and control is set within a culture of trust and dialog.

8. Fix accountability (Check phase)

It should be evident that, in order to create a learning environment, empowerment, responsibility and accountability are three key elements.

Being a volunteer neither sets you free from standards and expectations, nor does it mean not being held accountable. In fact, accountability is one of the key elements in volunteer participation in the church as an organization. Accountability ensures that evaluation and control can be applied more often across the organization.

Accountability is a one-person thing. People must be held accountable individually for their work and efforts within the organization. When implementing accountability within an organization, also as a means of evaluation, one must make sure that it is clear "… who is accountable in what way, for what, to whom" (Davson-Galle 2012:244). Because responsibility can be given to more than one person or to a group of people, people often hide behind the responsibility thing. When a group of people is given the responsibility, it often ends up in nobody being accountable for what is happening. Although the church as

an organization must strive to make more people take responsibility in its mission, it should in fact also create a culture of accountability.

Within the habitat of expectation, the church needs to envision an organization where there is clarity about who is doing what and who is being held accountable. Imagine a culture where people embrace responsibility and accountable as two key elements in insuring effective and efficient management within the church as an organization.

9. Conclusion

In this chapter, examples of the application of management skills and principles presented by the PIC strategic management framework were given within the habitat of expectation. These practical examples answer the research question on how managerial principles and skills can be applied effectively and efficiently to the church within the unique context of the organization and the habitat of expectation. The emphasis of strategic management on action and change within the church as an organization were underlined by the introduction of the philosophy of small incremental changes that can affect the organization incrementally in a positive way.

The third objective of the study was therefore met in Part 3 when strategic management principles and skills were introduced and applied, within the habitat of expectation, in order to manage the household of God effectively and efficiently.

Conclusion

The research question initiating the study on the church as an organization in need of management was twofold. Firstly, I asked: Do management principles and skills apply to the church as an organization? Secondly, I asked: Can the application of management principles and skills contribute to managing the church more effectively and efficiently?

This question was raised based on the fact that the church as an organization and subsequently the formal education of church leaders within the South African context has not engaged properly or incorporated sufficiently new developments within management science in order to lead the church as an organization in ever-changing environments. This is evident in the fact that there is no contemporary and comprehensive literature available on managing the church as an organization within a South African context. In return, the church as an organization was also not studied extensively by management sciences, which is also evident in the absence of contemporary and comprehensive literature within management science on managing the church as an organization within a South African context. The reluctance of the church as an organization and subsequently the formal theological training of leaders, to formally and scientifically engage and interact with management science was proven in Part 1 of the study when an overview was given on the development of management science and management of the church as an organization in general.

The research proved, through studying the basic functions of management and through exegesis of a Biblical understanding of leadership and management, that it is the expected responsibility of leaders of the church as an organization to plan, lead, organize, staff and control human and other resources to achieve the organizational goals effectively and efficiently in a highly specialized and scientific environment. The result of the reluctance to formally engage with the church as an organization and with management science is an organization that is increasingly struggling with basic management deficiencies. The church as an organization is exposed to insufficient education in management principles and skills through formal education which, in turn, results in leaders that often struggle to perform the basic managerial tasks expected of them. Consequently, the lack of basic management principles and skills negatively affect the efficiency and effectiveness of the

organization in pursue of its goal and intent. The effect of the lack of basic managerial principles and skills was empirically proven in the research on the Dutch Reformed Church (Chapter 2, par. 4, 5).

In order to address the stated problem, the research presented pioneering work in presenting management principles and skills in order to educate current as well as future leaders of the church as an organization to manage the household of God more effectively and efficiently.

The research proved that the church is by definition an organization sharing some commonalities and characteristics with other organizations, rendering it capable and in great need of being managed effectively and efficiently. However, the unique character of the church as the household of God (a faith-based, non-profit organization) needs to be upheld in the application of management principles and skills to the church as an organization.

The objective of the study was therefore to present these managerial principles and skills through and within the PIC strategic management framework that was specially designed to assist leaders in the effective and efficient management of the church as an organization. The application of these management principles and skills will contribute to the more effective and efficient management of the church as an organization, especially in the execution of the vision and strategic intent of the organization.

Three management principles that need to be established as fundamentals in the effective and efficient application of the PIC strategic management framework in the church as an organization were discussed and presented in the study. These three aspects are considered to be fundamental when the church as an organization engages with the proposed strategic management process. They are: service and responsibility, strategic leadership and reward and recognition.

a) Service and responsibility

The mission and primary measure of performance of the church as an organization relate to delivering transformational services that will benefit or be of interest to its members as well as the broader public (Chapter 2, par. 3.2). In a growing consumer society that is

expecting effective and efficient service in all the different spheres and systems, managers of the church have the responsibility (Chapter 4, par. 2.3.) to lead and manage the organization in order to adapt to changes and challenges in the internal as well as external environment (Chapter 8).

Within the church as an organization, leaders should understand that they have been entrusted with the responsibility to influence and transform the lives of people and society (Chapter 4, par. 2). The responsibility is also not only to deliver transformational services but also to evaluate and control the effectiveness and efficiency of the organization in terms of service delivery (Chapter 11). Delivering effective and efficient services is also not only the responsibility of management but of each and every member of the organization (Chapter 2, par. 3.2) which includes paid employees as well as volunteers. Throughout the study, the importance of volunteer participation and the management of volunteers in the mission of the church as an organization were emphasized.

The volunteer participation in the mission of the church necessitates influencing, equipping and empowering people with the necessary skills, fixing accountability (Chapter 13, par. 8) and creating an organizational culture of learning (Chapter 10, par. 3.13) where there is freedom to experiment, be creative and innovate. However, in realizing this objective, a leadership style conducive to participation, innovation and shared responsibility is essential.

b) Strategic leadership

The effectiveness and efficiency of the church in setting strategic direction and in implementing and pursuing its strategic intent depend heavily on the strategic leader of the organization (Chapter 10, par. 3.2.1). The study emphasized the importance of pastors (as the appointed leaders of the congregation) to take up the responsibility of strategic leadership in the organization. Increased emphasis needs to be placed on the development of emotionally intelligent leaders (Chapter 10, par. 3.2.1.2), on developing the necessary knowledge and skills concerning the adoption of different leadership styles in different

contexts and on embracing key leadership responsibilities such as communication, conflict management and resource allocation (Chapter 10, par. 3.2.1).

In order to create a learning organization where there is innovation, participation and shared responsibility, leadership investment (Chapter 13, par. 4.4) was presented as a critical aspect in developing leaders that are willing to let go of control and embrace servant leadership as a leadership style that will benefit the management of the church as an organization (Chapter 13, par. 4.1).

To summarize, some of the important principles of leadership set out in the study were:

- taking up the responsibility as appointed stewards or managers of the household of God to lead the organization effectively and efficiently

- leading and managing the organization in realizing an expectation far greater than current capabilities and resources

- valuing, trusting and involving people in ministry to become collaborators in the mission of the organization

- equipping and empowering people to lead and manage their own work and division effectively and efficiently

- ensuring that people are held accountable for their contribution in the organization

- creating an environment where there is a culture of learning, where people are encouraged to be creative and innovative and where people are free to experiment and allowed to make mistakes in the process of pursuing the strategic intent.

The principles and skills of strategic leadership presented in the study will assist leaders of the church as an organization in effective and efficient management.

c) Recognition and reward

The most valuable resource and asset that the church as an organization possesses is people (Chapter 10, par. 3.3). Therefore, the appreciation of personnel and members in

voluntary participation is the heartbeat of the church as an organization. The study indicated that the recognition of the efforts and contributions of people to the organization is one of the fundamentals in building a strong organizational culture. In order for the church to rely on the future voluntary participation of people, a well-defined focus on rewarding personnel and volunteers is essential. Recognition was presented as a valuable and important tool to reward and motivate people to future participation in the mission of the church as an organization.

The introduction of the habitat of expectation (Chapter 12) is considered a new, valuable and important construct and contribution of the study. The habitat of expectation is a unique and profound contribution to the management of the church as an organization. It serves as an essential and significant point of departure when dealing with the management of the church as an organization. Although the proposed strategic management framework (PIC strategic management framework) provides valuable managerial principles and skills to assist leaders in managing the church as an organization effectively and efficiently, the habitat from where the PIC strategic management framework is launched greatly determines not only the process itself, but also the mindset and outcome of the strategic management process.

Managing the household of God from and within the habitat of expectation is an act of faith, based on sound managerial principles and skills. The interaction of faith, expectation and sound managerial principles and skills confirms the unique character of the church as an organization as well as the complementary interaction of management as an art and science (Chapter 3, par. 3.2).

Based on the habitat of expectation, the strategic management process of the church needs to reflect more about tomorrow's opportunities than about today's problems. For this intent to be realized, the church needs courageous leadership in setting goals far beyond their initial reach of planning and even existing resources. Conservative and cautious goals often fail to generate enthusiasm and involvement and are most often a reflection of leaders' lack of faith and confidence in their own ability to lead the organization and in the members to join as partners in the mission. Financial targets and vague vision and mission statements simply cannot provide the direction for congregations any longer.

The application and integration of basic managerial skills, principles, frameworks and techniques within the unique habitat of expectation and culture of the church as an organization is part of the art and science of strategic leadership. The church desperately needs formally to engage with these in order to fulfil its mission and pursue its expected objectives effectively and efficiently in future.

I consider this study as preliminary to further study and research into managing the church as the household of God, based on faith, expectation, management skills and principles.

Some topics that need further research are the following:

- the importance of strategic alliances and joint ventures in the future of the church

- the organizational culture of the church with particular emphasis on creating a learning organization

- the role of recognition and other reward systems in the church

- biblical strategic leadership where key strategic leadership tasks are integrated with the biblical fundamentals of leadership

- case studies where the proposed strategic framework and different elements presented in this study are applied and tested further in congregations

- converting the managerial principles and skills presented in this study into a textbook for prospective theology students and pastors.

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