An analysis of the effective management of growth in a selected business in the Body-In-White automotive industry, to improve employee relations

BY

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Submitted in partial fulfilment of the requirements for the Master’s Degree in Business Administration at the Port Elizabeth Technikon

PROMOTOR: DR. S. PERKS

November 2003
I the undersigned hereby declare that the work contained in this research paper is my own original work and has not been previously in its entirety or partially been submitted at any university for a degree.

PH SOUTHWOOD

DATE
I wish to express my sincere thanks and appreciation to the following persons who contributed to the successful completion of this research without whose support, advice, assistance and encouragement it would not have been possible:

- My wife and sons for their unconditional support and encouragement and also for giving me more than they received during the three years of study;
- My mother and father if he were here for their loyal support over the years;
- The rest of the family for respecting the time needed to complete the course;
- The good Lord for blessing me with the determination required to complete the degree;
- Dr. Sandra Perks for her professional approach and patience, and
- Mr. Peter Ewan for proof reading the content.
ABSTRACT

Body-In-White business forms part of the automotive industry. The industry is highly specialized and usually operates under tremendous pressure due to the competition within the industry as a result of an oligopolistic market, limited resources, short lead times and the contractual nature of the industry. The selected business has grown steadily over the last five years in terms of the number of employees that have been employed. It is said that employees are a business’s most important asset. How effectively a business is managed during growth and the relationship management has with the employees during that period are critical to a business in maintaining a competitive advantage. Effective management and sound employee relations could ensure the long-term profitability and sustainability of the business.

This paper is intended to analyse the selected business to determine how effectively the business is managed and the state of employee relations within the business. Various aspects to effective management and employee relations are presented through a literature study in order to identify the means required to manage effectively and to promote and maintain sound employee relations.

A two-pronged approach was undertaken in the applied research. Firstly, a survey with the aid of a structured questionnaire was undertaken among the management of the selected business to gather information. A second survey also with the aid of a structured questionnaire was undertaken among all the employees. The purpose of the two different questionnaires was to make an analysis of the business and to determine whether management and the
employees held the same views, or differed on related topics. Mostly management indicated that managerial effectiveness is critical to remaining competitive. Employees indicated that management does not plan and organise an orderly workflow and that employees rely on their overtime remuneration. There was a general agreement by management and employees that more than one person attends to human resource related issues. Effective human resource planning is not enforced to maintain a motivated workforce, as human resource policies and procedures do not pay special attention to employee relations.

Among the main findings, the study revealed that while there are some aspects of effective management lacking in the business, the business is mostly managed effectively. However, not enough attention is paid to effective human resource management, as training and development programs for management and employees are lacking and certain human resource issues need to be addressed.
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1.1 BACKGROUND TO THE PROBLEM

An analysis of business failures made over many years has shown that a high percentage of these failures has been due to unqualified or inexperienced management. The importance of management is nowhere more emphasized than in developing countries. Reviews by economic development specialists have shown that providing money or technology does not ensure development. The limiting factor in many cases has been managerial know-how. While modern cultures are characterized by revolutionary advances in the physical and biological sciences, the social sciences have lagged behind. If no efforts are made to learn how to harness human resources and co-ordinate the activities of employees, ineffective management, inefficiencies and waste in applying technical discoveries will continue. (Koontz, O'Donnell & Weihrich, 1986:4).

Effective managers make sure that employees work on jobs for which they were well trained and are competent – the right things are done to provide a product of value. Efficient managers constantly monitor how resources are used in order to minimize waste and improve productivity – resources are wisely used and not wasted. Managerial success is determined principally by the degree to which managers co-ordinate resources and then use them wisely to offer customers the products they want. Achieving this type of success in today’s complex and global business environment is challenging. In part managers must show
employees how to welcome and adapt to constant change while helping them make extraordinary contributions. (Dubrin & Ireland, 1993:6).

Typically, entrepreneurs and managers of rapidly growing businesses are slow in recognizing the effect rapid growth has on their employees. The owner/entrepreneur is more technically and marketing inclined than management orientated, therefore neglecting the management of both managers and employees. Managing a business involves looking ahead for new opportunities and looking behind for threats. (Watson, Hogath-Scott & Wilson, 1998:222).

Watson et al. (1998:223) articulate that it is usually a crisis of some sort that identifies the need for transition. Examples of this could be:

- A key member or key members of staff leave the venture;
- A huge order comes in and fulfilling it would result in excessive overtime on limited resources to meet the production requirements or deliveries are not met, and
- A major customer cancels an order.

Timmons (1994) as quoted by Hill and McGowan (1999:168) also identifies a number of probable crises in a business in transformation, for example, the erosion of the entrepreneurial culture and climate, the disappearance of entrepreneurial vision, confusion over roles, responsibilities and goals, the challenge to the lead entrepreneur and senior management of delegating versus autonomy and control, and the introduction of new operating mechanisms and controls. Kao (1991) also quoted by Hill and McGowan
(1999:168) mentions that communication difficulties expose critical gaps in the portfolio of necessary personal management competencies. Addressing these gaps is clearly going to be of critical importance if the momentum for growth is to be maintained. It is therefore necessary to consider the competency aspect of effective management to obtain some insights into what is involved.

Since the work of Boyatzis (1982) as quoted by Hill and McGowan (1999:169) numerous studies point firmly to certain competencies as essential for the effective management of businesses in transition. Carson, Cromie, McGowan & Hill (1995:67) make the important assertion that the effective manager needs to be able to set and achieve objectives and to be sensitive to inter-personal and human dimensions through sound internal communication. Managers often find that, as the business grows, they feel more and more pressure to use formal methods to lead their organisations into the future.

1.2 MAIN PROBLEM

The purpose of this research is to analyse how a selected company effectively manages growth. It is also intended to identify how management can improve employee relationships at the selected company. The empirical research relating to this is intended to identify whether a problem exists between management and the employees during growth and what can be done to solve the problem. This leads to the following sub-problems, which will be addressed by the research.
1.3  SUB-PROBLEMS

In order to develop a research methodology/strategy, to solve the main problem, the following sub-problems have been identified:

a) What does the research literature reveal that will enhance the effective management of growth in ventures?

b) What are the barriers to effective management and how can they be overcome?

c) What effect had growth on employees at the selected company?

1.4  DEFINITIONS OF SELECTED CONCEPTS

In order to have a clear understanding of the meaning of certain concepts and terminologies they are defined below.

1.4.1  Body-in-white automotive industry

Mr.L.Oliver (personal communication October 12, 2002) refers to the Body-In-White industry (hereafter refered to as BIW) as the field of expertise that plans the assembly process of vehicles in production for the automotive industry. Once the assembly process has been planned to meet volume requirements the jigs and fixtures are designed in 3D on CAD software packages such as
AutoCAD 14, Inventor and Unigraphics. On completion of the full 3D design, simulation is conducted on the mechanical design in DENEQ software to ensure the fixtures are functional in a production environment. After the simulation process full manufacturing drawings are prepared and issued to the equipment manufacturer.

The fixtures are built by BIW tooling manufacturers and include fully automatic operations or very manual applications. Included in this field are controls and automation systems and personnel, which include robotics, robotics engineers, programmable logic control (PLC) programmers, and onsite installation personnel.

Mostly mechanical designers are ex-artisans who make a career in design. The mechanical part of the profession is very subjective as knowledge is gained by years of experience and not through University or Technikon qualifications.

In the controls and automation department employees are mostly trained electricians and electronics engineers with Technikon or Technical College qualifications. It is from these staff members in the mechanical, controls and automation departments that management has been sourced within the industry. The nature of the industry is both cyclical and contractual and includes independent design houses as well as manufacturers of jigs and fixtures.

1.4.2 Management
Management is referred to by Hellriegel, Jackson, Slocum & Staude (2001:8) as the tasks or activities involved with managing an organisation which include planning, organising, leading and controlling. Management can also be defined as a process, mental and physical, whereby subordinates are brought to execute prescribed formal duties and to accomplish certain given objectives. This is the art of getting things done through the efforts of others (Bourner 1996:16). For the purpose of this research management will be defined as the attainment of business goals in an effective and efficient manner through planning, organising leading and controlling organisational resources (Daft 1997:8).

1.4.3 Effective management

Effective management is the heart of all managerial activities. Effectiveness refers to how well an organisation reaches its objectives over a period of time (Hit, Middlemist & Mathis, 1979:8). Dubrin and Ireland (1993:4) define management as the process of effectively and efficiently using organisational resources to achieve objectives through functions of planning, organizing, leading and controlling. They go further to explain that effectiveness means that the right things are done to provide a product of value. Efficiency forms part of their definition and is defined as the wise utilization of resources to eliminate waste. This difference between effectiveness and efficiency is worth noting to prevent confusion between the two, even though efficiency does not form part of this research.
1.4.4 Growth

As other authors have noted, there is no single theory, which can adequately explain business growth, and little likelihood of such a theory being developed in the future. This is due mainly because of the heterogeneity that exists in the various types of small to medium size enterprises (hereafter referred to as SME’s) and also because of the range of factors that can affect growth, which interact in different ways in different circumstances. (Smallbone, Leig & North 1995:45). For the purpose of this research growth will be measured in terms of the increase in employees over a period of time and not in terms of financial indicators.

1.4.5 Employee relationships

Mullins (2002:73) describes a relationship in an organisational context as the patterns of interaction among people and the behaviours displayed towards one another. From a leadership perspective Mullins (2002:277) defines relationship behaviour as the extent to which the manager engages in two-way communication with employees, listens to them, and provides support and encouragement.

1.5 DEMARCATION OF THE RESEARCH
For the research to be manageable the research project will be demarcated as discussed hereunder.

1.5.1 Geographical demarcation

The empirical component of this study will be limited to a selected organisation located in the following areas:

- Eastern Cape: The organisation to be researched is based in Port Elizabeth;
- Kwazulu Natal: The head office of the organisation to be researched is based in Durban (Westville).

1.5.2 Organisation to be researched

The research is to be limited to a selected business in the BIW industry. The industry is primarily based in the Eastern Cape and forms an integral part of the Automotive cluster in the area. The main function of this industry is to design and manufacture jigs and fixtures for the automotive industry in South Africa and abroad.

1.5.3 All levels of staff

The study will include management and or other employees in order to get an overall perspective of the demands growth has on both, the business and the relationships between personnel.
1.5.4 Size of selected organisation

During the last five years the staff complement has grown from four people to approximately eighty. The organisation also has two offices as mentioned previously, one in Kwazulu Natal and one in the Eastern Cape. The dynamics of this situation require management to have a good understanding of effective management, growth and human resource management.

1.5.5 Assumptions

It is assumed that management principles function in the same way irrespective of the type of company. This research also draws no basic distinction between managers, executives, administrators and supervisors. According to Koontz et al. (1986:5) a given situation may be considerably different at various levels in an organisation, the scope of authority may vary, the types of problems dealt with may differ widely and a person in a managerial role may be a salesperson, an engineer or a financier; but the fact remains that, as managers, all those who obtain results by establishing an environment for effective group efforts perform the same functions.

1.6 SIGNIFICANCE OF THE RESEARCH
No evidence was found by the researcher to suggest that this topic, specific to the BIW industry in South Africa, has been studied in the past. As the nature of the industry is cyclical and contractual it is very difficult for managers to plan effectively and often this has a negative effect on employees and customers (Mr D. Brookes, personal communication, October 01, 2002). Effectively managing growth in the BIW industry in the SME market segment is important as it allows management to maintain a competitive advantage over competitors, especially in a very specialized industry where human capital determines the ultimate success of the organisation. If the analysis reveals that growth should be managed more effectively in this industry and that management could have a better understanding of the impact it has on employees, a more formalized method of managing could be introduced to benefit all parties.

1.7 RESEARCH DESIGN

A description of the methodology to be followed in the research project, as well as procedures that will be used to solve the main problem and sub problems, are listed below.

- A *literature study* - on the effective management of growth in organisations - will be conducted. Research will also be undertaken to determine the requirements to maintain and improve relationships with employees during these phases of growth.

- *The empirical study* - will consist of a mail survey which will include the directors and managers to establish their ideas of effectively managing
growth and maintaining and improving relationships with employees during growth. This will enable the researcher to establish if they are aware of effective management principles and if they are equipped with the desired competencies to effectively manage growth. Furthermore the research will also highlight how well or how badly they understand the expectations of the workforce.

- *Employees* - will also form part of the mail survey to establish whether owners and managers have the same perceptions on growth and human relations as those of the employee and if not, to see where they differ. The comparison is vital in order to understand the workforce in this industry and to make meaningful conclusions and recommendations from the research.

- *The researcher will develop two questionnaires* – one for management and the other for the employees and or others. This will determine the mindset of both groups with respect to effective management and gauge how the employees feel about all the related matters that affect them during growth.

The results of the literature survey and the empirical research will be integrated to make an analysis of the requirements for effectively managing growth and improving employee relationships in the selected business. This will ensure the sustained motivation and retention of staff and effective management during times of growth.
1.8 PROPOSED OUTLINE OF STUDY

The research has been planned to include the following chapters:

- Chapter 1: General introduction and overview of the study.
- Chapter 2: The effective management of employees.
- Chapter 3: Overview of the selected business.
- Chapter 4: Research design and methodology.
- Chapter 5: Results of the empirical data.
- Chapter 6: Conclusions and recommendations.
2.1 INTRODUCTION

In Chapter 1 a brief outline of the research paper was given with a statement of the main problem and sub-problems to be solved. In this chapter the researcher will focus on various aspects of the effective management of employees to understand the background of the problems being researched and the various factors that influence them.

In small businesses that are experiencing growth, questions arise as to what contributes to management’s effectiveness that will ensure that the business meets its goals and objectives. Therefore effective management barriers and the functions of management that influence effectiveness will be discussed. Cohn and Friedman (2002:959) suggest that a business interested in growth and profits must establish relationships with employees based on trust. As employee relations influence managerial effectiveness they will be discussed in detail. To understand the challenges faced by SME’s and the selected company in particular, a discussion on managing SME’s follows.
2.2 MANAGING SME's

Small businesses are growing in importance and have been increasingly recognised as the backbone of economic development in Western economies (Hill & McGowan, 1999:167). Even the smallest businesses become increasingly complicated due to globalization, government regulations such as labour relations acts, and customer demands for better quality at lower prices. Thus managerial dexterity is critical to success. Hellriegel et al. (2001:14) state that in small businesses, one person, usually the founder member or current owner, often carries the whole load, and by doing so needs to be familiar with all the aspects of management to be successful.

Owners of small businesses do not differentiate between levels of management. In large businesses with several levels of management, managers at each level are responsible for different types of tasks. As the business grows, however, the owner has to narrow the job’s scope and concentrate on certain tasks (Hellriegel, et al. 2001:15). For example an entrepreneur whose strength is in sales might focus on getting new customers to spur growth of the business and should then hire managers to handle the financing and administrative tasks.

Even though according to Johnson and Scholes (2002:26) small businesses are likely to be operating in a single market or a limited number of markets, probably with a limited range of products or services, the situation still requires management skills necessary to operate at the various management levels both internally and externally. Daft (1997:24) refers to a survey on trends and future
developments in small business that found that nearly half the respondents saw inadequate management skills as a threat to their companies, as compared to less than 25 percent in larger companies. An interesting finding is that managers in small businesses tend to emphasize roles different to those of managers in large businesses. Therefore it seemed that managerial effectiveness is critical to a small business remaining competitive (Hatten, 1997:344).

Effective management and planning requires leadership, direction and visibility from the owners and management. When plans are formulated and implemented effectively, management improves the businesses' performance and success. Many of the mistakes made by businesses can be attributed to ineffective strategic planning and management. (Dubrin & Ireland, 1993:131).

Dubrin and Ireland (1993:132) articulate that in stable conditions managers could safely assume that what worked in the past will work in the future. Under predictable conditions planning activities were not vital. However, in the current environment, changes are frequent and often major in scope, competition is more intense and markets are more global. To deal with these realities businesses must gather and carefully analyze inputs from everybody involved in their activities. How effectively a business is managed also depends on the stage of growth the business finds itself in.
2.2.1 Growth phases

According to Daft (1997:194) small businesses go through distinct stages of growth, with each stage requiring different managerial skills. Daft (1997:194) described the five stages as follows:

(a) **Stage one: Existence**

In this stage, the main problems are producing the product or service and obtaining customers. Key managerial issues facing management at this stage are:

- Will there be enough customers?
- Will they survive?
- Will there be enough money to get through?

(b) **Stage two: Survival**

At this stage the business has demonstrated that it is a workable business entity. It is producing a product or service and has sufficient customers. Concerns here have to do with:

- Finances;
- Generating sufficient cash flows to run the business;
- Making sure revenues exceed expenses, and
- Ensuring that the business will grow in size and profitability during this period.
(c) **Stage three: Success**

At this point the company is solidly based and profitable. Systems and procedures are in place to allow the owner to slow down if desired. The owner can remain involved or consider turning the business over to professional managers.

(d) **Stage four: Takeoff**

Here the key problem is how to grow rapidly and finance that growth. The owner must learn how to delegate, and the business must find sufficient capital to invest in major growth. This is a pivotal period in the entrepreneurial business’s life. Properly managed, the business can become big business. However, another problem for companies at this stage is how to maintain the advantage of “smallness” as the business grows.

(e) **Stage five: Resource maturity**

At this stage, the business has made substantial financial gains, but it may start to lose the advantages of:

- Small size;
- Flexibility, and
- The entrepreneurial spirit.

A business in this stage has the staff and financial resources to begin acting like a mature company with detailed planning and control systems.

Plunkett and Attner (1991:422) differ from Daft (1997:194) on the above stages of growth as outlined in Table 2.1.
Table 2.1: Stages of growth

<table>
<thead>
<tr>
<th>Stage</th>
<th>Characteristic of stage</th>
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<tr>
<td>Creativity</td>
<td>• Birth stage of the business.</td>
</tr>
<tr>
<td>Direction</td>
<td>• Implementation of rules, regulations and procedures.</td>
</tr>
<tr>
<td>Delegation</td>
<td>• Decentralization</td>
</tr>
<tr>
<td></td>
<td>• Infrequent communication from top level management</td>
</tr>
<tr>
<td></td>
<td>• A crisis when top management senses it is losing control.</td>
</tr>
<tr>
<td>Coordination</td>
<td>• Management attempt to seize control by emphasizing coordination.</td>
</tr>
<tr>
<td></td>
<td>• Lots of red tape.</td>
</tr>
<tr>
<td>Collaboration</td>
<td>• Team actions to solve problems.</td>
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Source: Adapted from Plunkett and Attner (1991:422)

Daft’s approach places more emphasis on the financial aspect at each growth stage, whereas Plunkett and Attner emphasize the managerial functions such as policies, procedures, rules, communication, teams and bureaucratic red tape. Both approaches address two critical barriers to effective management of growth as noted by O’Gorman (2001:63) namely:

- Financial resources required to fund growth, and
- Factors such as managerial skills needed during growth.

To move from one growth phase to the other requires change and transition.
2.2.2 Change and transition

Change and transition are an inescapable part of both social and business life. Mullins (2002:818) suggests that change is a pervasive influence and that everybody is subject to continual change of one form or another.

In order to ensure its survival and future success the business must be readily adaptable to the external demands placed upon it. The structure and the functioning of the business must reflect the nature of the environment in which it is operating. Mullins (2002:818) has identified the following major forces of change:

- increased demands for quality and high levels of customer service and satisfaction;
- greater flexibility in the structure of work and patterns of management, and
- the changing nature of the composition of the workforce.

Gibson, Ivancevich and Donnelly (1997:459) reveal that forces of change can be classified into two groups:

- **Environmental forces** – are beyond management’s control and include economic, technological, social and political factors.
- **Internal forces** – operate inside the business and are generally within the control of management. Forces of change, which occur within business’s, can usually be traced to process and behavioural problems. The process problems include breakdowns in decision making and communication. Decisions are not being made, are made too late, or are
of poor quality. Communications are short circuited, redundant or simply inadequate. Low levels of morale and high levels of absenteeism and turnover are symptoms of behavioural problems that must be diagnosed.

Internal change comes from within the business itself. Mullins (2002:818) lists the following contributors to change from within the business:

- new technology;
- new or revised methods of work;
- effective human resource planning to maintain a motivated and efficient workforce;
- management succession planning, and
- training and staff development.

Gibson et al. (1997:461) warn that a certain level of employee discontent exists in most businesses. It is dangerous to ignore employee complaints and suggestions. The process of change and transition includes the recognition phase, the point where management must decide to act or not to act.

One can deduce from the above that how well change and transition is managed depends on management’s ability to identify the internal factors that have a negative impact on the business during change. It is the internal forces that are controlled by management that determine the efficiency which leads to managerial effectiveness. Pressure of change also comes from external forces. The business must be properly prepared to face the demands of a changing environment. A business can only perform effectively through interactions with the broader external environment of which it is part. Now that a brief outline of
managing SME’s in terms of the growth phases, change and transition has been given, effective management will be discussed.

2.3 EFFECTIVE MANAGEMENT

Effective management is the heart of all managerial activities and success. Hitt et al. (1979:5) state that to be effective, businesses must have targets and objectives toward which managers hope to move. This view is still relevant in today’s managerial environment. Effectiveness also includes the long-range, continuing nature of management. The ability to reach objectives, change and adapt is of prime importance to any business. Effective managers are important to any business’s overall success, regardless of whether it is a global giant or a small start-up enterprise. According to Hellriegel et al. (2001:5) “effective” is described as “successful in producing a result”. It is therefore important to understand what the criteria are for effective management.

2.3.1 Criteria for effective management

Kreitner, Kinicki and Buelens (2002:519) state that well-managed organisations mix and match effectiveness criteria to comply with the situation. Managers need to identify and seek input from strategic constituencies. This information when merged with the organisation’s stated mission and philosophy, enables management to decide on an appropriate combination of effectiveness criteria.

Kreitner et al. (2002:9) refer to 11 effectiveness criteria displayed by effective managers:
• Clarifies goals and objectives for everyone involved;
• Encourages participation;
• Plans and organises for an orderly work flow;
• Has technical and administrative expertise to answer organisation related questions;
• Facilitates work through team building, training, coaching and support;
• Provides feedback honestly and constructively;
• Keeps things moving by relying on schedules, deadlines and helpful reminders;
• Controls details without being overbearing;
• Applies reasonable pressure for goal accomplishment;
• Empowers and delegates key duties to others while maintaining goal clarity and commitment, and
• Recognizes good performance with rewards and positive reinforcement.

Labbaf, Analoui and Cusworth (1996:63) found in their research on the effectiveness of management that the following factors prevailed in order of priority:

• Creating a positive organisational climate;
• Time management;
• Communication;
• Decision making;
• Motivation of people, and
• Planning.

Although Labbaf et al. (1996:63) identified twenty-one characteristics, only the top six have been listed, as many were the same as for Kreitner et al. (2002).
Four of the above mentioned criteria were also identified as barriers to effective management by the managers that took part in the research. Labbaf et al. (1996:63) discovered in their research that managers were highly aware of their managerial responsibilities and of the presence of factors which were affecting their effectiveness at work. These barriers were:

- Communication;
- Managing time as a resource;
- Making decisions and resolving work related problems, and
- Leading and motivating employees at work.

Personal factors such as improving one's own performance and developing one's own potential are considered very important attributes for effective managers. For example, Drucker (1974) as quoted by Labbaf et al. (1996:65) believes that one part of the manager's job is to develop people, including himself. He argues that as an important part of any manager's job, self-development requires that managers learn new skills, knowledge and attitudes in order to perform their jobs effectively.

Labbaf et al. (1996:63) note that it is increasingly a responsibility for today's manager to develop him- or herself through insight into his or her strengths, and by gaining the required skills and experience on the job, as well as searching for opportunities which lead to greater contribution and superior performance.
It is interesting to note the variety of criteria required for effective management from the above discussion. Of significance perhaps is the fact that the modern day manager is expected to be able to recognize where his or her weaknesses are in order to improve them and apply his or her strengths in a meaningful manner that contributes to the business’s success.

2.3.2 Management functions

Hersey and Blanchard (1993:6) articulate that the management functions of planning, organising, leading and controlling are considered central to a discussion of management by many authors. These functions that comprise the management process, a step-by-step way of doing something, are relevant regardless of the type of business or level of management with which one is concerned. Acting in their managerial capacity, chief executives, department heads and foremen all manage. As managers they are all involved in part in getting things done with and through people.

Daft (1997:8) states that planning involves deciding on where a business wants to be in the future and how it is going to get there. This involves setting goals and objectives for the business and developing work maps showing how these goals and objectives are to be accomplished. Once plans have been made, organising becomes meaningful; this involves bringing together resources, people, capital and equipment, in the most effective way to accomplish the goals. Organising therefore involves the integration of resources. Together with planning and organising, leading plays a part in determining the level of performance of employees, which in turn influences how effectively the
business’s goals will be met. Motivating is sometimes included as part of leading as is communicating (Longenecker, Moore & Petty, 1999:390). Controlling is the last function of the management process and involves feedback of results and follow up to compare accomplishments with plans and to make appropriate adjustments where outcomes have deviated from expectations (Hersey & Blanchard, 1993:7). In the next section these four management functions are discussed in more detail.

2.3.2.1 Planning

The planning function includes defining the ends to be achieved and determining appropriate means to achieve the defined ends. Planning activities can be complex or simple, implicit or explicit, impersonal or personal (Gibson et al., 1997:16). The intended outcomes of planning activities are mutual understandings about what the business’s members should be attempting to achieve. These understandings may be reflected in the form of complicated plans specifying the intended results or they may be reflected in a general agreement among the members.

Daft (1997:231) suggests that in some businesses planning is being taken out of the executive boardroom and central planning departments to become part of everyday work throughout the business – bottom up planning and employee involvement. Employee commitment and involvement is critical to helping businesses compete in today’s rapidly changing world. As the employees form a critical part of the process to achieve the goals and objectives, it is important for the employees to be part of the planning process that they are committed to.
Planning also involves specifying not only where the business is going but also how it is going to get there - the commitment and resources required (Dubrin & Ireland, 1993:14). For planning to be effective policies and procedures will give the employer and the employees the required direction and guidance. The next section focuses on policies and procedures that should be considered in any effective management system.

(a) Policies and procedures

Once strategic plans have been determined, intermediate plans can be developed. Intermediate planning begins with the development of policies. Policies as defined by Hitt et al. (1979:154) are brief statements used as decision making guides to implement strategic plans. These policies are broad guidelines. Hitt et al. (1979:156) define procedures as detailed guides for performing planned activities that occur regularly. Procedures are methods used to carry out the policies.

According to Hitt et al. (1979:156) businesses have manuals of standard operating procedures. These manuals serve as helpful guides to management and other staff who may use the procedures only occasionally. Instead of spending large amounts of time trying to determine how to process an increase for example, they can refer to the manual to determine the steps that be followed. Using this type of manual allows the manager to spend his or her time on more important matters. The advantages of policies and procedures are indicated in Table 2.2.
Table 2.2: The advantages of policies and procedures

| Policies                          | Procedures                                      |
|----------------------------------|------------------------------------------------
| • Promote uniformity.            | • Provide the detail of effective performance. |
| • Save time.                     | • Promote uniformity.                           |
| • Outline an approach.           | • Save time.                                    |
| • Set limitations on management  | • Provide assistance in training.               |
| conduct.                         | • Provide security in operations.               |
| • Promote effectiveness for managers and the business. | • Promote effectiveness and efficiency. |

Source: Adapted from Plunkett and Attner (1991:152)

To be effective policies and procedures must meet certain requirements. The requirements for policies and procedures are outlined in Table 2.3.

Table 2.3: The requirements for policies and procedures

| Policies                          | Procedures                                      |
|----------------------------------|------------------------------------------------
| • Should be in writing.          | • Should be in writing.                         |
| • Need to be communicated and understood. | • Should be sufficiently detailed. |
| • Should provide some flexibility. | • Should be revised periodically.               |
| • Should be consistent throughout the business and consistently applied. | • Should be communicated and understood by those who need to know them. |
| • Should support the business’s strategy. |                                           |
| • Should be based on the business’s mission. |                                             |

Source: Adapted from Plunkett and Attner (1991:152)

While too many policies and procedures may become cumbersome and perhaps be viewed as bureaucratic red tape, the economic benefits of a procedure or policy need to be considered prior to implementation. The ideal number of policies and procedures result in uniformity, promote continuity and save costs as can be seen in the literature above.
Planning involves specifying not only where the business is going but also how it's going to get there. In specific terms, alternatives must be analyzed and evaluated in terms of the criteria that follow from the mission goals. Once the appropriate plans and means are determined the next managerial function – organising - must be undertaken.

2.3.2.2 Organising

Gibson et al. (1997:16) is of the opinion that the interrelationships between planning and organising are apparent. The planning function results in determining business goals and objectives; that is, it defines what has to be done and how. Hellriegel et al. (2001:10) view organising as the process of creating a structure of relationships that will enable employees to carry out management’s plans and meet business goals. By organising effectively, managers can better co-ordinate human, material and information resources. Organising involves creating a structure by setting up departments and job descriptions (Gibson et al., 1997:327). The conventional business structure emphasizes hierarchies and vertical differentiation of functions, while the new paradigm, often referred to as horizontal structure, emphasizes the primary work output requirements as determined by the customer’s perception of worth (Hellriegel et al., 2001:10). Gibson et al. (1997:16) also view the organising function as a translation of the planned activities into a structure of tasks and authority. In a practical sense they go on to say that the organising function involves:

- Designing the responsibility and authority of each individual job, and
• Determining which of these jobs will be grouped into specific departments.

In order to achieve its goals and objectives the work of a business has to be divided among its members. Some structure is necessary to make possible the effective performance of key activities and to support the efforts of staff.

Mullins (2002:529) suggests that an organisational structure provides the framework of a business and the patterns of management. It is by means of organisational structure that the purpose and work of the business is carried out. Managers need to understand the importance and effects of organisational structure and design. Organisational structure is clearly important for any business, whatever its size (Mullins, 2002:530).

In smaller businesses there are likely to be fewer problems in the organisational structure. The distribution of tasks, the definition of authority and responsibility and the relationship between members of the business can be established on a personal and informal basis. With increasing size, however, there is a greater need for a carefully designed and purposeful form of organisation. (Mazzarol, 2003:28).

Mullins (2002:530) summarized the objectives of an organisational structure to include the following:

• To increase the economic and efficient performance of the organisation and the level of resource utilization;

• To monitor the activities of the business;
• For relevant personnel to be accountable for areas of work undertaken by groups and individuals;
• To co-ordinate different parts of the business and different areas of work;
• To be flexible in order to respond to future demands and developments, and to adapt to changing environmental influences, and
• To increase the social satisfaction of members working in the business.

Although there are various ways in which people can be organized to work, Gido & Clements (2002:386) identified the most common types of structures as functional, project and matrix structures. These structures as described by Gido & Clements (2002:386) are discussed below:

(a) **Functional organisational structures**

Functional structures are typically used in businesses that primarily sell and produce standardized products and seldom conduct external projects. Groups within the functional structure consist of individuals who perform the same function, such as engineering or manufacturing, or have the same expertise or skills, such as electronics engineering or testing.

(b) **Project organisational structure**

A project organisational structure is mostly found in the projects industry. It does not produce standard products. The business with this type of structure is working on multiple projects at any given time and at various stages of completion. As projects near completion, the business hopes to get new contracts for projects. People are hired to work on specific projects; they may be reassigned from a project just completed if they have the appropriate
expertise. Each team is dedicated to one project only. When their projects are completed they are assigned to another or they may be laid off.

(c) **Matrix organisational structure**

The matrix organisational structure is a kind of hybrid, a mix of both a functional and a project organisational structure. It provides the project and customer focus of the project structure, but it retains the functional expertise of the functional structure. The project and functional components of the matrix structure each have their responsibilities in contributing jointly to the success of each project and the business. The matrix structure provides for efficient utilization of company resources. The functional components, home of the technical staff, provide a pool of expertise to support ongoing projects.

The advantages and disadvantages of the different organisational structures are indicated in Table 2.4.

**Table 2.4: Advantages and disadvantages of organisational structures**

<table>
<thead>
<tr>
<th>Type of structure</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| Functional Structure | • No duplication of activities  
|                    | • Functional excellence                                                   | • Insularity  
|                    |                                                                              | • Slow response time  
|                    |                                                                              | • Lack of customer focus                                   |
| Project structure  | • Control over resources  
|                    | • Responsiveness to customers                                              | • Cost efficiency  
|                    |                                                                              | • Low level of knowledge transfer among projects           |
| Matrix structure   | • Efficient utilization of resources  
|                    | • Functional expertise available to all projects  
|                    | • Increased learning and knowledge transfer  
|                    | • Improved communication  
|                    | • Customer focus                                                           | • Dual reporting relationships  
|                    |                                                                              | • Need for a balance of power                              |

Source: Gido and Clements (2002:396)
From the above it can be ascertained that the chosen structure needs to be reviewed on a continuous basis to ensure that it is the most appropriate form for the particular business, in keeping with trends of growth and development.

The main concern of the organisational structure however, is to be effective and relative to the environment within which the business operates. It is important for management to recognize the benefits of each system and implement a structure that has internal as well as external benefits. The organisational function results in determining who will do what with whom to achieve the desired end goal. The structure of tasks and authority should facilitate the fulfilment of planned results if in the next management function, leading, is performed properly.

### 2.3.2.3 Leading

According to Hellriegel *et al.* (2001:10) leading is influencing people so that they will strive willingly and enthusiastically toward the achievement of the business and group goals. All managers would agree that their most important problems arise from people, their desires and attitudes, and their behaviour as individuals and in groups (Koontz *et al*., 1986:37). Effective managers have to be effective leaders. Leadership implies following, and people tend to follow those who offer a means of satisfying their own needs, wishes and desires. It is therefore reasonable to surmise that leading involves motivation, leadership styles and communication.
(a) Motivation

According to psychologists, needs are what motivates us and the process of motivation is circular. A person feels a need, makes an effort to satisfy that need, and receives feedback that leads to a new need. Workers are motivated to behave in certain ways because of their need for certain things, among them money, security and status. (Siropolis, 1990:501).

The employee centred leader focuses on the people doing the work and believes in delegating decision making and aiding followers in satisfying their needs by creating a supportive environment. Employee centred leaders concern themselves with followers’ personal advancement, growth and achievement. (Gibson et al., 1997:277).

Hatten (1997:355) suggests that small business managers can benefit from the knowledge of how to apply motivational theory and that one of the best known is Maslow’s hierarchy of needs. Psychologist Abraham Maslow as quoted by Hatten (1997:355) stated that people have in common a set of universal needs occurring in order of importance:

- Physiological;
- Safety and security;
- Social needs;
- Esteem needs, and
- Self actualization.

The more managers understand what motivates their subordinates and how these motivations operate, and the more they reflect this understanding in
carrying out their managerial actions, the more effective they are likely to be as leaders. Hatten (1997:347) also notes that the leadership skills required at the start up phase of a business are not the same as are needed to lead a larger business. Hence the discussion that follows on leadership styles.

(b) Leadership styles

Leadership style is a variable that has received significant attention in management literature (Bello, 2001:150). Whenever one person influences an individual or group toward accomplishing an objective, leadership occurs. Leadership is thus defined as the process of influencing a group or individual to set a goal or achieve a goal (Plunkett & Attner, 1991:380). It is a process involving the leader, the led group or individual and a particular goal or situation. It is behavioural in nature and involves personal interaction. In short the process of influencing others to achieve results.

Leadership style may not be dependent on whether an organisation is for-profit or not-for-profit. Effective leadership is defined not only by task and people orientations but also the interaction between them. Plunkett & Attner (1991:391) suggest that the approaches and behaviour used by a manager to influence others are elements of the manager’s leadership style. This total pattern of a leader’s actions – as perceived by employees - is called leadership style. Plunkett and Attner (1991:391) go on to state that a manager’s leadership style is composed of the following:

- Their use of power in how they motivate;
- Their power in their choice of decision making styles, and
- Their areas of emphasis in the work environment.
Mullins (2002:283) states that leadership is not only an essential part of the process of management; it is also an integral part of the social structure and culture of the business. If the manager is to be successful in dealing with people and influencing their behaviour and action, this requires a leadership style which helps to foster a supportive organisational culture.

Research undertaken by consulting firm Hay/McBer as quoted by Mullins (2002:283) has studied which precise leadership behaviours yield positive results. The research drew on 3871 executives worldwide and identified six, well-known, different styles of leadership, each arising from different components of emotional intelligence as illustrated in Table 2.5.

**Table 2.5: Leadership styles**

<table>
<thead>
<tr>
<th>Style</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coercive leaders</td>
<td>• Demand immediate compliance.</td>
</tr>
<tr>
<td>Authoritative leaders</td>
<td>• Mobilize people towards a vision.</td>
</tr>
<tr>
<td>Affiliative leaders</td>
<td>• Create emotional bonds and harmony.</td>
</tr>
<tr>
<td>Democratic leaders</td>
<td>• Build consensus through participation.</td>
</tr>
<tr>
<td>Pacesetting leaders</td>
<td>• Expect excellence and self-direction.</td>
</tr>
<tr>
<td>Coaching leaders</td>
<td>• Develop people for the future.</td>
</tr>
</tbody>
</table>

Source: Adapted from Mullins (2002:283)

It was also found in the research quoted by Mullins (2002:283) that only four of these styles had a positive effect. The coercive style demanded immediate compliance, lacked flexibility and motivation and was the least effective style.
The pacesetting style sets high standards of performance but leads to a drop in morale and had a largely negative impact.

Robert House believes leaders exhibit more than one leadership style. This contrasts with Fred Fielder, who proposes that leaders have only one dominant style (Kreitner et al., 2002:461). The four leadership styles identified by House are illustrated in Table 2.6.

**Table 2.6: House’s four leadership styles**

<table>
<thead>
<tr>
<th>Leadership style</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directive</td>
<td>• Provides guidance to employees about what should be done and how to do it.</td>
</tr>
<tr>
<td></td>
<td>• Scheduling work and maintaining standards of performance.</td>
</tr>
<tr>
<td>Supportive</td>
<td>• Shows concern for well-being and needs of employees.</td>
</tr>
<tr>
<td></td>
<td>• Being friendly and approachable.</td>
</tr>
<tr>
<td></td>
<td>• Treating workers as equals.</td>
</tr>
<tr>
<td>Participative</td>
<td>• Consulting with employees.</td>
</tr>
<tr>
<td></td>
<td>• Seriously considering their ideas when making decisions.</td>
</tr>
<tr>
<td>Achievement-orientated</td>
<td>• Encouraging employees to perform at their highest level by setting challenging goals.</td>
</tr>
<tr>
<td></td>
<td>• Emphasizing excellence and demonstrating confidence in employee abilities</td>
</tr>
</tbody>
</table>

Source: Adapted from Kreitner et al. (2002:461)

When the leadership styles and characteristics in Table 2.6 above are compared to the leadership styles and characteristics in Table 2.5 it seems that while there may be differences in terminology the authors mean the same. The authoritative style could be associated with the directive style, the affiliative style with the supportive style, the democratic style with the participative style and the pacesetting style with the achievement orientated style. Hay/McBer added two more styles, being coercive and coaching.
Plunkett and Attner (1991:391) tend to agree with House’s view that effective leaders use a collection of distinct leadership styles, each in the right measure, at the right time. Mullins (2002:283) reports as follows on the findings of the four most effective leadership styles:

- Although the authoritative style of leadership can occasionally be overbearing, it was found to be the most effective and can motivate and inspire commitment to goals of the business;
- The affiliative style has potential to create harmony within teams and can be used in conjunction with the authoritative style;
- The democratic approach was seen as positive, and encourages input from staff and helps build consensus through participation, and
- The coaching style, although the least frequently used, can help staff identify their strengths and encourage long-term development goals.

In viewing the literature on leadership styles it can be concluded that the most effective leaders rely on more than one leadership style, and have the ability to master a mixture of authoritative, democratic, affiliative and coaching styles. Good leadership requires good communication with employees.

(c) Communication

Good communication, which is essential for the smooth functioning of any organisation, depends on the orderly exchange of information. Leaders establish clear lines of communication to transmit order and policies, build cooperation and unify group behaviour (Reece & Brandt, 1990:29).
Longenecker *et al.* (1999:391) articulate that to some extent the management hierarchy should be set aside so that personnel at all levels can speak freely with those higher up and that this would result in two-way communication – a shift away from the old-fashioned idea that managers give orders and employees simply carry them out. Therefore it seemed that leaders must have communication skills as well as leadership skills.

**(d) Leadership skills**

Koontz *et al.* (1986:398) suggest that every group of people that performs near to its total capacity has some person as its head who is skilled in the art of leadership. This skill seems to be a mix of at least four ingredients:

- The ability to use power effectively and in a responsible manner;
- The ability to comprehend that human beings have differing motivating forces at different times and in different situations;
- The ability to inspire, and
- The ability to act in a manner that will develop a climate conducive to responding to and arousing motivations.

Another important aspect to consider is the number of people reporting to a superior, known as the span of control.

**(e) Span of control**

As managers design the organisational structure, they are concerned with the span of control – the number of subordinates that a manager supervises. The principle states that the number of people reporting directly to any manager should be limited because one manager cannot effectively supervise a large
number of subordinates (Hellriegel et al., 2001:212). Plunkett and Attner (1991:232) articulate that there is no current number to be assigned to each manager at the top, middle or bottom level of the business. The exact number is determined by:

- The complexity and variety of the subordinates’ work;
- The ability of the manager;
- The ability and training of the subordinates themselves;
- The supervisor’s or manager’s willingness to delegate authority, and
- The business’s philosophy for centralization or decentralization of decision making.

Hellriegel et al. (2001:212) also mention five key factors similar to those of Plunkett & Attner (1991:213) for determining the best span of management for a given situation, namely:

- The competence of both the manager and the employees;
- The similarity or dissimilarity of tasks being supervised;
- The incidence of new problems in the manager’s department;
- The extent of access to clear operating standards and rules (policies and procedures), and
- The complexity of subordinates’ jobs.

Plunkett and Attner (1991:213) go on to suggest that as a general rule, the more complex the subordinate’s job, the fewer should be the number of subordinates. Another predictable guide is that the more routine the work of subordinates, the greater the number of subordinates that can be effectively directed and controlled. Due to these general rules, businesses always seem to
have narrow spans at their top levels of management and wider spans at lower levels of management.

Longenecker et al. (1999:395) suggest that as a small business grows and more employees are hired, the owner’s span of control is extended. They go on to state that small business owners have a tendency to stretch the span too far, resulting in:

- Demands on his or her time, which result in less time to devote to the business;
- Experiencing difficulties in coordinating activities, and
- Losing control of what is occurring in the work units.

Mullins (2002:553) states that on the other hand, with too few subordinates to supervise:

- Managers are underutilized;
- Managers tend to engage in excessive supervision, and
- Subordinates have little discretion in doing their work, resulting in low motivation and morale.

Hellriegel et al. (2001:212) predict that successful organisations of the future will have flatter structures and have fewer levels of management. They have also recorded that many companies have flattened their structures by reducing the number of management layers between the CEO and first line managers. This view is also shared by Daft (1997:324). The key message is for flatter structures with the complexity of the tasks determining the span of control.
Despite good leadership, businesses seldom function perfectly. As a result, managers must monitor operations to discover deviations from plans to ensure that the business is functioning as intended (Longenecker et al., 1999:396). Managerial activities that monitor and take corrective action are part of the managerial control function, hence the discussion on control that follows.

2.3.2.4 Control

Managerial control is a monitoring and adjusting process that is action orientated and focuses on performance. It is designed to aid the business in reaching performance objectives. Hitt et al. (1979:357) mention that the managerial control process is based on business goals and objectives which include the following:

- The development of performance standards at all levels in the business;
- Measurement of actual performance;
- Comparison of actual and desired performances;
- Evaluation of any deviations, and
- The design and implementation of corrective actions, where necessary.

Plunkett and Attner (1991:12) describe controlling as attempts to prevent failure and to promote success by providing the means to monitor the performances of individuals, departments, divisions and the entire business. Control attempts to prevent problems, to determine when problems do exist, and to solve the problems that occur as quickly and effectively as possible.
Controlling is only effective if it is based on actions specified by a business’s strategy and plans. Strategies and plans are formulated in the light of a business’s mission and long term objective (Dubrin & Ireland, 1993:384). Therefore to exercise effective control requires an effective control system. In the next section attention is paid to the principles of control to be followed in developing a control system.

(a) **Principles of control**

Hitt *et al.* (1979:355) state that a principled approach to control should include the following:

- Top management must give their complete support to the process;
- All managers must be part of the control process;
- A complementary relationship to the managers’ authority;
- Standards that are useful in identifying the resources required to complete a task, and
- Managers having complete and up-to-date information on actual performance.

When designing a control system it is important to understand the levels of control that should make up the control system.

(b) **Levels of control**

Dubrin and Ireland (1993:382) suggest that a company gains commitment from all its employees when it establishes controls at the following three organisational levels.
• **Operational control** – is concerned with activities related to production of the business’s goods or provision of services. Generally, first level managers are responsible for operational control. The controls they develop must be consistent with the guidelines and controls developed by middle and top level managers.

• **Tactical control** – is concerned with how well businesses’ actions are being received in the market place. Middle managers monitor competitor, supplier and customer reactions to the businesses’ market related activities.

• **Strategic control** – top level managers examine the accuracy of their assumptions about general economic conditions and the actions of the business’s competitors. Comparing the business financially with that of competitors is an example of strategic control. In addition top level managers attempt to predict future environmental conditions that may call for adjustments in the business’s strategy or plans.

Through effective integration of these three levels of control, all employees can have a meaningful opportunity to participate in the development of controls. In designing an effective control system managers should take note of what is regarded as effective control.

(c) **What is effective control?**

Dubrin and Ireland (1993:394) regarded effective control as:

• *Timely* - Information should be provided to managers when they need it;

• *Appropriate* – Controls being used are appropriate to a business’s actions and goals;
- **Accurate** - Valid and reliable information is generated by the control system, and
- **Understandable** – The controls are easily understood by all parties.

Plunkett and Attner (1991:471) considered the components of effective control as:

- **Acceptance** – Participation by the business’s members is crucial to a control’s effectiveness, and
- **Economy** – The cost of the control system must be weighed against the benefits it can return.

Hitt *et al.* (1979:353) identified the following two components as important for effective control:

- **Communication** – Individuals within the business must know what the performance standards are in order to meet them, and
- **Flexibility** – As conditions change, the standards and corrective actions must also change. Little remains static in a business. Managers must fit the standards and types of control to existing conditions.

As can be seen from the above, for a control system to be effective, it requires the participation of the various company departments, the support of management and the allocation of sufficient responses. The best controls are those formed around the various people and departments that will be affected by them.
Therefore it seems that effective management is only possible if attention is paid to all four management functions, being effective planning, organising, leading and control. Managers could become effective by studying the principles that guide successful businesses. The researcher is of the opinion that principles of business excellence can be applicable and of assistance to any manager, hence the discussion that follows on the principles of business excellence.

2.4 BUSINESS EXCELLENCE

In the publication *In Search of Excellence*, a best selling book about management written by Peters and Waterman, eight principles of business excellence were identified. The authors’ findings as quoted by Dubrin (1992:404) list the following principles of business excellence.

(a) **Bias for action**
A preference for doing anything, rather than sending a question through many cycles of analysis and committee meetings.

(b) **Staying close to the customer**
Learning the customer’s preferences and catering for them.

(c) **Autonomy and entrepreneurship**
Breaking the business into smaller units and encouraging their personnel to think independently and creatively.
(d) **Productivity through people**
Creating awareness in all employees that their best efforts are essential and that they will share in the rewards of the business's success.

(e) **Hands-on value driven**
Insisting that top management stay in touch with the employees at all levels.

(f) **Stick to the core business**
Remain within the industry the business knows best. Many successful businesses of the 1990's were focused on their core competence.

(g) **Simple form, lean staff**
Few administrative layers, few people at upper administrative levels.

(h) **Simultaneous loose-tight properties**
Fostering a climate where there is dedication to the central values of the company, combined with tolerance for all employees who accept these values.

These views are supported by Fitz-enz (1997) though differently described. According to Fitz-enz (1997:11) the secret to best practice is to focus internally. In his findings he identified eight driving forces to best business practice principles:

- **Value** – there is a constant focus on adding value to everything rather than on simply doing something. In addition, there is a conscious, ongoing attempt to balance human and financial values. This is not just a good intention. It is a common practice.
• **Commitment** – management is dedicated to a long term core strategy.

• **Culture** – management is aware of how culture and systems can be linked together for consistency and efficiency.

• **Communication** – constant and extensive two way communication is the rule. Use of all available media is made to share all types of vital information with employees and stakeholders.

• **Partnering with stakeholders** – new market conditions and customer requirements demand new forms of operation. Partnering is the most important new form and involves partners both within and outside the company in many decisions.

• **Collaboration** – there is a high level of collaboration among and involvement of all sections within departments.

• **Innovation and risk** – radical change is not frightening; there is a willingness to shake up the business to the extent of shutting down the old structures and rebuilding in a totally different form, and

• **Competitive passion** – a culture of never being satisfied exists. A will to constantly search for improvement prevails.

In the research of Fitz-enz (1997) each company that participated in the study displayed these contextual forces. Some were stronger in one force or dimension than in others. Although each business put them together in its own way, all of the factors were prominent in every company. Closely linked to principles of business excellence are the characteristics of these top performing businesses.
Dubrin (1992:406) states that the characteristics of the best 100 companies were derived from interviewing six to thirty people in each of the best 100 companies about what they thought were behaviours, typical of a good employer. The characteristics as outlined by Dubrin (1992:406) are listed below:

- **Employees were made to feel part of a team** - or in some cases, a family;
- **Communication is encouraged** - people are informed of new developments, and are encouraged to offer suggestions and complaints;
- **Promotions are from within** - employees are allowed to bid on jobs before outsiders are hired;
- **Quality is emphasized** - enabling the people to feel pride in the products or services they are providing;
- **Employees are allowed to share in profits** - through profit sharing, stock ownership or both;
- **Distinctions in rank** - between top management and employees in entry-level jobs - are reduced. Everybody is addressed on a first name basis;
- **Attention to resources** - are devoted to creating a pleasant working environment;
- **Employee activity in community service** - is encouraged by giving money to organisations in which the employees participate;
- **Employee savings** - are assisted by matching the funds they save;
- **Employees are not laid off** - without management first making an effort to place them in other jobs within the company or elsewhere;
- **Physical fitness centres** - regular exercise and medical programmes - are provided, indicating a concern for employee health, and
• *Employee skills are expanded* - through training programs and reimbursement of tuition for outside courses.

An analysis of the principles of business excellence and the characteristics of the best 100 companies reveals that the focus of attention is mostly on the employee. This suggests that a lot of time and effort goes into the well-being of the employee. The next section therefore investigates various aspects of employee relations to determine what influence sound employee relations have on managerial effectiveness.

### 2.5 EMPLOYEE RELATIONS

Marx (1986:201) defines employee relations as the interpersonal relations within a specific business, which arise from the daily contact between people within a work situation and the way in which they behave towards one another, especially the relations between managers and subordinates and the relations between fellow staff members. The researcher preferred this definition, as it is the most comprehensive definition of employee relations. As the study focuses on a small business, a brief background to the state of human resource management in SME’s follows.

#### 2.5.1 Human resource management in SME’s

Although the human resource division does not have the same close contact with the subordinates as divisional heads and supervisors, the division remains responsible for making a definite contribution towards the promotion of sound
employee relations. Marx (1986:219) also states that the possibility of fully utilizing human resources in order to achieve the goals and objectives of both the business and the employees will be considerably enhanced if the following criteria exist that the researcher felt pertinent to current working conditions:

- The personnel policies and procedures provide for sufficient attention to employee relations;
- The human resource division should take an active role in training divisional heads in furthering sound employee relations, and
- The personnel division should provide advice and assistance to all divisional heads for improving sound employee relations.

That the state of human resource management in many SME’s is not what it should be, is confirmed by the following authors:

- **Mazzarol (2003:27)** states the following: "...the small business lacks adequate systems to ensure the efficient management of human resources, furthermore most small businesses are the product of their owners, whose personality and personal involvement dominate".

- **Marlow and Patton (2002:525)** state the following: "...the management of human resources in small business is likely to be highly autocratic because large customers savagely squeeze the margins on their smaller suppliers such that owners must exercise absolute control of the human resource process".

- **Siropolis (1990:18)** states the following: “...many small businesses fail because the owners have very little if any experience managing employees and other resources before going into business".
• *Hatten (1997:370)* states the following: “...small business owners reported one of their biggest problems was finding competent workers and motivating them to perform and that they could not afford the time and cost of developing formal recruitment, selection and benefit programs”.

To have a better understanding of employee relations in SME’s it is necessary to consider organisational culture, which is related to the potential of this important area of business.

### 2.5.2 Organisational culture

Mullins (2002:807) states that it is the role of management to act as an integrating force and to co-ordinate, guide and direct the efforts of members towards the achievement of goals and objectives. The process of management, however, does not take place in a vacuum but within the context of the business setting. Applications of a business’s behaviour and effective management of human resources are dependent not only upon the nature of the industry or business, but also upon the characteristic features of the individual business – and its culture.

Kreitner *et al.* (2002:58) define organisational culture as a set of shared, taken for granted implicit assumptions that a group holds and that determines how it perceives, thinks about and reacts to its various environments. Mullins (2002: 802) defines organisational culture as the collection of traditions, values,
policies, beliefs and attitudes that constitute a pervasive context for everything that gets done and thought of in a business. Although people may not be aware consciously of culture, it still has a pervasive influence over their behaviour and actions. Culture helps to account for variations among businesses and managers, both nationally and internationally.

Depending on its strengths, a business’s culture can have a profound effect on its effectiveness (Reece & Brandt, 1990:11). A strong organisational culture is one that exerts considerable influence on its employees. Members of a business with a very strong culture will follow values with little questioning. A weaker culture provides only broad guidelines to employees. Dubrin & Ireland (1993:574) outline five major consequences and implications of organisational culture:

- **Competitive advantage and financial success** – the right organisational culture contributes to gaining competitive advantage and therefore achieving financial success. A study of 34 businesses investigated the relationship between high involvement/participative culture and financial performance. Management felt that individual efforts linked to company goals showed higher returns on investment and sales than firms without such linkages;
- **Productivity and morale** – a culture that stresses productivity encourages workers to be productive. A culture that values the dignity of human beings fosters high morale and job satisfaction;
- **Person-organisational fit** – in a study recently undertaken it was found that good person - organisational fit results in higher commitment and job satisfaction;
• **Compatibility of mergers and acquisitions** – a reliable predictor of success in merging two or more businesses is the compatibility of their respective cultures. The most effective mergers and acquisitions take place when one business has had values, ethical standards and ways of conducting business that blended with those of the other business, and

• **Guidance for top level managers** – another consequence of culture is that top level managers have more direction in a business with a defined culture than in a business without such a culture. A key leadership role is to establish what type of culture is needed for the firm and then shape the existing culture to match that ideal.

In viewing the literature on organisational culture, it seemed there are many benefits to having a strong organisational culture. It is also worth noting that it is the business leaders and managers themselves who ultimately instill the culture into the employees. Leaders and managers can design policies and procedures based on the planned culture to instill the culture of improved performance into employees. Schuster (1998:74) states in his research that the improvement in organisational performance was a direct result of employee-centred management, hence the discussion that follows.

### 2.6 EMPLOYEE-CENTRED MANAGEMENT

A business needs to maximize its employees’ potential if it wants to compete successfully in the global economy. Participative management and employee empowerment are highly touted methods for meeting the productivity challenge. Interestingly, employees seem to desire or recognize the need for participative
management. A survey of 2408 employees revealed that almost 66 per cent desired more influence or decision making power in their jobs (Kreitner et al., 2002:400).

Newstrom and Davis (1993:247) define participation as the mental and emotional involvement of persons in group situations that encourage them to contribute group goals and share responsibility for them. Further analysis of this definition reveals the following:

- **Emotional involvement** – participation means mental and emotional involvement, rather than physical. A person’s entire self is involved and not just one skill. The involvement is psychological rather than physical;

- **Motivation to contribute** – employees are empowered to release their own resources of initiative and creativity towards the objectives of the business, just as McGregor’s Theory Y predicts, and

- **Responsibility** – participation encourages people to accept responsibility for their group’s activities. It is a social process by which people become self-involved in a business and want to see it work successfully. When they talk about the business they begin to say “we” and not “they”. When they see a job problem, it is “ours” not “theirs”. Participation helps the employees become good business citizens rather than non-responsible, machine-like performers.

According to Newstrom and Davis (1993:247) participative managers consult with their employees, bringing them problems and decisions so that they work together as a team. The managers are not autocrats, but neither are they free reign managers who abandon their management responsibilities. Participative
managers still retain ultimate responsibility for the operation of their units, but
they have learned to share operating responsibility with those who perform the
work. The result is that employees feel a sense of involvement in group goals.

Participation in decision-making should be regarded primarily as a means of
arriving at a better decision. If participation is justified as a method of improving
decisions, one can also anticipate a strengthening of the motivation of those

Participation must be genuine. The manager must really want contributions of
knowledge, diverse viewpoints or decision making skills from the subordinates
and must be prepared to devote the time to obtain their input. If he or she is
merely putting on an act, the subordinates will soon detect the insincerity. Then
asking for participation will do more harm than good. (Newman et al.,
1982:392). Hersey and Blanchard (1993:154) suggest that the success of using
participative management depends on the situation. They also found in their
research that when managers and employees discussed proposed
technological changes, productivity increased and resistance to change
decreased when these procedures were initiated.

Kreitner et al. (2002:401) articulate that participation does not work in all
situations and three factors exist that influence the effectiveness of
participation:

• The design of work – individual participation is counter productive when
employees are highly dependent on each other, as on an assembly line.
The problem with individual participation in this case is that employees
generally do not have a broad understanding of the entire production process;

- Level of trust between management and employees – participation is less likely to succeed as mentioned above if employees mistrust management, and

- The employee’s competence and readiness to participate – participative management is more effective when employees are competent, prepared and interested in participating, it must be noted that not all employees want to participate.

These views are also shared by Daft (1997: 59,394), Mullins (2002:598) and Newstrom & Davis (1993:253). To ensure an understanding of the concept of job design and how, if implemented correctly, it can benefit the business, a brief discussion follows.

### 2.6.1 Job design

A job in a business is a unit of work that a single employee is responsible for performing (Daft, 1997:544). Managers need to know what aspects of a job provide motivation as well as how to compensate for routine tasks that have little inherent satisfaction. Knowledge of job design can assist a manager in determining what aspects of a job provide motivation. Job design is the application of motivational theories to the structure of work for improving productivity and satisfaction. Daft (1997:545) classified the following approaches to job design:
• **Job simplification** - pursues task efficiency by reducing the number of tasks one person must do. Job simplification is based on principles drawn from scientific management and industrial engineering. Tasks are designed to be simple, repetitive and standardized. This type of job is more geared for workers with lower skills; as a motivational technique however this has failed. People dislike routine and boring jobs and react in a number of ways, including sabotage, absenteeism and unionization;

• **Job rotation** – a job design that systematically moves employees from one job to another, thereby increasing the number of different tasks an employee performs without increasing the complexity of the job;

• **Job enlargement** – a job design that combines a series of tasks into one new, broader job to give employees variety and challenge. This is a response to the dissatisfaction of employees with oversimplified jobs, and

• **Job enrichment** – a job design that incorporates responsibility, achievement, recognition and other high-level motivators into the work. In an enriched job, employees have control over the resources necessary for performing it, make decisions on how to do the work, experience personal growth and set their own work pace.

Daft (1997:545) refers to Hackman and Oldham’s research into work redesign. Their research yielded the job characteristics model. The model consists of three major parts: core job dimensions, critical psychological states and employee growth-need strength as illustrated in Table 2.7.
Table 2.7: The job characteristics model

<table>
<thead>
<tr>
<th>Core job dimensions</th>
<th>Critical states</th>
<th>Psychological outcomes</th>
<th>Personal and work outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skill variety</td>
<td>Experienced meaningfulness of the work</td>
<td>Experienced responsibility for outcomes of the work</td>
<td>High internal work motivation</td>
</tr>
<tr>
<td>Task identity</td>
<td></td>
<td>High quality work performance</td>
<td></td>
</tr>
<tr>
<td>Task significance</td>
<td></td>
<td>High satisfaction with work</td>
<td></td>
</tr>
<tr>
<td>Autonomy</td>
<td>Knowledge of the actual results of the work activities</td>
<td>Low absenteeism and turnover</td>
<td></td>
</tr>
<tr>
<td>Feedback</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Daft (1997:546)

Daft (1997:546) quotes Hackman & Oldham’s core job dimensions from Table 2.7 as five key factors that determine a job’s motivational potential and explains them as follows:

- **Skill variety** – is the number of diverse activities that compose a job and the number of skills used to perform it. A routine, repetitious assembly line job is low in variety, whereas an applied research position that entails working on new problems every day is high in variety;

- **Task identity** – is the degree to which an employee performs a total job with a recognizable beginning and end. A chef who prepares an entire meal has more task identity than a worker on a cafeteria line who ladles mashed potatoes;

- **Task significance** – is the degree to which the job is perceived as important and as having impact on the company or customers. People who distribute penicillin and other medical supplies during times of emergencies would feel they have significant jobs;

- **Autonomy** – is the degree to which the worker has freedom, discretion and self determination in planning and carrying out tasks, and
• **Feedback** – is the extent to which doing the job provides information back to the employee about his or her performance. Jobs vary in their ability to let workers see the outcomes of their efforts.

The job characteristic model suggests that the more these five core factors can be designed into the job, the more the employees will be motivated and the higher will be the performance, quality and satisfaction.

Consistent with Maslow’s need theory and the job characteristics model of job design, participative management is predicted to increase motivation because it helps employees fulfil three basic needs: autonomy, meaningful work and interpersonal contact. Satisfaction of these needs enhances feelings of acceptance and commitment, security, challenge and satisfaction. In turn these positive feelings are purported to lead to increased motivation and performance. (Kreitner et al., 2002:401).

This high involvement or employee-centred management model is based on the belief that people can be trusted to make important decisions about the management of their work. Participation also means recognition. It appeals to the need for affiliation and acceptance, and above all it gives employees a sense of accomplishment (Koontz et al., 1986:385). This approach puts knowledge, power, rewards and communication networks in place at every level in a business.

The collective research of Newstrom and Davis (1993:249) reveals the general proposition that, especially in the introduction of change, participation tends to
improve performance and job satisfaction. Furthermore participation has an effect on both satisfaction and productivity, and its effect on satisfaction is somewhat stronger than its effect on productivity.

According to Schuster (1998:3) a 1986 study of the largest 1000 industrial and largest 300 non-industrial firms in the United States found a significant relationship between employee-centred management practices and the financial performance of firms. These studies consistently point to the conclusion that the key to organisational effectiveness is broadly skilled, knowledgeable workers who are empowered and highly motivated. Schuster (1998:3) also found in his research that this approach also encourages employees to:

- know how to do their work:
- care about their work, and
- do their work as well as it can possibly be done.

For businesses to be maximally effective in the long term, traditional hierarchies must be transformed into businesses in which individuals know more, do more and contribute more (Schuster, 1998:3). It seems that businesses that begin to manage their human resources effectively will forge ahead, whereas those that do not manage effectively will be unable to remain competitive. In the future, business success will increasingly depend on harnessing untapped potential in the workforce for commitment to the goals and objectives of the business. To initiate the process of involving employees in decision making one has to understand the complexity of employees.
2.6.2 Importance and complexity of employees

Undoubtedly sound employee relations are of vital importance to the success of a business and the job satisfaction of employees as motivation is an important contributor to productivity (Dubrin, 1992:50). Establishing and maintaining sound employee relations is, however, no easy task, but often constitutes one of the most complex problems facing business. Armstrong (1999:707) cites the importance of employee relations as follows:

- Labour is the overruling and life giving factor of production and if management and the employees don’t trust one another it therefore has a decisive effect on the utilization of all other factors of production and production resources;
- Labour is the most difficult factor of production to handle and requires special attention and fair and considerate treatment, and
- Labour cannot be successfully employed unless there is a healthy team spirit.

High productivity, excellent performance and satisfactory results are only possible when all staff members work together as a team to help to maintain the objectives of the business. The implementation of sound employee relations is difficult, as each individual differs in his or her behaviour.

The following authors explain some of the reasons for these difficulties as follows:

- Longenecker et al. (1999:276) suggest that it is difficult to create the willingness to perform efficiently. The willingness has to come from within
the employee. This is because such willingness goes hand in hand with the inner workings of the employees mind, in other words, his personal feelings, emotions, motives and attitude towards his or her work;

- *Hersey and Blanchard* (1993:274) allude to the fact that it is difficult to understand and predict human behaviour;

- *Kreitner et al.* (2002:34) suggest that the determination of the objectives, needs and attitudes of employees is no easy task and neither does a standard recipe or fixed pattern exist according to which their attitude can be positively influenced. This is so because people differ from one another and because the same person does not always react in the same manner;

- *Johnson and Scholes* (2002:377) articulate that a person’s habits and attitudes cannot be changed easily, while his or her nature can most often not be amended at all, and

- *Hellriegel et al.* (2001:367) state that the general climate within a division and in the business itself plays an important role. When the atmosphere is cold, unfriendly or tense, the willingness to perform efficiently may be severely suppressed despite strong personal motives.

From the above it can be established that to maintain good employee relations demands constant attention from management. According to Reece and Brandt (1990:20) most employees tend to work best when they feel the business is meeting their needs for growth and development. As a result, motivation is likely to be high where employees and management support and influence each other in positive ways to prevent poor employee relations.
2.6.3 Problems in employee relations

According to Reece and Brandt (1990:14) problems in employee relations are not new. All cooperative efforts carry the potential for people orientated conflicts. It is only within the last few decades that management, researchers in behavioural sciences and industrial experts have recognized that employee relations problems can have considerable impact on business’s productivity. Through necessity or choice, when the owner of a small business also takes the role of co-worker this can create shared social relationships and group working which is advantageous to the owner, but has implications for managing labour discipline, which in turn effects relationships (Marlow & Patton, 2002:523).

Since sound employee relations are of importance to the success of a business, it is essential to devote specific attention to the promotion of such relations and also to ensure that the responsible people will not shy away from this obligation on account of its complexity. The responsible people are, firstly, the business leaders who are in daily contact with their subordinates and secondly the central human resource department if there is one, which should have employee representatives and experts in the field of employee relations at their disposal (Armstrong, 1999:215).

2.6.4 The role of business leaders in employee relations

The fact that it is essential for business leaders at all levels to pay attention to the promotion of sound employee relations is confirmed by the following authors:
• *Daft* (1997:291) mentions that personnel policies and procedures should be approved by management and their implementation should begin with management. The example they set is of vital importance and permeates through the whole business. If top management shows that employee relations are definitely important to them and set an example as to the treatment of subordinates, managers at middle and lower levels will be motivated to follow that example;

• *Kreitner et al.* (2002:451) allude to the fact that business leaders at higher levels should display the correct attitude towards managers at lower levels. Good work should be acknowledged, and self confidence and the ability to make decisions should be encouraged;

• *Dubrin and Ireland* (1993:253) suggest that training managers at lower levels should receive more attention. Their technical abilities will not be enough to manage successfully. Their knowledge about the activities of the business as a whole and its policies, procedures and objectives should largely be increased, and

• *Newstrom and Davis* (1993:58) strongly recommend that higher level management should make an important contribution towards creating the correct atmosphere within the business and promoting employee loyalty. The distance which so often exists between high level managers and employees should, as far as possible, be removed by means of closer contact through internal bulletins, personal visits and the presence of managers at discussions and functions. Employees should believe that management is undoubtedly interested in their well being and strives to improve their welfare.
One can conclude from the discussion that sound employee relations will only be established and maintained by joint and deliberate attempts of all leaders, managers and supervisors in a business.

2.7 SUMMARY

In chapter 2 the various aspects of managing SME’s, effective management and the importance of sound employee relations have been discussed. In the first section on managing SME’s, growth phases, change and transition and leadership styles have been discussed. Details followed on effective management and the criteria for managing effectively, including the four managerial functions. Principles of business excellence and characteristics of the best 100 companies were outlined. The importance of employee relations in business and the aspects that ensure employees’ willingness to work concluded the chapter. In the following chapter an overview of the selected business is given.
CHAPTER 3
OVERVIEW OF THE SELECTED BUSINESS

3.1 INTRODUCTION

In Chapter 2 the various aspects of effective management, growth and the importance of sound employee relations was investigated and discussed in order to identify what will enhance the effective management of growth in ventures. This chapter is a brief overview of the selected business. As the researcher is employed at the business most of the information in this chapter was known to him, or made available by management on request.

3.2 BACKGROUND

The selected business is an automotive engineering design office specializing in the mechanical and controls and automation design of manually or automatically operated jigs and fixtures for the automotive industry in South Africa and Europe. The company is invited to tender by means of requests for quotation sent out by industrial operations within the automotive industry such as Volkswagen and Delta. To get onto the customer vendor list, suppliers in the industry are required to meet certain requirements. All design work is carried out using computer aided design systems and software.
3.3 HISTORY

The business started in Durban, South Africa in 1998 with only two staff members. Five years later, the business now has 88 employees with two branches, one in Durban and one in Port Elizabeth. Originally the business was purely a mechanical design office offering a design engineering service to the motor industry.

3.3.1 The purpose of the business

The purpose of the business is to supply a complete engineering design service to the automotive industry in South Africa which encompasses mechanical and electrical design. At this stage of the business’s existence the only service it does not offer is the manufacture of its designs. The reason for that is that it would become opposition to enterprises that utilize the business’s design service.

3.3.2 Products and services

The selected business seeks to be in a position to offer a complete engineering service to its customers in order to be able to take on turn key projects. This industry is very specialized and short of skilled and experienced engineers.

Most customers prefer to place one order to have fixtures designed rather than two or three orders. The selected business is able to provide such a comprehensive service.
The services and products offered by the business are as follows:

- Project management;
- 3D and 2D mechanical design in CAD software packages to suit customers’ preferences;
- Computerized simulation of designs in production environments;
- Electrical design and installation and commissioning on site;
- Programmable logic control programming;
- Off line robot programming;
- Robotic installations and commissioning on site, and
- Pneumatic circuit design, installation and commissioning.

In order to offer the above range of services, businesses were acquired over the years, hence the discussion that follows.

3.4 DEVELOPMENT AND ACQUISITIONS

Since inception the company has grown steadily. In the first year the company started a controls and automation division in Durban which now runs as a separate business. In the second year it acquired a struggling mechanical design office in Port Elizabeth. This positioned the business strategically in the automotive industry and gave the business immediate representation in the area. In 2002 another business in Port Elizabeth was acquired when a controls and automation company was bought. This allowed the business to offer the same service to the Port Elizabeth market as the Durban operation offered to the Durban market.
In 2003 the company acquired a small engineering workshop in Durban that is used mainly to support Toyota and to build up electrical panels. This workshop is seen more as an electrical workshop than as a mechanical one. Figure 3.1 presents the growth in terms of employees from 1998 to current.

**Figure 3.1: Growth of the selected business**

The Durban operation consists currently of five directors, one manager and 48 staff members. The Port Elizabeth operation consists of three directors, two managers and 29 staff members giving a combined staff compliment of 88 people. Sales and financial statements were unavailable to the researcher for confidential reasons, so no comments can be made in that regard.
3.5 REPORTING STRUCTURE

The reporting structure of the selected business is illustrated in Figure 3.2 below.

**Figure 3.2: Company reporting structure**

Each of the different businesses has a director who is a shareholder reporting the holding company which has a controlling interest in each of the businesses. The holding company consists of the managing director, two directors and a manager. The managing director and one of the directors take care of the Durban operations while the other director and manager look after the Port Elizabeth operation.

3.6 MARKET GEOGRAPHICS
The selected company is strategically positioned in Port Elizabeth to service enterprises such as:

- Delta Motor Corporation;
- L.N.Manufacturing – Tier 1 supplier to Delta & Volkswagen;
- Dorbyl Automotive products;
- Volkswagen South Africa;
- Comau Automotive systems – Tier 1 supplier to Delta & Volkswagen, and
- Daimler Chrysler.

The company head office in Durban is also positioned to service Toyota and a major customer in Johannesburg that services the European market. At the moment the Johannesburg based company is the group’s gateway to Europe. Due to the success of projects undertaken to date, numerous enquiries have been received from Europe.

The BIW industry in South Africa is cyclical and unless the business secures big projects to carry them through lean periods or secures reliable overseas customers, it is a very unstable environment in which to operate. The cyclical nature of the industry locally is due to the fact that the product life cycle of the majority of motor vehicles is on average seven years. This results in the motor manufacturers all tooling up at the same time in order to maintain their market share or capture higher market share by introducing new models before the opposition. This scenario places immense pressure on the suppliers in the BIW industry, as lead times are made shorter by the manufactures attempting to
outwit the opposition in order to get the new products into the market before the competitors.

### 3.7 SUMMARY

In this chapter an overview of the selected business has been given in order to provide a better understanding of the selected business. In the following chapter the methodology of the research will be discussed.
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3.7 BACKGROUND

The selected business is an automotive engineering design office specializing in the mechanical and controls and automation design of manually or automatically operated jigs and fixtures for the automotive industry in South Africa and Europe. The company is invited to tender by means of requests for quotation sent out by industrial operations within the automotive industry such as Volkswagen and Delta. To get onto the customer vendor list, suppliers in the industry are required to meet certain requirements. All design work is carried out using computer aided design systems and software.
3.8 HISTORY

The business started in Durban, South Africa in 1998 with only two staff members. Five years later, the business now has 88 employees with two branches, one in Durban and one in Port Elizabeth. Originally the business was purely a mechanical design office offering a design engineering service to the motor industry.

3.8.1 The purpose of the business

The purpose of the business is to supply a complete engineering design service to the automotive industry in South Africa which encompasses mechanical and electrical design. At this stage of the business’s existence the only service it does not offer is the manufacture of its designs. The reason for that is that it would become opposition to enterprises that utilize the business’s design service.

3.8.2 Products and services

The selected business seeks to be in a position to offer a complete engineering service to its customers in order to be able to take on turn key projects. This industry is very specialized and short of skilled and experienced engineers.

Most customers prefer to place one order to have fixtures designed rather than two or three orders. The selected business is able to provide such a comprehensive service.
The services and products offered by the business are as follows:

- Project management;
- 3D and 2D mechanical design in CAD software packages to suit customers’ preferences;
- Computerized simulation of designs in production environments;
- Electrical design and installation and commissioning on site;
- Programmable logic control programming;
- Off line robot programming;
- Robotic installations and commissioning on site, and
- Pneumatic circuit design, installation and commissioning.

In order to offer the above range of services, businesses were acquired over the years, hence the discussion that follows.

3.9 DEVELOPMENT AND ACQUISITIONS

Since inception the company has grown steadily. In the first year the company started a controls and automation division in Durban which now runs as a separate business. In the second year it acquired a struggling mechanical design office in Port Elizabeth. This positioned the business strategically in the automotive industry and gave the business immediate representation in the area. In 2002 another business in Port Elizabeth was acquired when a controls and automation company was bought. This allowed the business to offer the same service to the Port Elizabeth market as the Durban operation offered to the Durban market.
In 2003 the company acquired a small engineering workshop in Durban that is used mainly to support Toyota and to build up electrical panels. This workshop is seen more as an electrical workshop than as a mechanical one. Figure 3.1 presents the growth in terms of employees from 1998 to current.

**Figure 3.1: Growth of the selected business**

The Durban operation consists currently of five directors, one manager and 48 staff members. The Port Elizabeth operation consists of three directors, two managers and 29 staff members giving a combined staff compliment of 88 people. Sales and financial statements were unavailable to the researcher for confidential reasons, so no comments can be made in that regard.
3.10 REPORTING STRUCTURE

The reporting structure of the selected business is illustrated in Figure 3.2 below.

Figure 3.2: Company reporting structure

Each of the different businesses has a director who is a shareholder reporting the holding company which has a controlling interest in each of the businesses. The holding company consists of the managing director, two directors and a manager. The managing director and one of the directors take care of the Durban operations while the other director and manager look after the Port Elizabeth operation.

3.6 MARKET GEOGRAPHICS
The selected company is strategically positioned in Port Elizabeth to service enterprises such as:

- Delta Motor Corporation;
- L.N.Manufacturing – Tier 1 supplier to Delta & Volkswagen;
- Dorbyl Automotive products;
- Volkswagen South Africa;
- Comau Automotive systems – Tier 1 supplier to Delta & Volkswagen, and
- Daimler Chrysler.

The company head office in Durban is also positioned to service Toyota and a major customer in Johannesburg that services the European market. At the moment the Johannesburg based company is the group’s gateway to Europe. Due to the success of projects undertaken to date, numerous enquiries have been received from Europe.

The BIW industry in South Africa is cyclical and unless the business secures big projects to carry them through lean periods or secures reliable overseas customers, it is a very unstable environment in which to operate. The cyclical nature of the industry locally is due to the fact that the product life cycle of the majority of motor vehicles is on average seven years. This results in the motor manufacturers all tooling up at the same time in order to maintain their market share or capture higher market share by introducing new models before the opposition. This scenario places immense pressure on the suppliers in the BIW industry, as lead times are made shorter by the manufactures attempting to
outwit the opposition in order to get the new products into the market before the competitors.

3.8 SUMMARY

In this chapter an overview of the selected business has been given in order to provide a better understanding of the selected business. In the following chapter the methodology of the research will be discussed.
4.1 INTRODUCTION

In Chapter 3 a discussion on the selected business was presented. This chapter profiles the research methodology utilized to solve the main problem and sub-problems by outlining the various aspects of research.

4.2 THE PURPOSE OF THE RESEARCH

Saunders, Lewis and Thornhill (1997:3) suggest that the purpose of applied research is as follows:

- To improve the understanding of a particular business or management problem;
- To ensure a result in a solution to a problem;
- To gain new knowledge limited to a problem, and
- To provide practical relevance and value to managers in businesses.

These views are also shared by Gummesson (1991:4) as he emphasizes that studies in management are concerned with understanding and/or improving the performance of a business. Studies can be undertaken in order to give recommendations on the solution to a specific problem for a specific business or industry. Hence the choice of applied research by the researcher to identify
means to effectively manage growth and improve employee relations.

Cooper and Emory (1995:11) describe research as a systematic inquiry aimed at providing information to solve problems. They go on to state that business management research is a systematic inquiry that provides information to guide business decisions. Given this explanation the research design for this study was categorised into a main problem, with three sub-problems. The main purpose of this study is to determine:

What effective management techniques and methodologies can be implemented in the selected business to improve employee relations during growth?

This will require an investigation into the barriers to effective management in the selected business, and how they can be overcome. The effect that growth has had on employees at the selected business will also be investigated. A brief discussion of the research method follows.

4.2.1 Research method

Cooper and Emory (1995:5) note that descriptive research has a broad appeal to the administrator and policy analyst for planning, monitoring and evaluating. In this context “how” questions address such issues as quantity, cost, efficiency, effectiveness and adequacy. As the research was intended to address the above-mentioned issues the researcher has chosen the descriptive survey method.
Leedy and Ormrod (2001:226) report that the following decisions must be made when using the descriptive research method:

- Determining the population;
- Determining the technique for sampling the population;
- Minimizing the possibility of bias entering into the study;
- Developing a valid means of collecting the desired information, and
- Recording, organising and analyzing the collected data in order to produce valid and accurate findings.

In the next section attention will be paid to the above decisions.

4.3 SAMPLING

According to Wegner (2001:169) it is not always practical to gather data on every possible observation in the population. As a result a subset of all observations, called a sample, is gathered, which will provide data from which one can draw and make decisions about the larger group – the population. The sample will consist of both branch offices, the one being in Port Elizabeth and the other in Durban and will include eight Directors, two managers and 78 staff members.

Leedy and Ormrod (2001:211) refer to two major categories of sampling, namely probability and non-probability sampling. As this research study requires probability sampling a discussion thereof follows.
Probability sampling occurs when the researcher specifies in advance that each segment of the population will be represented in the sample. Generally the components of the sample are chosen from the larger population by a process called random selection. This means choosing a sample in such a way that each member of the population has an equal chance of being selected (Leedy & Ormrod, 2001:211).

A convenience sample was drawn from all the directors, managers and monthly paid employees. Saunders et al. (1997:147) emphasise that convenience sampling involves selecting respondents that are the easiest to obtain for the sample. Cooper & Emory (1995:228) suggest that this method is often used to test ideas or even to gain knowledge of situations or subjects of interest, hence the choice by the researcher. The sample included only employees, managers and directors of a selected small business.

4.3.1 Time dimension

The data was gathered once during a period of one week, being 25th August 2003 to 29th August 2003 (five working days) to allow the respondents enough time to complete the questionnaire. The reason for allowing five working days was due to the high workload of some employees, some employees not been office bound as well as allowing for a better response rate. The data collection method is outlined in the next section.
4.4 DATA COLLECTION TECHNIQUES

Various data collection techniques exist. As this is a quantitative study the survey method has been used. Saunders et al. (1997:243) state that the greatest use of questionnaires is made by the survey strategy and not surprisingly, questionnaires are one of the most widely used survey data collection techniques. This is so because:

- each respondent is asked to respond to the same set of questions;
- it provides an efficient way of collecting responses from a large sample prior to quantitative analysis, and
- the respondents remain anonymous and can provide a truthful answer without fear of victimization.

Cooper and Emory (1995:287) agree with the above view of Saunders et al. (1997) but add that the questionnaire option:

- is also often the lowest cost method;
- has a greater geographical coverage and is possible at minimum cost;
- requires minimal staff, and
- allows contact with otherwise inaccessible respondents such as CEO’s.

In utilizing the survey method one is given a choice between either telephonic or personal interviews, mail or self-administered questionnaires. Cooper and Emory (1995:282) refer to a mail survey as a self administered questionnaire that gives the respondent more time to talk to others, collect facts and consider replies at length compared to telephone and personal interviews. Mail surveys
are typically perceived to be more impersonal and providing more anonymity than other communication methods (Cooper & Emory, 1995:282).

The respondents usually complete the self-administered questionnaires. This type of questionnaire is either posted to the respondents who return them via post after completion, or delivered by hand to each respondent and collected later (Saunders et al., 1997:245).

Based on this information the researcher chose the self-administered questionnaire method in that the questionnaires were delivered and collected later. The purpose of following this procedure was to:

- Show the entire workforce that senior management supports the research initiative and has buy-in to the process;
- Ensure a high response rate as the researcher is in a position of trust amongst staff members;
- Allow a follow up session with respondents should any questions be unclear;
- Be able to assist Afrikaans members of staff who could not understand the questions, and
- Ensure that all the prospective respondents receive a questionnaire.

A skill necessary for undertaking a survey is the ability to structure, focus and phrase sets of questions in a manner that is intelligible to respondents. The questions need to minimize bias and provide data that can be statistically analysed (Gill & Johnson, 1991:85). With this background in mind the next
section focuses on the construction of the questionnaire.

4.5 QUESTIONNAIRE CONSTRUCTION

To construct the questionnaire the basic management functions outlined in Chapter 2 were used as a basis. Leedy and Ormrod (2001:202) list the following guidelines for drawing up a questionnaire that should encourage people to cooperate and yield responses that can be interpreted:

- Keep the questions short;
- Use simple clear and unambiguous language;
- Check for unwarranted assumptions implicit in the questions;
- The questions must be worded in such a manner that they do not give clues about preferred or more desirable responses;
- Check for consistency;
- Determine in advance how the responses will be coded;
- Keep the respondent’s task simple;
- Provide clear instructions;
- Give a rationale for any items whose purpose may be unclear;
- Make the questionnaire attractive and professional looking;
- Conduct a pilot test, and
- Scrutinize the almost-final product carefully and make sure it addresses the researcher's needs.

When drawing up the questionnaire the researcher attempted to follow the above guidelines. The researcher used multiple choice and scaled or rating
questions. Saunders *et al.* (1997:254) list the various types of questions as follows:

- Open questions;
- Multiple choice;
- Category;
- Ranking questions and
- Scaled or rating questions.

A pilot test questionnaire was sent to two fellow researchers for their evaluation prior to delivering the questionnaire to the respondents. The construction of the questions was designed with the purpose of the questionnaire in mind. Hence the discussion that follows.

**4.5.1 Purpose of the questionnaire**

The approach when developing the questionnaire was aimed specifically at keeping the main problem and sub-problems in perspective. The questions were formulated to address the requirements that an SME should meet to effectively manage growth and improve employee relations in the selected business.

**4.5.2 Physical characteristics of the questionnaire**

Two questionnaires were drawn up, one for management (see Annexure A) and one for the employees and or others (see Annexure B). The first questionnaire for management was aimed at directors and managers. The questionnaire was
divided into two sections (see Annexure A). It contained a biographical section to obtain information on the diversity of the management team (section A) while the second section was to determine management’s opinion of management in SME’s during growth (Section B).

The second questionnaire for employees and or others was divided into eight sections. It contained a biographical section to obtain information on the diversity of the workforce (section A). The second section was aimed at determining the opinion of all employees on their relationship with management and how effectively the selected company was managed during periods of growth by asking questions relating to effective management, management functions, business excellence, employee relations, employee centered management and HR in SME’s (sections B, C, D, E, F, G & H). With this background in mind careful consideration was given to the types of questions asked. Hence the discussion that follows.

4.5.3 Types of questions asked

Saunders et al. (1997:259) observe that scale or rating questions are often used to collect attitude and belief/perception data, hence the decision by the researcher to use that method. The most common approach is the Likert-style rating scale, in which the respondent is asked how strongly they agree or disagree with a statement or series of statements on a four or five point scale (Leedy & Ormrod, 2001:197).
Cooper & Emory (1995:170) note the following about a Lickert-style rating scale:

- There is little conclusive support for choosing a three-point scale over scales with five or more points.
- There is one argument that more points on a scale provide an opportunity for greater sensitivity of measurement and extraction of variance.
- The most widely used scales range from three to seven points and it does not seem to make a difference which number is used.

It is noted in Leedy & Ormrod (2001:198) that questions are usually in the form of statements that the respondents are requested to answer. It is possible to use either or both closed or open-ended questions. In order to keep the analysis of the questionnaire process as simple and as short as possible the researcher chose to use the closed question method and multiple-choice method. In the next section how the data was collected from the sample is discussed.

4.6 DATA ANALYSIS

The research was conducted in the Port Elizabeth and Durban branches of the selected business. The Port Elizabeth branch consists of three Directors, one manager and 30 staff members. The Durban branch consists of five directors, one manager and 48 staff members.
The analysis of the questionnaires was recorded and represented using Microsoft Excel spreadsheets. According to Leedy & Ormrod (2001:256) spreadsheets allow the following:

- **Sorting** – Once the data has been organised into columns and rows, it is possible to reorganize them in a manner better suited to the researcher;

- **Searching** – Many spreadsheets have the ability to search for desired information;

- **Recoding** – A spreadsheet typically allows you to make a new column that reflects a transformation of data in another column;

- **Graphing** – Most spreadsheet programs have graphing capabilities which allow for the graphical representation of the figures which are often understood more quickly than when presented in numbers, and

- **Formulas** – Electronic spreadsheets have the capability to calculate many complex mathematical and statistical formulas.

As with other computer applications, the spreadsheet allows the researcher to save, store and easily update information as needed, as well as print it when required. Reducing the possibility of getting the answer wrong means attention must be paid to two particular criteria of research design: reliability and validity, hence the discussion that follows.

### 4.7 RELIABILITY AND VALIDITY

The validity and reliability of the data collected and the response rate achieved depend to a large extent on the type of the questions asked. Cooper and Emory (1995:153) suggest that reliability means many things to many people, but in
most contexts the notion of consistency emerges. A measure is reliable to the degree that it supplies consistent results. Robson (1993) as quoted by Saunders et al. (1997:82) asserts that there are four threats to reliability, namely:

- **Subject error** – choose a neutral time for respondents to complete the questionnaire. In other words if you are studying the enthusiasm of employees at work it may be found that you may get different answers at different times of the week – Friday afternoons could show a different result to Monday mornings;

- **Subject bias** – respondents may be answering what they thought their bosses wanted to hear. Therefore ensure the anonymity of the respondents in the questionnaires;

- **Observer error** – there are different approaches to eliciting answers. If three people are conducting an interview on the same research, there is a potential for three different approaches unless there is a high degree of structure to the questions, and

- **Observer bias** – as with observer error, with different people interpreting the same research there may be different approaches to interpreting the replies.

To prevent the above threats to the reliability of the research the researcher did not involve field workers, the respondents remained anonymous through the self-administered questionnaire method and the researcher himself interpreted the results.
The validity of a measurement is the extent to which the instrument measures what it is supposed to measure (Leedy & Ormrod, 2001:31). Leedy & Ormrod (2001:98) state that validity prevails in different forms, each of which is important for different situations:

- **Face validity** – the extent to which on the surface, an instrument looks as if it is measuring a particular characteristic;
- **Content validity** – the extent to which a measurement instrument gives a representative sample of the content area being measured;
- **Criterion validity** – the extent to which the results of an assessment instrument correlate to another related measure, and
- **Construct validity** – the extent to which an instrument measures characteristics that cannot be observed but must instead be inferred from patterns in people’s behaviour by means of questionnaires.

As the research will be done using questionnaires, face validity and content validity will be used to ensure the instrument measures what it is intended to measure, thereby ensuring the validity of the results. Now that a detailed outline of the research methodology has been given, a brief discussion on the problems experienced during the research follows.

### 4.8 PROBLEMS EXPERIENCED WITH THE RESEARCH

The following problems were experienced with the research:

- The fact that the selected business is involved in numerous off-site projects in Uitenhage, Johannesburg, Durban and overseas, the questionnaire could not be personally delivered to all the respondents.
The researcher had to rely on colleagues to follow up and collect the completed questionnaires;

- The researcher also had to rely on colleagues and the secretary in the Durban office to follow up and collect the questionnaires in that office. This perhaps is also the reason for the lower response rate from the Durban office when compared to that of the Port Elizabeth office;

- Time constraints as a result of the researcher holding down a full time job in a senior management position and studying at the same time, limited the research to the selected company, albeit with a branch in Port Elizabeth and Durban;

- Some managers were reluctant to participate. There was, however, a 50 percent response from management, which allowed the researcher to overlook this problem, and

- Some of the responses to questions and statements required further investigation. This was conducted through telephonic interviews with the relevant personnel at the selected business.

4.9 SUMMARY

In this chapter the researcher has presented and described the research design and methodology adopted as well as the questionnaire construction and the administration thereof. Chapter 5 analyzes and presents the results generated by the empirical study.
5.1 INTRODUCTION

Chapter 4 discussed the methodology used in the research, whereas Chapter 5 will concentrate on the analysis of the results from the questionnaires. The analysis of the questionnaire results will make reference to the biographical profile of the respondents, management’s interpretation of managing SME’s and the employees’ opinion of management’s ability to manage growth and improve employee relations.

5.2 RESPONSE RATE

The questionnaires were handed out to eight directors, two managers and seventy-eight staff members. In total four directors, one manager and 53 staff members responded, giving an overall response of 66 percent. The reasons for the remaining 34 percent not responding were:

- Staff members overseas at the time of the research;
- Certain managers of the opinion that they were not in the right state of mind to respond to the questions;
- The researcher not being able to wait in Durban for the completion of the questionnaires;
- Lack of interest, and
• Management and onsite personnel being extremely busy.

The results of the biographical data of all the respondents follow.

5.3 RESULTS OF THE BIOGRAPHICAL DATA

This section presents a brief summary of the following biographical data of the questionnaires received from management and employees:

• Which branch the respondents come from;
• The different departments the respondents work in;
• Which year they started working at the selected company;
• Age group;
• Home language;
• Gender;
• Highest educational qualification;
• Marital status;
• Number of dependents, and
• Monthly income and fringe benefits.

5.3.1 Respondents’ branch distribution

As mentioned previously the research was conducted in the two branches of the selected business. The response received from each branch can be seen in Figure 5.1.
As can be seen in Figure 5.1, 53 percent of the respondents are from the Port Elizabeth office and the remaining 47 percent from the Durban office. The higher response rate from the Port Elizabeth office could be attributed to the fact that the researcher is based in the Port Elizabeth office.

5.3.2 Departmental breakdown

Figure 5.2 below represents the total departmental split between the different departments.
The illustration clearly shows that 61 percent of employees are in the mechanical design department of the business, whereas three percent are in project management and the mechanical workshop. Nine percent are in the administration department and the second largest group is in the controls and automation division.

Table 5.1 below illustrates the staff complement in the departments in the Port Elizabeth and Durban offices.

Table 5.1: Staff complement in Port Elizabeth and Durban

<table>
<thead>
<tr>
<th>Department</th>
<th>Port Elizabeth</th>
<th>Durban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanical workshop</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Controls and automation</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Mechanical design</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Project management</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Administration</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total of respondents</strong></td>
<td><strong>31</strong></td>
<td><strong>27</strong></td>
</tr>
</tbody>
</table>

As can be seen in Table 5.1 for both the Port Elizabeth and Durban offices the mechanical design staff outnumbers the staff of all the other departments.

5.3.3 Age

The age of the staff in Port Elizabeth varied from 20 years old to 50 years old, whilst the age of the respondents from the Durban office varied from 20 years old to over 50 years old. Figure 5.3 shows the age groups of the respondents.

Figure 5.3: Age group of respondents
The above illustration indicated that almost half the workforce is 25 years old or younger. A possible reason for this is the fact that the BIW industry is very specialized and skilled and experienced staff is difficult to recruit. This statement was confirmed by 80 percent of management who stated that they have difficulty recruiting competent employees. The result is that younger employees are recruited and trained in the different departments.

### 5.3.4 Home language

The home language of the respondents can be seen in Table 5.2.

<table>
<thead>
<tr>
<th>Language</th>
<th>Port Elizabeth</th>
<th>Durban</th>
<th>Total percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>16</td>
<td>25</td>
<td>70</td>
</tr>
<tr>
<td>Afrikaans</td>
<td>15</td>
<td>2</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>27</td>
<td>100</td>
</tr>
</tbody>
</table>

As can be seen in Table 5.2 the majority of the workforce is English speaking.

An interesting fact to note is the larger proportion of Afrikaans speaking
employees in the Port Elizabeth office. No respondents recorded the speaking of African languages.

5.3.5 Gender

Of the 58 respondents in total that participated in the survey 93 percent were male and 7 percent were female. The research revealed that all ladies were in administrative positions, except for one. Three of the ladies that responded were from the Durban office and one was from the Port Elizabeth office.

5.3.6 Educational qualifications

Thirty-six percent of all the respondents have a matriculation qualification, a further 43 percent have diplomas, 5 percent have degrees and 12 percent were busy furthering their education by studying part time at various technical institutes, which is perhaps an indication of the complexity of the BIW industry. This information is represented in Figure 5.4.

Figure 5.4: Educational qualifications
The noticeable difference between the two branches is that there are degreed personnel in the Durban office and there are personnel in the Port Elizabeth office with only standard 8 (grade 10).

### 5.3.7 Marital status

Forty-eight percent of the respondents were single, 15 percent were living together with their partners, 35 percent were married and two percent were divorced. The high number of single respondents could be linked to the age distribution of respondents.

### 5.3.8 Number of dependents

The number of dependents the respondents support is illustrated in Figure 5.5.
The high number of employees without dependents can be linked to the number of single employees as well as to the percentage of employees under the age of 25.

5.3.9 Monthly income

Figure 5.6 below illustrates the distribution of income of the respondents. Those respondents earning above R14000 per month were the managers and two senior staff members with many years experience in the industry.
Sixty two percent of the workforce earn less than R8000 per month, which is a fair reflection of the youthful workforce that still needs to gain experience to justify earning a higher salary.

### 5.3.10 Fringe benefits

Table 5.3 below represents the fringe benefits used by the respondents.

<table>
<thead>
<tr>
<th>Fringe benefit</th>
<th>Frequency from centre</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Port Elizabeth</td>
<td>Durban</td>
</tr>
<tr>
<td>Medical aid</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td>Pension or provident fund</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Transport (petrol, car allowance)</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Guaranteed 13\textsuperscript{th} cheque</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Cell phone</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>None</td>
<td>8</td>
<td>2</td>
</tr>
</tbody>
</table>

Those respondents that answered “other” recorded company credit cards used for entertainment of customers and those that answered “none” do not make use of the medical aid facility and don’t qualify for any other benefits.

Further investigation revealed that the company does not guarantee a 13\textsuperscript{th} cheque or offer a pension or provident fund. The fact that 24 percent of the staff believe there is a guaranteed 13\textsuperscript{th} cheque at the end of the year and the fact that 2 percent use a pension or provident fund suggest an inconsistent policy towards the business’s staff members. The following section reveals the findings of the management questionnaire with respect to managing SME’s.
5.4 RESULTS OF THE SELF ADMINISTERED QUESTIONNAIRE TO MANAGEMENT

The section deals with the responses from the questions put to management with respect to managing SME’s. Table 5.4 illustrates the span of control of each manager that participated in the research.

Table 5.4: Span of control

<table>
<thead>
<tr>
<th>Number of employees reporting to each manager</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 to 9</td>
<td>20</td>
</tr>
<tr>
<td>10 to 14</td>
<td>20</td>
</tr>
<tr>
<td>15 to 19</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Sixty percent of management has up to nineteen employees reporting to them. In a sophisticated working environment such as the BIW industry this wide span of control is questionable.

5.4.1 Previous managerial experience

The results reveal that 60 percent of management had previous experience in management prior to their current position and 40 percent had no previous managerial experience.

5.4.2 Leadership style

Figure 5.7 represents management’s self-interpretation of their own leadership styles.
Management used an authoritarian leadership style in the controls and automation department. This department often conducts its business after normal production hours and during shutdown at the various customers’ premises. This could explain the authoritative management style required to get results and to ensure there is no down time as a result of the after hours work not being completed in time for production to start. The even split between the democratic and participative leadership styles represents the leadership styles in the mechanical design and project management leadership departments.

5.4.3 Strategic human resource plan

According to the research, 80 percent of management admit there is no strategic human resource management plan and 20 percent of management suggest that there is one.
5.4.4 Stages of growth of the selected business

Successful small businesses go through various stages of growth. Table 5.5 below illustrates the opinion of management on which stage of growth they regard the business as being in.

**Table 5.5: Stages of growth**

<table>
<thead>
<tr>
<th>Stage of growth</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success</td>
<td>80</td>
</tr>
<tr>
<td>Take off</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

None of the respondents indicated that the company was in the existence, survival or maturity stage. As can be seen in Table 5.5 above, eighty percent of management are of the opinion that the business is in the success stage of growth. This can be confirmed in terms of the very busy schedule all the managers had at the time the questionnaire was completed.

5.4.5 Organisational structure

Organisational structure plays an important role in the success of any business. Figure 5.8 below represents the results of the question put to management as to how they see the organisational structure of the selected business.
Figure 5.8 reveals that 40 percent of management believe the business operates using a project structure and 60 percent believe that a functional structure is utilized. Further investigation revealed that the company organogram displays a functional structure; hence the 60 percent response of management. The selected business is a project-orientated business, which can be seen in the departmental breakdown in the biographical data.

5.4.6 Managing SME’s

Table 5.6 represents the findings of statements put to management in the managerial questionnaire.
Table 5.6: Managing SME’s

<table>
<thead>
<tr>
<th>Questions and statements</th>
<th>Agree %</th>
<th>Disagree %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial effectiveness is critical to remaining competitive</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Effective strategic planning is critical to the long-term success of the business</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>The management of the company has the skills to manage growth</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>Effective human resource planning is enforced to maintain a motivated workforce</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>There is employee satisfaction in the business</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Entrepreneurs are born; entrepreneurship is not an acquired skill</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>An important part of a manager’s job is self-development</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>The business has clearly stated goals and objectives</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Only one person in each branch attends to HR related matters</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>I experience problems with recruiting of competent employees</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>I experience problems with motivating employees to perform</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>The performance standards of the business are clear and easily understood</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>Employees receive continuous feedback and recognition</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>A high level of managerial skill exists within the business</td>
<td>60</td>
<td>40</td>
</tr>
</tbody>
</table>

What is evident from the responses to the above statements is the high percentage of managers that responded negatively to the human resource related statements. For example there is more than one person in each branch that attends to HR related matters; this explains the inconsistency in the biographical data with respect to guaranteed 13th cheques. Sixty percent of management disagree with the statement that effective human resource planning is enforced to maintain a motivated workforce. One hundred percent of the respondents state that an important part of a manager’s job is self-development, yet on further investigation not one manager at the selected business has been on any managerial training since they have been employed
at the selected company. This concludes the analysis of the questionnaire completed by management at the selected business.

5.5 THE RESULTS OF THE SELF ADMINISTERED QUESTIONNAIRE TO EMPLOYEES

The following section analyses the questionnaires completed by the employees of the selected business. The results of the employees’ response to the request for their interpretation of how effectively they are managed are illustrated in Table 5.7. The ranking system is as follows: 5 strongly agree; 4 agree; 3 neutral; 2 disagree; 1 strongly disagree; 0 uncertain.

Table 5.7: Results of effective management statements

<table>
<thead>
<tr>
<th>Effective management</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management clarifies goals and objectives for the tasks at hand.</td>
<td>13%</td>
<td>62%</td>
<td>17%</td>
<td>4%</td>
<td>4%</td>
<td>0%</td>
<td>3.8</td>
</tr>
<tr>
<td>Participation in problem solving is encouraged by management.</td>
<td>25%</td>
<td>47%</td>
<td>21%</td>
<td>6%</td>
<td>1%</td>
<td>0%</td>
<td>3.9</td>
</tr>
<tr>
<td>Management plan and organise for an orderly workflow.</td>
<td>9%</td>
<td>36%</td>
<td>30%</td>
<td>13%</td>
<td>9%</td>
<td>3%</td>
<td>3.2</td>
</tr>
<tr>
<td>I receive honest and constructive feedback regularly.</td>
<td>8%</td>
<td>40%</td>
<td>32%</td>
<td>19%</td>
<td>1%</td>
<td>0%</td>
<td>3.3</td>
</tr>
<tr>
<td>Management recognise good performance with rewards.</td>
<td>13%</td>
<td>26%</td>
<td>26%</td>
<td>17%</td>
<td>15%</td>
<td>3%</td>
<td>3.0</td>
</tr>
<tr>
<td>There is healthy communication within the business amongst all members of staff.</td>
<td>15%</td>
<td>38%</td>
<td>26%</td>
<td>11%</td>
<td>8%</td>
<td>2%</td>
<td>3.4</td>
</tr>
<tr>
<td>Progress is monitored by relying on schedules, deadlines and useful reminders.</td>
<td>23%</td>
<td>45%</td>
<td>23%</td>
<td>4%</td>
<td>4%</td>
<td>1%</td>
<td>3.7</td>
</tr>
<tr>
<td>Management places a lot of emphasis on the motivation of their employees.</td>
<td>15%</td>
<td>25%</td>
<td>34%</td>
<td>15%</td>
<td>11%</td>
<td>0%</td>
<td>3.2</td>
</tr>
<tr>
<td>Management find it difficult to make decisions to resolve work related problems.</td>
<td>2%</td>
<td>21%</td>
<td>30%</td>
<td>34%</td>
<td>13%</td>
<td>0%</td>
<td>2.6</td>
</tr>
<tr>
<td>An important part of a manager’s job is to develop his people.</td>
<td>57%</td>
<td>30%</td>
<td>8%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
<td>4.4</td>
</tr>
<tr>
<td>I am satisfied with the training and development program offered in the company.</td>
<td>6%</td>
<td>23%</td>
<td>24%</td>
<td>26%</td>
<td>21%</td>
<td>0%</td>
<td>2.7</td>
</tr>
</tbody>
</table>

The respondents mostly agreed or strongly agreed with the following statements:

- Management clarifies goals and objectives for the tasks at hand;
• Participation in problem solving is encouraged by management;
• Progress is monitored by relying on schedules, deadlines and useful reminders, and
• An important part of a manager’s job is to develop his people.

Whilst 87 percent of the respondents agreed that an important part of a manager’s job was to develop his or her people only 29 percent were satisfied with the training and development they had received whilst 47 percent responded that they were not satisfied with the training and development the business had to offer. This is confirmed by the mean of 2.7

5.5.1 Management functions

The results on the study of managerial functions within the business and how the employees related their experience to these functions are illustrated in Table 5.8.

Table 5.8: Results of the managerial function statements
The managerial functions as interpreted by the employees reveal the following:

- There is a high percentage of neutral respondents who neither agree nor disagree with the statements;

- Thirty-eight percent of the respondents agree that management involves them in planning while 35 percent disagree that management involves them in planning;

- A large percentage of the workforce believes that insufficient resources are available to achieve deadlines, as only 34 percent agreed or strongly agreed with the statement. This can be confirmed in the questions relating to HR management in SME’s by the 36 percent of the responses to the statement that the workforce believe that their jobs require too much overtime, a most likely result of insufficient resources;

- Fifty percent of the respondents disagree with the statement that they report to one boss only;

- Seventy-two percent agree that there is good communication between themselves and management, and
• Fifty-one percent agree that the control system is easily understandable whilst 43 percent neither agree nor disagree, which suggests that the control system needs to be improved for all to have a better understanding of it.

5.5.2 Business excellence

The responses of the employees and or others to questions relating to business excellence are recorded in Table 5.9 below. The literature revealed that those businesses that implement sound business excellence principles were more successful than those that did not; hence the questions relating to this matter.

Table 5.9: The results of statements relating to business excellence

<table>
<thead>
<tr>
<th>Business excellence</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management makes me aware that my best efforts are essential for the success of the</td>
<td>8%</td>
<td>38%</td>
<td>24%</td>
<td>25%</td>
<td>5%</td>
<td>0%</td>
<td>3.2</td>
</tr>
<tr>
<td>business and that I shall be rewarded accordingly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management keeps regular personal contact with me.</td>
<td>11%</td>
<td>45%</td>
<td>25%</td>
<td>17%</td>
<td>2%</td>
<td>0%</td>
<td>3.5</td>
</tr>
<tr>
<td>Constant and extensive two way communication is the rule.</td>
<td>23%</td>
<td>43%</td>
<td>23%</td>
<td>9%</td>
<td>2%</td>
<td>0%</td>
<td>3.8</td>
</tr>
<tr>
<td>There is a high level of collaboration between departments.</td>
<td>7%</td>
<td>34%</td>
<td>36%</td>
<td>21%</td>
<td>2%</td>
<td>0%</td>
<td>3.2</td>
</tr>
<tr>
<td>The company concentrates on its core business.</td>
<td>15%</td>
<td>57%</td>
<td>20%</td>
<td>6%</td>
<td>0%</td>
<td>2%</td>
<td>3.8</td>
</tr>
<tr>
<td>I feel part of a team.</td>
<td>23%</td>
<td>43%</td>
<td>25%</td>
<td>4%</td>
<td>4%</td>
<td>1%</td>
<td>3.7</td>
</tr>
<tr>
<td>Attention is devoted to creating a pleasant working environment.</td>
<td>17%</td>
<td>53%</td>
<td>17%</td>
<td>11%</td>
<td>2%</td>
<td>0%</td>
<td>3.7</td>
</tr>
<tr>
<td>Employee skills are expanded through training.</td>
<td>15%</td>
<td>26%</td>
<td>26%</td>
<td>21%</td>
<td>12%</td>
<td>0%</td>
<td>3.1</td>
</tr>
<tr>
<td>Employees are reimbursed for tuition at outside institutions.</td>
<td>4%</td>
<td>30%</td>
<td>36%</td>
<td>4%</td>
<td>9%</td>
<td>17%</td>
<td>2.6</td>
</tr>
</tbody>
</table>

The results from the Table 5.9 above suggest that management conforms to good business excellence standards. Except for the statements that employee skills are expanded through training and employees are reimbursed for tuition at
outside institutions, the majority of respondents agreed to all the statements on business excellence. On further investigation it was found that if employees study at outside institutions and pass their examinations the business would reimburse them. The fact that 17 percent of the respondents were uncertain and 13 percent disagreed suggests that this benefit has not been communicated to the entire workforce and is not written in the company policy rulebook.

5.5.3 Employee relations

Table 5.10 below illustrates the results of the statements put to the employees regarding factors that contribute to good employee relations.

<table>
<thead>
<tr>
<th>Employee relations</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel motivated by my job.</td>
<td>17%</td>
<td>52%</td>
<td>23%</td>
<td>6%</td>
<td>2%</td>
<td>0%</td>
<td>3.8</td>
</tr>
<tr>
<td>Management pays special attention to good employee relations.</td>
<td>9%</td>
<td>47%</td>
<td>28%</td>
<td>14%</td>
<td>0%</td>
<td>2%</td>
<td>3.5</td>
</tr>
<tr>
<td>There is only one HR manager in the branch.</td>
<td>8%</td>
<td>23%</td>
<td>19%</td>
<td>9%</td>
<td>11%</td>
<td>30%</td>
<td>2.2</td>
</tr>
<tr>
<td>I can associate myself with the organisational culture.</td>
<td>11%</td>
<td>38%</td>
<td>43%</td>
<td>4%</td>
<td>2%</td>
<td>2%</td>
<td>3.5</td>
</tr>
<tr>
<td>Senior management sets a good example of promoting sound employee relations.</td>
<td>11%</td>
<td>47%</td>
<td>26%</td>
<td>13%</td>
<td>3%</td>
<td>0%</td>
<td>3.5</td>
</tr>
</tbody>
</table>

A mean of 3.8 suggests that most of the employees are motivated by their job. A low mean of 2.2 implies that there is more than one HR manager at either branch. The other rankings tend towards a mean of 4, which suggests that the employees mostly associate themselves with the organisational culture and feel that senior management sets a good example of promoting sound employee relations.
5.5.4 Employee centred management

How the respondents answered the statements with respect to employee centred management is recorded in table 5.11.

Table 5.11: Results of employee centred management statements

<table>
<thead>
<tr>
<th>Employee centred management</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am asked to participate in decision-making activities.</td>
<td>0%</td>
<td>43%</td>
<td>32%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>3.2</td>
</tr>
<tr>
<td>If asked to participate I accept responsibility for my decisions.</td>
<td>40%</td>
<td>55%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>4.3</td>
</tr>
<tr>
<td>Management presents us with problems to solve as a team.</td>
<td>13%</td>
<td>49%</td>
<td>26%</td>
<td>12%</td>
<td>0%</td>
<td>0%</td>
<td>3.6</td>
</tr>
<tr>
<td>There is a high level of trust between myself and management.</td>
<td>19%</td>
<td>38%</td>
<td>35%</td>
<td>2%</td>
<td>4%</td>
<td>2%</td>
<td>3.6</td>
</tr>
<tr>
<td>I am keen to participate in decision making if asked.</td>
<td>45%</td>
<td>51%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>4.4</td>
</tr>
<tr>
<td>I feel as if my work contribution is meaningful.</td>
<td>30%</td>
<td>49%</td>
<td>13%</td>
<td>4%</td>
<td>4%</td>
<td>0%</td>
<td>4.0</td>
</tr>
<tr>
<td>I feel responsible for the outcome of my work.</td>
<td>62%</td>
<td>36%</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>4.6</td>
</tr>
<tr>
<td>I am praised for doing a good job.</td>
<td>17%</td>
<td>30%</td>
<td>30%</td>
<td>15%</td>
<td>8%</td>
<td>0%</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Table 5.11 confirms that management includes most of the respondents in decision-making activities as only 25 percent disagreed with the statement. Furthermore 95 percent of the respondents would accept responsibility for their decisions and 96 percent want to participate in decision making if asked. Ninety-eight percent feel responsible for the outcome of their work.

5.5.5 Human resource management in SME’S
A key area of any business is the management of human resources. Table 5.12 reveals the results of the statements relating to human resource management at the selected business.

### Table 5.12: Results of human resource management statements

<table>
<thead>
<tr>
<th>Human resource management in SME’s</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource policies and procedures pay special attention to employee relations.</td>
<td>6%</td>
<td>26%</td>
<td>32%</td>
<td>11%</td>
<td>6%</td>
<td>19%</td>
<td>2.6</td>
</tr>
<tr>
<td>There are adequate systems in place to ensure efficient management of human resources.</td>
<td>8%</td>
<td>19%</td>
<td>34%</td>
<td>9%</td>
<td>8%</td>
<td>22%</td>
<td>2.4</td>
</tr>
<tr>
<td>Management has adequate experience to deal with the human resource function.</td>
<td>8%</td>
<td>38%</td>
<td>26%</td>
<td>11%</td>
<td>6%</td>
<td>11%</td>
<td>3.0</td>
</tr>
<tr>
<td>There have been positive changes in the management style since I started working here.</td>
<td>8%</td>
<td>33%</td>
<td>36%</td>
<td>15%</td>
<td>2%</td>
<td>6%</td>
<td>3.1</td>
</tr>
<tr>
<td>I like working overtime.</td>
<td>1%</td>
<td>25%</td>
<td>40%</td>
<td>17%</td>
<td>13%</td>
<td>4%</td>
<td>2.7</td>
</tr>
<tr>
<td>My job requires too much overtime.</td>
<td>13%</td>
<td>25%</td>
<td>32%</td>
<td>21%</td>
<td>8%</td>
<td>1%</td>
<td>3.1</td>
</tr>
<tr>
<td>Overtime affects my personal life in a negative way.</td>
<td>26%</td>
<td>26%</td>
<td>23%</td>
<td>19%</td>
<td>4%</td>
<td>2%</td>
<td>3.5</td>
</tr>
<tr>
<td>I rely on overtime remuneration.</td>
<td>32%</td>
<td>30%</td>
<td>25%</td>
<td>8%</td>
<td>4%</td>
<td>1%</td>
<td>3.7</td>
</tr>
</tbody>
</table>

A number of the employees agree and disagree with the first four statements. A mean of 2.6 is interesting to note for the first statement. The result suggests that staff are not sure that human resource policies and procedures pay special attention to employee relations. The high number of neutral and uncertain responses is noticeable, and it suggests that more can be done to improve human resource management at the selected business. The statements relating to overtime were included to test the earlier question with respect to: does management provide sufficient resources to meet deadlines? The majority of responses stated the following:

- their jobs require too much overtime;
- they do not like working overtime;
- overtime affects their personal life in a negative way, and
• they rely on the overtime remuneration.

The research also revealed that the respondents earning more than R8000 per month seldom relied on overtime remuneration.

5.6 SUMMARY

The purpose of this chapter was to scrutinize and decipher the results of the empirical study. The data was presented in figures and tables with brief summaries. Chapter 6 will discuss various recommendations and give concluding remarks, based on the above-mentioned findings. The limitations to the research and opportunities for further research will also be discussed.
CHAPTER 6
CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The BIW market in South Africa can be described as an oligopoly. There are few sellers that produce an identical or differentiated product. Entry into the industry is possible but not easy as is evidenced by the small number of firms in the industry. If the number of sellers is few, each can have a great effect on the market in terms of product differentiation, price, quality, delivery, service and efficiency. Few sellers in a very specialized industry also result in a limited resource pool. Therefore the level of success in effectively managing growth and improving employee relations will impact on the competitiveness of these businesses. Research suggests that many SME’s fail not because they have a poor product but because of ineffective management. (Gerber, 1995:29).

6.2 SYNOPSIS

In Chapter 1 a brief introduction to the research was presented which included a statement of the main problem and sub-problems to be solved. Chapter 2 focused on the literature study, which included the main areas that were to be researched, namely, managing SME’s, effective management, managerial functions, employee relations, HR management in SME’s, employee centred management and business excellence. Chapter 3 presented a brief overview of
the selected business and Chapter 4 described the research methodology used for the research. Chapter 5 gives a detailed interpretation of the empirical data. In this chapter the results of the empirical data will be compared to the information derived from the literature study to draw conclusions and give recommendations with respect to effectively managing growth and improving employee relations.

The biographical results will be outlined, followed by the factors that add value to managing SME’s, effective management, managerial functions, employee relations, HR management in SME’s, employee centred management and business excellence. Finally, the limitations of the research, with reference to the above value adding components will be discussed and recommendations for further studies will be given.

6.3 OVERVIEW OF THE BIOGRAPHICAL PROFILE OF THE RESPONDENTS

Since the year 2000 there has been on average an increase of 23 percent per year to the head count at the selected business. This indicates the growth of the business in terms of new staff members. The business started off as a mechanical design service, which explains the larger mechanical design department. The other departments rely on the mechanical designs to generate work for their respective areas of expertise. The complexity and specialization of the industry requires educated personnel. This could explain why almost half of the respondents have post matric educations, with some also in the process of improving their post matric education.
When analyzing the results of the monthly income of respondents it appears that those with matric and those that have post matric qualifications do not differ much.

It seems that the business regards experience as more important than qualifications when determining salary structures. The comments made by some of the respondents in section “H” of the questionnaire highlight this issue.

The larger portion of respondents was English speaking, with the largest number of Afrikaans speaking respondents in the Port Elizabeth office, perhaps a result of Durban traditionally being known for its English speaking community. None of the respondents listed African languages as their home language, which suggests that adherence to the employment equity act and affirmative action is lacking.

More than half of the respondents were 30 years old and younger, which could explain the large number of unmarried personnel. Thirty-five out of fifty-eight respondents do not have any dependents, which again could be linked to the young age of the workforce. The fact that only one of the female respondents works in the design department and the others in administration implies that males dominate the automotive engineering industry. The medical aid facility was the fringe benefit most commonly used by the respondents, as it was the only benefit offered to all the employees. The next section discusses the conclusions and recommendations with respect to the researched topics.
6.4 CONCLUSIONS AND RECOMMENDATIONS IN RESPECT OF THE MANAGEMENT QUESTIONNAIRE

This section discusses the comparison of the literature study with the management survey in order to offer conclusions and recommendations on effectively managing growth and on the measures which can be introduced to improve employee relations.

6.4.1 Managing SME’s

The conclusions on how management can effectively manage growth to improve employee relations are as follows:

a) Conclusions

The statements and questions in the management questionnaire addressed important matters that arose in the literature study which contribute to effective management and at the same time enhance good employee relations. The following can be concluded:

- Eighty percent of management has more than 10 people reporting to them;
- The leadership style is mostly democratic and participative;
- The formal organisational structure of the business is not applied;
- Management all agreed that managerial effectiveness is critical to remaining competitive and that effective strategic planning is also important to the long term success of the business;
- The business does not have a strategic human resource plan and further investigation revealed that there is no formal strategic plan either;
• It is a problem for management to recruit competent employees and motivate them to perform;

• There is more than one person that attends to HR related matters in each branch resulting in inconsistency in policies and procedures;

• Less than half of management had little if any experience in managing employees prior to their current position;

• Management hold the view that there is a high level of employee satisfaction within the business;

• Management believe that self development is important, yet they also believe that entrepreneurs are born, which suggests that they do not need to be developed by training to improve their skills, and

• According to O’Gorman (2001:61) one of the barriers to effective management of growth is the lack of managerial skills, so it can be concluded from the empirical study that management feel that a high level of managerial skills exists within the business.

It can be concluded that the business is experiencing the success stage of growth and heading towards take-off. The literature study revealed firstly that at the success stage, systems and procedures are in place to allow the owner to slow down if desired. The owner can stay involved or consider turning the business over to professional managers. Secondly, at the take-off stage of growth the owner must learn how to delegate and the business must find sufficient capital to invest in major growth.

The owner of the selected business has slowly delegated certain responsibilities by appointing two project managers in the year 2000 and in the
year 2003 a financial manager was employed. This has enabled the owner to concentrate on securing more business and to market the business to potential customers locally and abroad.

The recommendations on how management can effectively manage growth to improve employee relations are as follows:

b) Recommendations

It is recommended that a human resource manager/officer be appointed to handle the daily human resource issues, as this would ensure the following:

- That adequate systems are put in place to ensure the efficient management of human resources;
- Improved selection through the development of formal recruitment, selection and benefit programs and employment methods to prevent early resignations and other personnel problems;
- That the owners and staff would not have the additional workload of HR and that it would not disrupt their day-to-day running of the business. It would also give them time for strategic planning.

The BIW industry is complex and sophisticated and is also project management related. It is thus recommended that the span of control be narrowed down to between four and six subordinates to ensure effective management and control. Management should consider implementing the authoritative style of leadership. Although overbearing it was found in the literature study to be the most effective. It can motivate and inspire commitment to the goals of a business, which is important in a project management related field.
The following sections present the conclusions and recommendations with respect to the employees' responses to the questionnaire presented to them.

### 6.5 CONCLUSIONS AND RECOMMENDATIONS IN RESPECT OF THE EMPLOYEES’ QUESTIONNAIRE

This section discusses the comparison of the literature study with the empirical study (responses of the employee’s questionnaire) in order to offer conclusions and recommendations on effectively managing growth and on new measures which can be introduced to improve employee relations.

#### 6.5.1 Effective management

The conclusions on whether the employees feel they are effectively managed follow.

a) **Conclusions**

It can be concluded from the empirical data based on the employees’ responses that management clarify goals and objectives for the tasks at hand and that participation in problem solving is encouraged. Management do not find it difficult to make decisions to resolve work related problems and progress is monitored by relying on schedules, deadlines and useful reminders. The employees also noted that an important part of a manager’s job is to develop his/her people.
Employees agree to a certain extent that management:

- plan and organise an orderly workflow;
- offer honest and constructive feedback regularly;
- recognise good performance with rewards;
- place a lot of emphasis on the motivation of their employees;
- do not satisfy employee needs with the training and development programs, and
- ensure that there is healthy communication within the business amongst all members of staff.

The statements discussed in this section are points referred to in the literature study as effectiveness criteria. It can be concluded that the employees responded positively to most of the statements. The recommendations on whether the employees feel they are effectively managed follow.

b) Recommendations

Managers should engage in self-development programs designed specifically for effective management education. Effective programs need to be very practical and experience-based in their approach to instruction. While theory might be discussed, the emphasis needs to be on real world application of communication skills, leading and motivating employees to perform better and managing time as a resource. This can be done by taking part in case studies and workshops that have a practical as well as theoretical approach.

One way of recognizing good performance with rewards would be to offer those employees that do perform an opportunity to attend training and development
programmes. This would contribute to the employee’s self-development and serve as an incentive to strive for excellence.

6.5.2 Managerial functions

The conclusions on the employees’ interpretation of the general management functions at the selected business follow.

a) Conclusions

It can be concluded from the empirical data with respect to the planning function that employees are not always involved and that there are insufficient resources available to meet given deadlines. It was confirmed by the employees in a previous statement that management do not always plan and organise an orderly workflow.

With respect to the organising function the employees suggested that there are few comprehensive policies and procedures readily available to all staff and the mean of 2.7 suggests that they report to more than one manager. The empirical data reveals that the employees’ respective managers mostly motivate them and that there is good communication between the employees and their respective managers. There is however an indication of poor feedback from management with respect to the employees’ performance.

According to the empirical data the response from the employees with respect to the control function suggests that the employees understand the control system and see the value of it, but do not always receive regular feedback. It
can also be concluded that the employees were not satisfied with the training and development offered by the business.

The managerial functions are considered relevant by Hersey and Blanchard (1993:6) regardless of the type of business or level of management with which one is concerned. The recommendations on the employees' interpretation of the general management functions at the selected business follow.

b) Recommendations

Management need to communicate the business’s goals and objectives towards which staff members and management can strive. This can be done by monthly bulletins, formal feedback sessions and informal discussions within the departments. Employees perform a critical part of the process to achieve the goals and objectives of a business. It is thus important for the employees to be part of the process that they are committed to.

For planning to be effective, policies and procedures will give the employer and the employees the required direction and guidance. The advantages of clearly defined policies and procedures are discussed in Chapter 2. It is thus recommended that the business should implement suitable and economically viable policies and procedures.

Given the project management nature of the business it is recommended that a matrix organisational structure be implemented, the advantages of which can be found in Table 2.4. In a matrix structure employees will always report to more than one boss. Management and employees need to be informed through
workshops, training and regular feedback sessions of the advantages of the matrix structure.

6.5.3 Business excellence

The conclusions on the employees’ interpretation of business excellence at the selected business follow.

a) Conclusions

Fitz-enz (1997:11) suggests that the focus of business excellence is to concentrate internally, thus the focus of attention is on the employee and if the characteristics of business excellence are evident within the business it will promote employee relations. The following positive responses can thus be concluded from the empirical study:

- constant and extensive 2-way communication is the rule;
- employees are made to feel part of a team;
- management keeps regular personal contact with their staff;
- attention is devoted to creating a pleasant working environment, and
- the company concentrates on its core business.

It can however also be concluded that the employees’ responses to the remaining characteristics revealed the following:

- management do not always make staff aware that their best efforts are essential for the success of the business and that they will be rewarded accordingly;
- there is not always a high level of collaboration between departments;
• employee skills are not expanded through training, and
• employees are not reimbursed for tuition at outside institutions.

The recommendations on the employees’ interpretation of business excellence at the selected business follow.

b) Recommendations

Management need to build up the trust in their employees by making them recognise that their best efforts will be rewarded accordingly. A reward system recognising the best efforts of employees needs to be introduced and utilised. Implementing a performance appraisal system by involving the employees in determining the performance standards can initiate the process.

Those departments that lack collaboration need to be brought together in an effort to eliminate any differences, and the benefits of teamwork should be explained to the employees. By holding regular team building exercises and feedback sessions off-site, collaboration between departments will most likely be improved.

6.5.4 Employee relations

The conclusions on the employees’ interpretation of employee relations at the selected business follow.
a) Conclusions

The literature study found that various factors such as organisational culture (Reece & Brandt, 1990:11) and leadership styles (Mullins, 2001:283) have a profound effect on employee relations and effective management. It is concluded from the survey that employees are motivated by their jobs although (as stated previously) not always by their managers. What is noticeable again is the lack of human resource structure in the business. It can also be concluded that:

- Not all employees associate themselves with the business culture as only 49 percent agreed or strongly agreed with the statement, and
- The management team pays attention to good employee relations and sets a good example of promoting sound employee relations.

The literature study reiterates that a strong organisational culture and a management team that pays attention to good employee relations is a formula that exerts considerable influence on its employees that ultimately leads to gaining a competitive advantage and therefore financial success. The recommendations on the employee’s interpretation of employee relations at the selected business follow.

b) Recommendations

There is room for improvement in the above-mentioned areas as few employees indicated that they strongly agree with the statements. Management could instill the company culture, by implementing policies and procedures
based on the planned culture. This can be achieved by formal statements of the business’s philosophy, mission, vision and values and inclusion in materials used for recruiting, selection and socialization, with practical ideas on how to put them into use. As mentioned previously attention should be given to good employee relations by implementing personnel policies and procedures that provide for sufficient attention to employee relations. A human resource officer/manager should be appointed and take an active role in training management in furthering employee relations by becoming familiar with the policies and procedures. The human resource officer/manager should be available at all times if necessary to provide assistance and explain the policies and procedures to management and employees. Recommendations to implementing a human resource structure have been made previously.

6.5.5 Employee centred management

The conclusions on the employees’ interpretation of employee centred management at the selected business follow.

a) Conclusions

Kreitner et al. (2002:400) revealed that participative management and employee empowerment are highly regarded methods for meeting the productivity challenge. It was found that employees seem to desire or recognize the need for participative management and regard that contribution as meaningful. It was also found that management do not praise the employees enough for doing a good job. Management who stated in their responses that employees receive continuous recognition and that they request employees to
participate in decision-making activities contradicted this. This last statement is confirmed elsewhere where management do not include people in the planning process. The recommendations on the employees' interpretation of employee centred management at the selected business follow.

b) Recommendations

It is recommended that management acknowledge that the larger number of their workforce want to participate in decision-making and would accept the responsibility. Management should therefore learn to share operating responsibility with those employees who perform the work. The result will be that the employees will feel a sense of involvement in achieving goals. If participation is justified as a method of improving decisions, one can also anticipate a strengthening of the motivation of those employees who participate.

Employees that do a good job must be praised for their work. This can be achieved by publicly recognising their performance, giving them a phone call for doing a good job or sending them an e-mail copied to high level management. Management could write a letter to the employee acknowledging and thanking him/her for the good work and passing along a customer satisfaction card and they could also be informed if another manager or employee says something good about their work. Telling the employees face to face in more informal discussions can also be applied but it must be perceived to be genuine.

6.5.6 Human resource management in SME’s

The conclusions on the employees’ interpretation of human resource management in SME’s at the selected business follow.
a) Conclusions

The topics discussed above reveal that the HR function at the selected business is problematic. It was found in the literature study that the full utilization of human resources to achieve the goals and objectives of the business and of employees would be considerably enhanced if:

- policies and procedures provide for sufficient attention to employee relations;
- management had experience in managing employees, and
- there was one human resource officer/manager to attend to human resource related issues.

This section details the results of the questionnaire specific to HR management at the selected business.

It can be concluded from the research that:

- human resource policies and procedures do not pay special attention to employee relations;
- there are not adequate systems in place to ensure efficient management of human resources;
- management does not have adequate experience to deal with the human resource function, and
- there have been few positive changes in the management style since the employees started working at the selected business. As a business grows change and transition take place. What would have been expected is a noticeable change in the management styles as the
business progressed through the growth phases. As management do not undergo any training and development the lack of change is to be expected.

The negative response to all the statements with respect to overtime by the respondents confirms an earlier statement that management do not always plan an orderly workflow and there are not enough employees employed to complete the work taken on by management of the selected business. With more than half of the workforce effectively relying on their overtime remuneration and stating that overtime affects their personal life in a negative way, this issue needs attention. The recommendations on the employees’ interpretation of human resource management at the selected business follow.

b) Recommendations

Recommendations were made in section 6.4.1 with respect to the benefits of employing a HR manager or officer within the selected business. Having an experienced human resource practitioner within the business would promote professionalism and remove the burden of this function from those members of management currently tasked with the portfolio.

If the management of the selected business wishes to attract and retain staff something needs to be done with respect to the overtime situation. The following approaches should be considered:

- the cost implications of employing more employees need to be investigated against the cost of overtime to the business;
- work could be outsourced to sub-contractors, and
management with the input of key employees and through a process of participation should plan an orderly workflow according to the capacity available to the business. This can be done by utilizing the Microsoft Project management software package that matches available resources with the workload. Bottlenecks and resource constraints which lead to disorderly workflows are all exposed in the planning phase. Using this approach the attendant risks and the resources required to complete the project on time are exposed early on and appropriate action plans can be introduced.

Although certain human resource issues need attention, the research reveals that employees and management report that good employee relations exist which bode well for the management team and the employees.

6.6 LIMITATIONS ENCOUNTERED DURING THE RESEARCH

The limitations encountered during the research were as follows:

- the research was confined to one business in the selected industry, whereas there are three other businesses in South Africa in the related field, one being in Port Elizabeth, one in Uitenhage and the other in Johannesburg. Therefore the conclusions and recommendations are only applicable to the selected business;
- due to the small number of women employed at the selected business not all the women responded to the questionnaires as they held the view that they could not remain anonymous, and
• although the researcher received a 50 percent response to the questionnaires from management a higher response matching that of the employees would have given a clearer picture.

The next section focuses on opportunities for further research.

6.7 OPPORTUNITIES FOR FURTHER RESEARCH

The study covered a broad spectrum of matters specific to the topic. Certain limitations were discovered during the research that presented opportunities for further research, namely:

• inclusion of all the other businesses in South Africa within the BIW industry;
• an in-depth study into human resource planning focusing specifically on project management within the cyclical BIW industry;
• an in-depth study into human resource management in SME’s to develop an affordable human resource model for the SME owner;
• investigation of the financial implications of growth in SME’s, and
• studies on the financial and emotional impact overtime has on a business and its employees.

6.8 SUMMARY

The literature study presented the various aspects of effective management and factors that improve employee relations. The results of the analysis of the
empirical data have shown areas where management and the employees are in agreement and some areas where effective management is lacking. Management of the selected business therefore needs to take note and react to the problem areas to ensure the long-term sustainability of the business in a very competitive market.

REFERENCE LIST


ANNEXURE A: QUESTIONNAIRE TO MANAGEMENT

MANAGEMENT INTRODUCTION LETTER

Dear colleague

I am studying towards an MBA degree at the Port Elizabeth Technikon. As part of my course I have to analyze the effective management of growth in a
selected company in order to improve employee relations. Please assist me in spending 15 minutes of your time by completing the attached questionnaire. The information aims to identify whether effective management has been prevalent during growth and what impact this has had on employee relations. The questions will focus on the following:

- Biographical data;
- Management in SME’s;

Please complete your questionnaire by 29/08/03 and hand in to your supervisor.

Thank you for your time.

INSTRUCTIONS:
1. Indicate your choice by means of an (x) where applicable
2. Please answer all the questions.

SECTION A: BIOGRAPHICAL DATA.
1. Branch:.....................................................
2. Which department do you work in?

<table>
<thead>
<tr>
<th>Department</th>
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<tbody>
<tr>
<td>Mechanical workshop</td>
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<tr>
<td>Controls and automation</td>
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<tr>
<td>Mechanical design</td>
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<tr>
<td>Admin (finance, reception)</td>
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<td>Other</td>
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3. Which year did you start working for this company?

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4. Age group

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<th>Age Group</th>
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<tbody>
<tr>
<td>Under 20 years</td>
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<td>20 – 25 years</td>
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<td>26 - 30 years</td>
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<tr>
<td>31 – 35 years</td>
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<td>36 – 40 years</td>
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<tr>
<td>41 – 45 years</td>
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<td>46 - 50 years</td>
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<td>Older than 50 years</td>
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5. Home language

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<th>Language</th>
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<tr>
<td>English</td>
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<td>Afrikaans</td>
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<td>Other</td>
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If other, please specify…………………………………………

6. Gender

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<th>Gender</th>
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<td>Male</td>
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<td>Female</td>
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7. Highest educational qualification achieved

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<th>Qualification</th>
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<tr>
<td>Less than Grade 10</td>
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<tr>
<td>Grade 10</td>
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<tr>
<td>Grade 12 (Matric)</td>
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<tr>
<td>Diploma</td>
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<tr>
<td>Degree</td>
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<tr>
<td>Currently studying</td>
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</table>
If you are currently studying, please indicate your course

8. Marital status

<table>
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<tr>
<th>Single</th>
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<tbody>
<tr>
<td>Living together with partner</td>
</tr>
<tr>
<td>Married</td>
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<tr>
<td>Divorced</td>
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9. Number of dependants

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<tr>
<th>None</th>
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<tr>
<td>1 – 2</td>
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<td>3 – 5</td>
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<td>More than 5</td>
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10. Monthly income

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<tr>
<th>Under R4000.00</th>
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<tr>
<td>R 4000.00 – R 6000.00</td>
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<td>R 6001.00 – R 8000.00</td>
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<td>R 8001.00 – R10000.00</td>
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<tr>
<td>R10001.00 – R12000.00</td>
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<tr>
<td>R12001.00 – R14000.00</td>
</tr>
<tr>
<td>Above R14000.00</td>
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11. Fringe benefits

<table>
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<tr>
<th>Medical aid</th>
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<tr>
<td>Pension or provident fund</td>
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<tr>
<td>Transport</td>
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<tr>
<td>Guaranteed 13th cheque</td>
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<tr>
<td>Cell phone</td>
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<td>Other</td>
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If other please specify

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SECTION B: MANAGING SME’S

Indicate your choice by means of an (X) where applicable.

1. How many people do you have reporting to you?

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<th>Option</th>
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<td>1 to 4</td>
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<td>5 to 9</td>
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<td>10 – 14</td>
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<td>15 - 19</td>
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2. Did you have any previous experience in managing employees prior to your current position?

   Yes
3. How would you describe your leadership style?
   - Coercive
   - Authoritative
   - Democratic
   - Participative
   - Coaching

4. Does the company have a strategic human resource plan?
   - Yes
   - No

5. What stage of growth do you think the business is in?
   - Existence
   - Survival
   - Success
   - Take off
   - Maturity

6. How would you describe the organisational structure?
   - Functional structure
   - Project structure
   - Matrix structure

Evaluate the following questions
Please mark either yes or no with an (X). If NO please specify why.

7. Managerial effectiveness is critical to remaining competitive
   - YES
   - NO

If no please specify why.
8. **Effective strategic planning is critical to the long-term success of the business**

| YES | NO |

If no please specify why.

9. **The management of the company has the skills to manage growth**

| YES | NO |

If no please specify why.

10. **Effective human resource planning is enforced to maintain a motivated workforce.**

| YES | NO |

If no please specify why.

11. **There is employee satisfaction within the business**

| YES | NO |

If no please specify why.

12. **Entrepreneurs are born; entrepreneurship is not an acquired skill.**

| YES | NO |

If no please specify why.
<table>
<thead>
<tr>
<th></th>
<th>13.</th>
<th>An important part of a manager’s job is self-development.</th>
<th>YES</th>
<th>NO</th>
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<td>If no please specify why.</td>
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<td>14.</td>
<td>The business has clearly stated goals and objectives.</td>
<td>YES</td>
<td>NO</td>
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<td>If no please specify why.</td>
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<td>15.</td>
<td>Only one person in each branch attends to human resource related matters.</td>
<td>YES</td>
<td>NO</td>
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<td>If no please specify why.</td>
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<td>16.</td>
<td>I experience problems in recruiting of competent employees.</td>
<td>YES</td>
<td>NO</td>
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<td>If no please specify why.</td>
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<td>I experience problems in motivating employees to perform.</td>
<td>YES</td>
<td>NO</td>
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<td>If no please specify why.</td>
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18. The performance standards of the business are clear and easily understandable to all employees.

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<th>YES</th>
<th>NO</th>
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If no please specify why.

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19. Employees receive continuous feedback and recognition.

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<th>YES</th>
<th>NO</th>
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If no please specify why.

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20. A high level of managerial skills exists within the business.

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If no please specify why.

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**OTHER COMMENTS**

In the space provided below, please indicate any additional comments/recommendations concerning human resource and management issues in the company.

………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
Thank you for your assistance. Please return the completed questionnaire to the researcher before the 29 August 2003.

**ANNEXURE B: QUESTIONNAIRE TO EMPLOYEES**

**EMPLOYEE INTRODUCTION LETTER**

Dear colleague
I am studying towards an MBA degree at the Port Elizabeth Technikon. As part of my course I have to analyze the effective management of growth in a selected company in order to improve employee relations. Please assist me in spending 15 minutes of your time by completing the attached questionnaire. The information aims to identify whether effective management has been prevalent during growth and what impact this has had on employee relations.

The sections in the questionnaire will focus on:

- Biographical data;
- Effective management;
- Management functions;
- Business excellence;
- Employee relations;
- Employee centred management, and
- Human resources in small to medium sized enterprises.

Please complete your questionnaire by 29/08/03 and hand in to your supervisor.

Thank you for your time.

INSTRUCTIONS:

1. Indicate your choice by means of an (x) where applicable
2. Please answer all the questions.

SECTION A: BIOGRAPHICAL DATA.

1. Branch:.........................................................
2. Which department do you work in?

- Mechanical workshop
- Controls and automation
- Mechanical design
- Admin (finance, reception)
- Other

If other, please specify……………………………………..

3. Which year did you start working for this company?

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Age group

- Under 20 years
- 20 – 25 years
- 26 - 30 years
- 31 – 35 years
- 36 – 40 years
- 41 – 45 years
- 46 - 50 years
- Older than 50 years

5. Home language

- English
- Afrikaans
- Other

If other, please specify……………………………………..

6. Gender

- Male
- Female

7. Highest educational qualification achieved

- Less than Grade 10
- Grade 10
- Grade 12 (Matric)
- Diploma
Degree
Currently studying

If you are currently studying, please indicate your course

8. Marital status

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
</tr>
<tr>
<td>Living together with partner</td>
</tr>
<tr>
<td>Married</td>
</tr>
<tr>
<td>Divorced</td>
</tr>
</tbody>
</table>

9. Number of dependants

<table>
<thead>
<tr>
<th>Number of Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
</tr>
<tr>
<td>1 – 2</td>
</tr>
<tr>
<td>3 – 5</td>
</tr>
<tr>
<td>More than 5</td>
</tr>
</tbody>
</table>

10. Monthly income

<table>
<thead>
<tr>
<th>Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under R4000.00</td>
</tr>
<tr>
<td>R 4000.00 – R 6000.00</td>
</tr>
<tr>
<td>R 6001.00 – R 8000.00</td>
</tr>
<tr>
<td>R 8001.00 – R10000.00</td>
</tr>
<tr>
<td>R10001.00 – R12000.00</td>
</tr>
<tr>
<td>R12001.00 – R14000.00</td>
</tr>
<tr>
<td>Above R14000.00</td>
</tr>
</tbody>
</table>

11. Fringe benefits

<table>
<thead>
<tr>
<th>Fringe Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical aid</td>
</tr>
<tr>
<td>Pension or provident fund</td>
</tr>
<tr>
<td>Transport</td>
</tr>
<tr>
<td>Guaranteed 13th cheque</td>
</tr>
<tr>
<td>Cell phone</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

If other please specify
INSTRUCTIONS: Please rate the following statements by indicating your choice with an (X)

Rating scale

5 = Strongly agree
4 = Agree
3 = Neutral
2 = Disagree
1 = Strongly disagree
0 = Uncertain

SECTION B: Effective management
<table>
<thead>
<tr>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management clarifies goals and objectives for the tasks at hand.</td>
<td>5.0</td>
</tr>
<tr>
<td>Participation in problem solving is encouraged by management.</td>
<td>5.0</td>
</tr>
<tr>
<td>Management plan and organise an orderly workflow.</td>
<td>5.0</td>
</tr>
<tr>
<td>I receive honest and constructive feedback regularly.</td>
<td>5.0</td>
</tr>
<tr>
<td>Management recognise good performance with rewards.</td>
<td>5.0</td>
</tr>
<tr>
<td>There is healthy communication within the business amongst all members of staff.</td>
<td>5.0</td>
</tr>
<tr>
<td>Progress is monitored by relying on schedules, deadlines and useful reminders.</td>
<td>5.0</td>
</tr>
<tr>
<td>Management places a lot of emphasis on the motivation of their employees.</td>
<td>5.0</td>
</tr>
<tr>
<td>Management find it difficult to make decisions to resolve work related problems.</td>
<td>5.0</td>
</tr>
<tr>
<td>An important part of a manager’s job is to develop his people.</td>
<td>5.0</td>
</tr>
<tr>
<td>I am satisfied with the training and development program offered in the company.</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**SECTION C: Managerial functions**

<table>
<thead>
<tr>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management involves me in planning activities.</td>
<td>5.0</td>
</tr>
<tr>
<td>There are always sufficient resources to achieve a given deadline.</td>
<td>5.0</td>
</tr>
<tr>
<td>There are comprehensive policies and procedures readily available to all staff.</td>
<td>5.0</td>
</tr>
<tr>
<td>You report to one manager only.</td>
<td>5.0</td>
</tr>
<tr>
<td>The leadership style of my manager motivates me.</td>
<td>5.0</td>
</tr>
<tr>
<td>There is good communication between myself and my manager.</td>
<td>5.0</td>
</tr>
<tr>
<td>I receive feedback from management on my performance.</td>
<td>5.0</td>
</tr>
<tr>
<td>Control and monitoring is only a means of preventing failure.</td>
<td>5.0</td>
</tr>
<tr>
<td>Control is a means of ensuring success.</td>
<td>5.0</td>
</tr>
<tr>
<td>The control system is easily understandable.</td>
<td>5.0</td>
</tr>
<tr>
<td>I am satisfied with the training and development program offered in the company.</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**SECTION D: Business excellence**

<table>
<thead>
<tr>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management makes me aware that my best efforts are essential for the success of the business and that I shall be rewarded accordingly.</td>
<td>5.0</td>
</tr>
<tr>
<td>Management keeps regular personal contact with me.</td>
<td>5.0</td>
</tr>
<tr>
<td>Constant and extensive two way communication is the rule.</td>
<td>5.0</td>
</tr>
<tr>
<td>There is a high level of collaboration between departments.</td>
<td>5.0</td>
</tr>
<tr>
<td>The company concentrates on its core business.</td>
<td>5.0</td>
</tr>
<tr>
<td>I feel part of a team.</td>
<td>5.0</td>
</tr>
<tr>
<td>Attention is devoted to creating a pleasant working environment.</td>
<td>5.0</td>
</tr>
</tbody>
</table>
### Employee Skills
- Employee skills are expanded through training. 5 4 3 2 1 0
- Employees are reimbursed for tuition at outside institutions. 5 4 3 2 1 0

### Section E: Employee Relations
<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel motivated by my job.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Management pays special attention to good employee relations.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>There is only one HR manager in the branch.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>I can associate myself with the organisational culture.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Senior management sets a good example of promoting sound employee</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>relations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Section F: Employee Centred Management
<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am asked to participate in decision-making activities.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>If asked to participate I accept responsibility for my decisions.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Management presents us with problems to solve as a team.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>There is a high level of trust between myself and management.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>I am keen to participate in decision making if asked.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>I feel as if my work contribution is meaningful.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>I feel responsible for the outcome of my work.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>I am being praised for doing a good job.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

### Section G: Human Resource Management in SME’s
<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource policies and procedures pay special attention to employee</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>relations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are adequate systems in place to ensure efficient management of</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>human resources.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management has adequate experience to deal with the human resource</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>function.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There have been positive changes in the management style since I started</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>working here.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I like working overtime.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>My job requires too much overtime.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Overtime affects my personal life in a negative way.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
SECTION H: OTHER COMMENTS

In the space provided below, please indicate any additional comments/recommendations concerning human resource and management issues in the company.
Thank you for your assistance. Please return the completed questionnaire to the researcher before the 29 August 2003.