A STUDY OF GROWTH AND ENTREPRENEURSHIP OF A SMALL ORGANISATION IN THE AUTOMOTIVE INDUSTRY OF SOUTH AFRICA.

BY

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DECLARATION

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

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ANDREW STEPHEN WHITE DATE
ACKNOWLEDGEMENTS

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- The interview respondents for their time and honesty;
- The staff of the NMMU business school library, for their friendly and efficient service;
- My family who supported and motivated me during the research paper; and
- My friends and fellow students who motivated me.
ABSTRACT

Organisations evolve as do individuals. Theories have been developed to describe the growth of individuals from different points of view including human development, life stages and career stages. As with people; theories have also been developed to describe the growth stages of organisations.

Entrepreneurship plays an important role in the South African economy; especially important in light of the recent global recession. If an organisation’s entrepreneurs would like to promote growth of the organisation; resources need to be aligned to achieve the goals. The resources in question include the important human aspects of leadership and entrepreneurship among others.

In addition to resources; the organisation must have a vision and all members and employees of the organisation should work towards this common vision.

The goal of the case study research was to understand a specific organisation’s growth position and strategy to ascertain whether the organisation is prepared for growth from the point of view of leadership and entrepreneurship among other factors.

The research was done by means of literature review and interviewing members of the organisation in order to understand their perceptions of the organisation as well as themselves and other members. The findings were then analysed in conjunction with the theories.

The findings revealed strengths and weaknesses of the organisation and its members; recommendations were made based on the findings in order to promote growth of the organisation. The research identified problems related to leadership, entrepreneurship and organisational growth as expected; however the research also revealed a key problem in the organisation – the lack of a common vision among the members.
TERMINOLOGY

Industry specific terminology and abbreviations may be used in this research assignment. This section will offer the reader short informative descriptions of the terminology in order to create a clear understanding of the organisation and its industry.

DSA - Data System Applications
DSA is a German based organisation that is one of the world leaders in automotive diagnostics. DSA have worldwide presence and have systems in the majority of automotive manufacturers.

ECU – Electronic Control Unit
ECU is an abbreviation for Electronic Control Unit. ECU’s also referred to as ‘on-board computers’ are embedded electronic systems that control electrical and mechanical systems of a motor vehicle. ECU’s are used to control systems such as engines, airbags, gearboxes and braking. ECU’s in modern vehicles share information through in-vehicle networks.

Members, Shareholders and Directors
Members, shareholders, directors will be used interchangeable in this document.

OBD – On-Board-Diagnostics
On board diagnostics is the terminology which refers to data based communications and control systems (computers) that are used in vehicles for information and control.

OBD systems were introduced in the early nineties primarily as result of pressures from the California Air Resources Board (C.A.R.B.) which implemented requirements that all vehicles manufactured from 1996 onwards in the United States would need to comply with legislation pertaining to vehicle emission systems. The first ECU’s were introduced for engine management to
control and gather emission information. Manufacturers started seeing the advantages of using control units in vehicles and they were used for more and more functions within the vehicle. Vehicles these days can have more than fifty ECU’s each which are networked within the vehicle and perform functions related to power train, safety and comfort.

**OEM – Original equipment manufacturers**

OEM’s are original equipment manufacturers. For the purposes of this study; it will refer to automobile manufacturers.
# TABLE OF CONTENTS

DECLARATION ................................................................. i

ACKNOWLEDGEMENTS ....................................................... ii

ABSTRACT ................................................................. iii

TERMINOLOGY .............................................................. iv

TABLE OF CONTENTS ....................................................... vi

LIST OF TABLES ........................................................... xi

LIST OF FIGURES .......................................................... xii

**CHAPTER 1**

PROBLEM STATEMENT AND OUTLINE OF THE STUDY

1.1 INTRODUCTION ........................................................... 1

1.2 PROBLEM STATEMENT .................................................... 2

1.3 RESEARCH OBJECTIVES .................................................. 2

1.3.1 Primary Objective .................................................. 2

1.3.2 Secondary Objectives .............................................. 3

1.4 SCOPE OF THE RESEARCH .............................................. 3

1.5 SIGNIFICANCE OF THE RESEARCH ................................... 4

1.6 RESEARCH DESIGN ..................................................... 4

1.7 STRUCTURE ............................................................. 5

1.8 CONCLUSION ........................................................... 6
CHAPTER 2
OVERVIEW OF THE SELECTED BUSINESS

2.1 INTRODUCTION 7
2.2 OVERVIEW 7
2.3 HISTORY 8
  2.3.1 Roots of the organisation 8
  2.3.2 Strategic partnerships 8
  2.3.3 Ownership 8
  2.3.4 Management 8
  2.3.5 Entrepreneurship 9
  2.3.6 Organisation structure and reporting lines 9
2.4 MARKETS SERVED 9
  2.4.1 Customer Profile 9
  2.4.2 Products and service provided 10
  2.4.3 Geographic regions 11
2.5 GROWTH 11
  2.5.1 Structural growth 11
  2.5.2 Financial Growth 12
  2.5.3 Strategic Growth 13
  2.5.4 Growth in Maturity 13
2.6 CONCLUSION 14

CHAPTER 3
ORGANISATIONAL GROWTH AND ENTREPRENEURSHIP

3.1 INTRODUCTION 15
3.2 ORGANISATIONAL GROWTH 16
  3.2.1 Greiner’s growth model 17
  3.2.2 Churchill’s five stage growth model 21
  3.2.3 Common problems related to growth 22
  3.2.4 Conclusion 22
3.3 ENTREPRENEURS 23
CHAPTER 4
RESEARCH METHODOLOGY

4.1 INTRODUCTION

4.2 RESEARCH PARADIGMS
4.2.1 Positivistic and phenomenological research
4.2.2 Inductive or deductive logic
4.2.3 Phenomenological research
4.2.4 Case studies

4.3 RESEARCH DESIGN
4.3.1 Interviews as means to collect case study data
4.3.2 Data collection

4.4 VALIDITY AND RELIABILITY

4.5 DATA ANALYSIS
4.6 CONCLUSION

CHAPTER 5
FINDINGS

5.1 INTRODUCTION
5.2 DEMOGRAPHICS
5.3 ORGANISATIONAL GROWTH
5.4 ENTREPRENEURS
5.4.1 Human Development
5.4.2 Life Stages
5.4.3 Career Stages
5.4.4 Entrepreneur life cycle
5.4.5 General
5.5 ENTREPRENEUR COMPETENCIES FOR SME’S
5.6 LEADERSHIP
5.7 GROWTH STRATEGIES
5.8 CONCLUSION

CHAPTER 6
CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION
6.3 ENTREPRENUERS
6.4 COMPETENCIES
6.5 LEADERSHIP
6.6 GROWTH AND GROWTH STRATEGIES
6.7 CONCLUSION

REFERENCES

APPENDIX A

INTERVIEW QUESTIONNAIRE
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Organisation employee level overview</td>
<td>4</td>
</tr>
<tr>
<td>4.1</td>
<td>Organisation membership</td>
<td>55</td>
</tr>
</tbody>
</table>
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Organisational structure</td>
<td>9</td>
</tr>
<tr>
<td>2.2</td>
<td>Head count</td>
<td>11</td>
</tr>
<tr>
<td>2.3</td>
<td>Turnover</td>
<td>12</td>
</tr>
<tr>
<td>2.4</td>
<td>Profitability</td>
<td>13</td>
</tr>
<tr>
<td>3.1</td>
<td>Greiner’s growth phases</td>
<td>18</td>
</tr>
<tr>
<td>3.2</td>
<td>Hersey and Blanchard situational leadership model</td>
<td>40</td>
</tr>
<tr>
<td>3.3</td>
<td>Ansoff growth model</td>
<td>44</td>
</tr>
<tr>
<td>5.1</td>
<td>Working life of members</td>
<td>68</td>
</tr>
</tbody>
</table>
CHAPTER 1

PROBLEM STATEMENT AND OUTLINE OF THE STUDY

1.1 INTRODUCTION

Business environments and industries are continually changing; these changes act as external forces on the business. Experience indicates that this is especially true for the technology advancements in the automotive industry in both products and manufacturing techniques. In addition to the external forces, the growth of an organisation creates an internal force of change on the business.

*If the rate of change outside your organisation is greater than the rate of change inside your organisation, the end is in sight.* - Jack Welch. 1995.

As businesses grow; they pass through different stages. Various models have been developed to illustrate the growth stages through which most organisations pass and attempt to explain the challenges at those stages.

S4 Integration is a privately owned organisation operating in the South African automotive industry. The focus of the organisation is on supplying and maintaining specialised electronic and computerised tools and services used mainly for quality assurance and production support in the automotive industry.

The head office of S4 Integration is based in Port Elizabeth with satellite offices in Pretoria and Durban. The organisation has had steady growth (in terms of number of employees as well as financially) since inception in 1996; the organisation currently employs approximately forty staff members of which the majority hold a minimum of a national diploma.

The way that change and growth is managed in organisations will determine the success or failure of the organisation.
1.2 PROBLEM STATEMENT

The strategy of the organisation and its entrepreneur’s expectations of the organisation should be aligned in order to create an environment in which all entrepreneurs are motivated and work towards common goals. Furthermore, the entrepreneur’s life stages and personal life plans should be synchronised with the needs of the organisation to achieve the goals. As organisations pass through different stages of growth; they require different resources to assist in progression to next stages. As with organisations and their growth phases; entrepreneurs also undergo growth stages in many different areas of their lives.

Entrepreneurs being individuals each have their own set of characteristics in terms of personality, leadership style, entrepreneurship type, skills, life stage and career stages.

The challenge of an organisation is to create a strategy that best matches the expectations of all the entrepreneurs and members. The resources of the organisation need to be aligned in order to achieve the common strategy. The problem is as to how the organisation makes use of its leaders and entrepreneurs to achieve strategy; and how does it deal with inconsistencies in goals of entrepreneurs and shortfalls of specific skills or resources that it will require to sustain or grow the organisation?

1.3 RESEARCH OBJECTIVES

The research objectives are divided into primary and secondary objectives

1.3.1 Primary Objective

The primary objective is to understand the expectations, life stages and goals that the members (shareholders) of the organisation have for the organisation and determine the means to achieve the goals through entrepreneurship, leadership and strategies.
1.3.2 Secondary Objectives

The secondary objectives of the research are:

- Identify the growth stage of the organisation;
- Identify the growth goals that members have for the organisation;
- Identify life stages of members;
- Identify career stages of members;
- Identify leadership skills of members;
- Identify growth strategies for the organisation; and
- Identify fits and misfits of members to the growth strategy.

1.4 SCOPE OF THE RESEARCH

The study will be based on a single organisation that operates in the South African automotive industry.

The study will focus on the South African operations and will exclude off-shore support work that is performed for suppliers from time to time. The non-natural member of the organisation (Data Systems Applications) will be excluded from the study for the following reasons:

- It is an organisation and not a natural person, therefore is not relevant in terms of entrepreneurial and leadership aspects;
- Geographic location;
- It is distanced from day to day operations;
- It is excluded to a large degree from strategy and decision making;
- It is a relatively new member of the organisation and is not familiar with the organisation on a deep level; and
- It is not familiar with the South African business environment.

The research data collection will be performed in the Port Elizabeth area only since this is the location of the head office of the organisation at which the members of the organisation is based.
The study considers all geographical areas in South Africa as a result of the nature of the study. The results will be applicable to the geographical areas of representation in South Africa. The geographic areas are:

- Port Elizabeth;
- Durban; and
- Pretoria.

The study will gather information from natural members of the organisation.

1.5 SIGNIFICANCE OF THE RESEARCH

Organisations are unique entities. Each organisation has its own goals and objectives.

Research shows that there is a vast supply of theories and models on organisational growth, as well as many on the many aspects of entrepreneurs and entrepreneurship. The problem is that these models are generalised and do not cater for the large number of variables that exist in real world organisations in practice.

A study is required in order to determine the very specific needs of the specific individuals who are leaders of the organisation and challenges related to a very unique organisation.

1.6 RESEARCH DESIGN

The organisation consists of employees, managers and directors as depicted in Table 1.1. The directors are all members of the organisation. The empirical research will involve only the members of the organisation as the usefulness of the study will be reliant on their specific goals, feelings and objectives.

Table 1.1: Organisational Employee Level Overview

<table>
<thead>
<tr>
<th>Level</th>
<th>Population</th>
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</thead>
<tbody>
<tr>
<td>Members</td>
<td>3</td>
</tr>
<tr>
<td>Manager</td>
<td>4</td>
</tr>
<tr>
<td>Supervisor</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
</tr>
</tbody>
</table>
Exploratory research will be carried out in order to understand the current situation and make conclusions as to how the objectives can be reached. The process will be as follows:

- A secondary literature review will be conducted in order to understand growth phases of organisations;
- A secondary literature review will be conducted in order to understand entrepreneurs, their characteristics and stages of their lives;
- A secondary literature review will be conducted in order to understand leadership;
- Design the questionnaires for interviews;
- Execute the data collection by conducting the interviews;
- To capture the data electronically and transcribe word for word to a Microsoft Word document with a summary in an electronic spreadsheet;
- Conduct a content analysis of the data;
- Document findings of the interviews; and
- Conclusions will be made based on findings in literature review and data collection.

1.7 STRUCTURE

The study will be divided into six chapters.

The first chapter will outline the scope of the study, the problem statement, the objective of the study, and the research methodology.

The second chapter starts by explaining the history of the organisation and then discusses various aspects of the organisation including its structure, products and markets. The chapter gives the reader a better understanding of the organisation being researched and the industry in which it operates.

Chapter three is the literature review which will discuss various aspects and theories of entrepreneurship, life stages, leadership, and organisational growth. Links between the growth of the organisation and the entrepreneurial aspects will be discussed.
The fourth chapter discussed the research methodology of the study. This chapter will also cover the results of the validity and reliability assessments of the instruments that were used in the study.

The fifth and final chapter will consist of the empirical results of the study which will be interpreted, summarized and then the implications will discussed.

Recommendations based on the findings and research will be made in chapter six.

1.8 CONCLUSION

This chapter serves as an introduction to the study by describing the problem statement and outline of the study. The chapter started with a short introduction to the organization that is the focus of the study. Subsequently, the problem statement was made and primary and secondary research objectives of the study were noted. Following the objectives were the specific details of the research pertaining to the scope, significance of research and design of the research. The chapter concluded by discussing the structure of the study.

The following chapter will give the reader a better understanding of the business that is the subject of the research.
CHAPTER 2

OVERVIEW OF THE SELECTED BUSINESS

2.1 INTRODUCTION

This chapter gives an overview of the selected business which is the focus of this research study. The purpose of the study is to identify the strategy for the organisation to follow to ensure organisation continues to grow and to minimize the effects of any pitfalls usually encountered during growth.

Information in this chapter is based on opinions of members of the organisation. Financial information was supplied by the organisations accountants.

2.2 OVERVIEW

The selected organisation is a South African owned organisation and operates in the automotive industry in South Africa and also has some involvement in the automotive industry worldwide. The core business started in the supply and servicing of equipment used to program On-Board-Diagnostic systems of vehicles during the assembly process.

The expertise of the organisation and its involvement in the assembly areas of the OEM’s has resulted in expansion into supply and support of other production and quality systems used in the assembly operation.

The organisation has also extended its vehicle diagnostics expertise into the vehicle OEM service or repair shop arena.
2.3 HISTORY

2.3.1 Roots of the organisation

The roots of S4 Integration lie in a Johannesburg based organisation called Man-Machine Dynamics (MMD). MMD operated in the Johannesburg / Pretoria automotive industry from the early 1990’s until around 2002. In 1992 MMD opened an office in Port Elizabeth to service the automotive industry of the Eastern Cape. After being in operation for two years; the management of the Port Elizabeth operation split from MMD as a result of differences with the organisations’ ownership. They then formed S4 Integration (initially trading as Man-Machine Dynamics East Cape) in 1994. The organisation traded as S4 Integration since 1996.

2.3.2 Strategic partnerships

The organisation has formed strategic partnerships with global suppliers to the automotive manufacturing industry. The partnerships are a key to success of the organisation in an industry where sourcing and purchasing decisions for the OEM’s investments in capital equipment are often made on a global level.

2.3.3 Ownership

The organisation has been privately owned since it was formed. Changes in ownership since formation have been:

- Addition of a member in 2007 (Candidate A);
- Retirement of a member in 2010;
- Addition of a private company as a member in 2010; and
- Addition of a member in 2010 (Candidate C).

The addition of a private company as member in 2010 resulted in change of the company from a Closed Corporation to a Propriety Limited company.

2.3.4 Management

Top management of the organisation has primarily been performed by the members. Top management responsibilities are shared between members in order to promote flexibility. Middle management functions are performed by technically qualified employees due to the technical nature of the work. The majority of the managers have no formal management training.
2.3.5 Entrepreneurship

With lack of formal management skills within the top management level; entrepreneurship has been a key factor of the organisation's success. The entrepreneurial nature of the members has resulted in success in an area of expertise where there are very few role players in South Africa.

2.3.6 Organisation structure and reporting lines

The organisational structure is displayed in figure 2.1. The members assume responsibility for the strategic direction of the company. The members also have shared and individual functional roles. The reporting lines are shown in the figure. The blocks depicting staff refer to a group of staff members and not individual people.

Figure 2.1: Organisational Structure

2.4 MARKETS SERVED

2.4.1 Customer Profile

The customers of the organisation are predominantly the automotive OEM’s of South Africa. In addition to OEM’s the organisation also supplies goods and services to tier-one and tier-two automotive suppliers.

The organisation also offers software development services to one of its German partners.
Primary customers of the organisation are:
- BMW of South Africa;
- Diagnostic System Applications (Germany);
- Ford South Africa;
- General Motors of South Africa;
- Johnson Controls South Africa;
- Toyota South Africa Manufacturing;
- MAN South Africa; and
- Volkswagen of South Africa.

The range of products and services currently supplied makes it difficult to enter other industries.

2.4.2 Products and service provided

The range of products and services can be broken into different categories.

End-of-line diagnostic systems
The organisation supplies equipment to the OEM’s used to program and test vehicle diagnostic systems. In most cases the systems are supplied, installed and operated by the organisation.

Quality systems
The organisation supplies equipment for electronic data collection.

Production systems
Equipment used in the production process for very specific functions is supplied and supported. These systems are combination of electronic control systems as well as mechanical installations. Examples of systems supplied are automatic wheel alignment systems and automotive fluid filling systems.

Dealership diagnostic system development
A team of developers are employed to develop software used for diagnostic systems used by OEM’s in the service and repair centres.
2.4.3 **Geographic regions**

S4 Integration operates in the three regions in South Africa where the automotive industry is present.

The head office is based in Port Elizabeth. A sales and support office is based in Pretoria. A support office is based in Durban.

2.5 **GROWTH**

2.5.1 **Structural growth**

One factor that will be investigated as part of this study on organisation growth is the increase in number of employees. Figure 2.2 shows the actual employee complement from 1996 until 2010. The solid line plotted on the graph represents the actual number of employees against years. The dotted line represents the trend of an annual increase in employee numbers of fifteen percent. The overall trend is that the actual growth has been consistent with annual growth of fifteen percent. The main deviation from the general trend occurred between 2008 and 2010. The reasons for the deviations were (i) opening of a new division in 2008 and (ii) global recession between 2008 and 2010.

Figure 2.2: Staff head count
2.5.2 Financial Growth

Turnover figures are one means of measuring the growth of an organisation. For confidentiality purposes, the turnover graph in Figure 2.3 shows a representation of turnover per annum as a ratio to the first year of trading. Therefore the turnover of the first year is the base of ten units.

Figure 2.3: Turnover

Another means of measuring financial position of an organisation is by looking at the percentage of profit to turnover. Figure 2.4 shows percentage profit per annum for the organisation. The results seem to be relatively inconsistent; this is partially due to the fact that turnover is skewed in some cases. This is as result of differences of order placement by customers (with the organisation or directly with overseas partners); and commissions received from agencies. In cases where large projects went directly through the books of the organisation the percentage profit will be reduced as result of excessive turnover.
2.5.3 Strategic Growth

Strategic growth has played its role in the success of the organisation. The major strategic activities have been through partnerships with European system manufacturers and suppliers that have been built up over the years. The long term partnerships attribute to the organisation's success.

The software development division can be attributed to strategic efforts to enter new markets. This division has proved to be very successful.

New strategies need to be developed in order to continue growth of the organisation.

2.5.4 Growth in Maturity

The growth of employees and growth of finances have created the need for the organisation to mature. The maturity has occurred in many different facets of the organisation.

In 2004 the organisation relocated its head office in order to address shortage of space at its previous premises. The relocation was also used as a vehicle to improve the brand image of the organisation.
Technology changes have occurred partially as result of technological advances and also through needs of the organisation. Larger number of users has resulted in information technology systems including higher specification network infrastructures and servers. The need also arose to develop an intranet in order to handle the increased administration and communication between the head office and on-site offices.

Internal structures have matured with increase in levels of management and delegation and responsibilities.

Changes to legislation and pressure from customers have forced the organisation to start to mature in terms of social responsibilities; for example becoming more aware of Broad Based Black Economic Empowerment (BBBEE), Skills Development and benefits for employees. Recently the organisation has initiated actions to implement International Standards Organisation nine thousand and one (ISO9001) in an effort to assure our customers of quality service and products.

2.6 CONCLUSION

This chapter provided a brief overview of the selected organisation in order to provide better understanding of the organisation to the reader. The following chapter will take a look at theories of entrepreneurs, entrepreneurship, leaders and growth of organisations.
CHAPTER 3

ORGANISATIONAL GROWTH AND ENTREPRENEURSHIP

3.1 INTRODUCTION

This chapter gives a brief overview of various aspects pertaining to entrepreneurship and organisational growth. The chapter starts with a discussion on organisational growth theories based on stages that organisations progress through; followed by theories of entrepreneurs – who are usually the drivers of growth in small and medium sized organisations. Literature related to the growth and development of entrepreneurs will be reviewed which includes development of the entrepreneur, life stages and career stages. Following the discussion on entrepreneurs is a short overview of leadership. The chapter will conclude by looking at fits and misfits of the entrepreneur and the business lifecycle.

The Entrepreneur (Henricks, 1997) proposes that companies who take cognisance of their organisation’s stage of growth are able to make smarter management decisions by ‘fitting the cycle of a business’s life into sequential stages of growth can help entrepreneurs be alert to problems that they are likely to encounter, prepare for proper skills and resources at each stage, and realise when the old ways of doing things are no longer appropriate’.

The approach of this study will be based on the assumption that organisations do in fact pass through different growth stages as the theory proposes. Therefore the theories will act as a foundation of this study.
3.2 ORGANISATIONAL GROWTH

As a result of the multi faceted nature of organisations, entrepreneurs should view organisational growth from four different interdependent viewpoints (Wickham, 1998):

- Financial growth;
- Strategic growth;
- Structural growth; and
- Organisational growth.

Financial growth is measured quantitatively through accounting principles; and is the most common method of reporting growth to stakeholders. Standard accounting measurements for growth include increase in profit, return on investment, increase in sales and increase in assets.

Strategic growth refers to the way in which the organisation interacts with the environment and the future objectives of the organisation. Strategic growth is not measured quantitatively; and therefore not a common measurement for external stakeholders.

Structural growth is concerned with changes to the size of the organisation, operating technology, strategy of competition and the environment (Nieman & Pretorius, 2004).

Organisational growth refers to changes that occur in process, culture and attitude as the business grows; and includes change in the entrepreneur’s role in the organisation.

Zhou & De Wit (2009); discusses growth of organisations by means of three types of determinants – individual, organisational and environmental. The organisational determinants are strongly related to Wickham’s (1998) work.

- Strategies;
- Specific resources;
- Organisational structure; and
- Dynamic capability.
3.2.1 Greiner’s growth model

Greiner (1972) developed a model of organisational growth stages. The model was used to categorise the problems that organisations face during different stages of development. The model addresses style of management, organisation structure, formality, strategy and relationship between the business and the owner.

The model divides organisational growth into five stages; of which each have their own characteristics. The growth stage was determined by the maturity of the business and the size of the organisation. This model can be used to determine the current growth stage of the organisation; and to anticipate problems that may occur in future so that strategy can be managed or adjusted. Between each distinct stage of the model; there was a so called ‘crisis’ stage that the organisation would have to overcome in order to reach the next stage.

Greiner (1972) identified what he called ‘key dimensions’ in the model of organisational development. The model is represented in Figure 3.1. The dimensions were:

- Age of the organisation;
- Size of the organisation;
- Stages of evolution;
- Stages of revolution; and
- Growth rate of the industry.
Creativity is the first stage of organisational growth. This stage is largely about creating a product and a market. The stage is characterised by the following:

- Founders are usually technically minded;
- They disdain management activities;
- Communication between employees is frequent and informal;
- Long hours of work with little reward; and
- Control of activities comes directly from the market.

The growth of the organisation then results in a Crisis of Leadership. The entrepreneur has little knowledge of efficiencies of manufacturing; is not able to deal with growing number of employees and their demands. New employees are not motivated as others were due to dedication to the organisation. Increased capital is also required to run the organisation. The result is that the entrepreneur is burdened with unwanted management responsibilities. This crisis is solved by appointing a strong business manager.
Once the new business manager is in control; the organisation once more has direction. **Growth through Direction** is usually characterised by the following:

- Functional organisation structure;
- Accounting systems;
- Incentives, budgets, work standards; and
- Communication becomes more formal and impersonal.

The **Autonomy Crisis** occurs when employees find themselves restricted by cumbersome and centralized hierarchy. Employees know more about the product, equipment and market than the leaders at the top. This crisis is usually solved by increasing delegation. Lower level employees are likely to be disenchanted and leave the organisation.

**Growth through Delegation** occurs as result of the success of decentralisation and has the following characteristics:

- More responsibility is given to managers;
- Profit centres and bonuses are used for motivation;
- Top executives manage by exception based on field reports;
- Management focuses on new acquisitions; and
- Communication from the top is infrequent.

Following delegation is a **Control Crisis**. Greiner (1972) proposes that this occurs when top executives sense they are losing control of the organisation. They often try to decentralise in order to regain control. This usually fails and companies then find a new solution using special coordination techniques.
Growth through Coordination occurs when the realisation is made that new coordination systems are useful for achieving growth. Examples are:

- Decentralised units are merged into product groups;
- Formal planning procedures are established;
- Staff and personnel hired for headquarters to initiate company wide programs;
- Capital expenditure carefully weighed;
- Each product group is treated as an investment centre;
- Technical functions are centralised at headquarters; and
- Stock options and company-wide profit sharing are sued to encourage identity of the firm as a whole.

The Red Tape Crisis occurs when lack of confidence builds between line and staff; and between headquarters and field. Both groups criticise the bureaucratic paperwork systems that have evolved. Procedures take precedence over problem solving and innovation is dampened.

According to Greiner (1972), the final stage Collaboration occurs when a more flexible and behavioural approach to management occurs. It is characterised by:

- Focus on solving problems quickly by team action;
- Teams are combined across functions;
- Headquarters staff experts are reduced in number, reassigned and combined in interdisciplinary teams to consult with field units;
- Matrix structure is frequently used;
- Formal systems are simplified;
- Educational programs used to train managers on behavioural skills for managing;
- Real time information systems are integrated into daily decision making; and
- Rewards are geared to teams; not individuals.
Churchill (1983) identified certain weaknesses of Greiner’s model. Greiner’s model assumes that the company must grow and pass through all stages of development or die in the attempt. It also does not capture the important early stages of growth. Lastly, company size is characterised in terms of annual sales and ignore other factors for example value add, number locations, complexity of product and rate of change of product and technology.

3.2.2 Churchill’s five stage growth model

Churchill (1983) developed an alternative model. The model consists of only five stages: Existence, Survival, Success, Take off and Resource maturity.

Existence is the first stage, and is typically the point at which the entrepreneur is the business. During this stage, no formal systems have been implemented and the strategy of the organisation is to continue to exist. The business is the owner; and organisational structure, if any, is flat.

During the Survival stage; the size of the organisation has grown; and the goal is to ensure that the organisation survives. The owner is still largely the business.

The Success stage is divided into two categories – disengagement and growth. During disengagement; the owner disengages from the business to pursue other goals or interests. During the growth-success stage; the owner consolidates the organisation and prepares for additional growth.

The key problems of the Take-off stage are how to grow rapidly and how to finance the growth. The important questions are regarding delegation and cash. Can responsibility be delegated to improve managerial effectiveness? And where will the cash resources come from?

The final stage is Resource Maturity. In this stage the concern is as to how to consolidate and control the financial gains brought on by rapid growth. A second concern is how to retain advantages of a small size organisation. Tools such as budgets, strategic planning, management by objectives and standard cost systems are used to formalise the company. Staff and financial resources
are entailed in operational and strategic planning. Management is decentralised, adequately staffed and experienced. The goal at this stage is to maintain the entrepreneurial spirit of the organisation and not to fall into the pitfall of losing innovative decision making and risk taking.

Churchill’s model, being more simplistic, is more suitable in understanding the perceptions of stakeholders regarding the current position of the organisation. The stages are more readily understood than the Greiner model. The Greiner model does however add value.

3.2.3 Common problems related to growth

In an article; King (2007) identified challenges that prevent small business growth; in this article; she refers to a list of challenges as identified by James Phillipson.

- Lack of fixed capital;
- Lack of management skills;
- Lack of information about what is and is not working;
- Lack of a plan;
- Poor procedures;
- Ignoring risks;
- Lack of focus; and
- Failure to plan for issues absorbing most of your time.

3.2.4 Conclusion

Most organisations undergo similar changes in their growth lifecycle. Models of organisational growth have been developed over the years to explain the general trends of growth. As mentioned above, Greiner’s growth model discusses growth in terms of different crises during the growth of an organisation.

These are by no means all of the challenges that entrepreneurs and organisations face during growth. Other challenges will be faced in conjunction to the means by which the organisation can build growth. The next section will
deal with entrepreneurs and leadership followed by mechanisms by which growth can be achieved.

3.3 ENTREPRENEURS

The Merriam-Webster dictionary (1852) defines an entrepreneur as ‘one who organises, manages and assumes the risks of a business or enterprise’.

www.moneybiz.co.za (11 May 2010) defines an entrepreneur as ‘someone who assumes the financial risk of beginning and managing a new venture or business. The business can be based on a totally new idea, a new way of doing something, a new location, or attempting something no one else has done before.’

Not all people are entrepreneurs. People have different preferences for their career as a result of personality, education etcetera. Timmons (1985) completed a study of fifty entrepreneurs and identified the following characteristics:

- Total commitment, determination and perseverance;
- Drive to achieve and grow;
- Taking initiative and personal responsibility;
- Persistent problem solving;
- Calculated risk-taking and risk-seeking;
- Internal locus of control;
- Realism and sense of humour integrity and reliability;
- Opportunity and goal orientation low need for status and power; and
- Seeking and using feedback.

Similar to Timmons (1985); Longenecker and Moore (1991); also identified certain characteristics often found in entrepreneurs. The characteristics of their model include:

- A high need for achievement;
- Willingness to take risks (financial, career, family, psychic);
- Self confidence; and
- Need to seek refuge.
The absence of these characteristics does not necessarily result in an individual not being entrepreneurial.

The South African government has realised the potential of small business’s contribution to economic growth and as result introduced the small business act in 1996 (Nieman, 2001). The focus of the small business act was on development of Small and Medium Sized Enterprises (SME’s); primarily in disadvantaged communities. Since then additional policies have been implemented, for example The Integrated Small Business Enterprise Development Strategy was focused on promoting entrepreneurship, creating conducive organisation growth environments and enhancing competitiveness and capabilities.

Over the last few decades; global trends show that employment has shifted from large organisations to smaller organisations. Research in the US shows that since 1980; the majority of employment growth in the US has been as result of small entrepreneurial organisations; and not by large corporations (Alley, 2009). Kiviat (2009) found that during and after recessions; larger organisations are responsible for greater job destruction than smaller organisations. Two different theories attempt to explain the situation. One theory suggests that larger companies are usually manufacturers; a sector that gets hit more during recession; and that larger organisations are often under higher pressure from shareholders. Another theory suggests that organisations fight for good workers; and that the good workers are employed by the smaller enterprises during turbulent times; and by larger organisations when time are less turbulent and they are afforded.

‘The message here is clear: big business loses jobs, and small business makes them again. As someone who’s started a few companies that are still increasing employment, I’m proud of the role that entrepreneurs have in making jobs’ (Alley, 2009).
It is estimated that ninety-eight percent of South Africa’s organisations are small businesses; which employ approximately fifty-five percent of South Africa’s labour force and forty-two percent of the country’s wage bill (Mpahlwa : 2006). Mpahlwa (2006) went on to state that company registrations were on the rise and that government needs to further develop skills and number of entrepreneurs in order to realise the full potential of this sector.

The GEM report by Maas & Herringson (2006) identified main contributing factors to entrepreneurship in South Africa. The factors were as follows:

- Entrepreneurship is becoming a key focus of the government;
- Government regulations such as lower taxation;
- Stable economic conditions;
- Implementation of central organisation such as Small Enterprise Development Agency;
- Entrepreneurial education encouraged in schools;
- Development of entrepreneurial awareness among young people;
- More role models in entrepreneurship; and
- Unemployment and retrenchment pushes people into self-employment.

The global recession which started in 2007 has resulted in high levels of unemployment globally. South Africa has not experienced as severe increase in unemployment as did some countries in the rest of the world; however South Africa was not unaffected.

It is clear that entrepreneurs will play a vital role in South Africa’s future. It is therefore critical that entrepreneurship becomes a key focus of all forms of education. It is important that the education includes aspects related to all stages of organisational growth as will be discussed in the next section.
3.4 THE PERSONAL GROWTH OF THE ENTREPRENEUR

The personal growth of entrepreneurs occurs in different facets of their lives. Many theories have been developed over the years; these theories can be divided into distinct categories which are primarily based on individual (personal) life stages and career stages. Personal life stages are concerned with human development, life stages and career stages. The convergence of the life stages, career stages and life cycle of the leaders has an effect on the growth rates and sustainability of the organisation.

3.4.1 Human development

Erikson (1963) identified stages of human development in terms of psychological dilemmas. Erikson’s work was an extension of Sigmund Freud’s work which had not yet dealt with the adult stages. Erikson identified eight dilemmas which were closely linked to the age of the individual. Three of the dilemmas are applicable to adult entrepreneurs and their working life, these are:

- Intimacy versus Isolation (age eighteen to thirty);
- Generativity versus Stagnation (age thirty to forty-nine); and
- Ego integrity versus Despair (age fifty and older).

Arnett (2000) proposed a new developmental stage in line with Erikson’s stages which focuses on the ages eighteen to twenty-five in industrialised societies. This was called ‘emerging adulthood’ and deals with the greater diversity that people now have as they leave school. Essentially it deals with the prolonged period of independent role exploration. This is a result of the many options that people have at this stage of life; for example studying further, leaving home and cohabitating with an intimate partner.

In Erikson’s (1963) model Intimacy versus Isolation refers to the virtue of love in individual, work and family relationships. This stage usually takes place between ages of eighteen and thirty. This stage deals with the individual and relationships and who they want to date, who they want to be with and what they are going to do in life. Erikson believes people are sometimes isolated due to intimacy. People who fear commitment to relationships or relating to others on deep and personal levels may retreat to isolation. Reconciling of identity with regards to intimacy has an influence on the entrepreneur in that it will affect the
manner in which the entrepreneur develops relationships with employees. This is especially important at the early stages of organisational development as the entrepreneur builds the organisation from a one man entity to a larger entity with subordinates.

A strong sense of identity is a main characteristic of charismatic leaders because they have explicit motives and values that they are able to easily articulate to their followers (Gardner & Avolio, 1998).

Generativity versus Stagnation stage takes place between ages thirty and forty-nine. Generativity refers to the establishment and guiding of a next generation. It has to do with the extension of the family of the individual; however the meaning is deeper. Generativity also has to do with the developmental task of contribution to society – working towards the betterment of society and feeling a sense of accomplishment. Stagnation refers to people who are self-centred and are unable or unwilling to help society to progress; which may result in a feeling of dissatisfaction.

During the growth stages of the organisation; if the leader has accepted himself and is not egotistical; he will accept criticism which is needed in order for the organisation to continually improve. If leader does not individuate he will not be able to lead the organisation to next stage of growth. A leader who has worked through identity, intimacy and generativity should be capable of leading an organisation from start-up through to maturity.

Erikson’s (1963) Integrity versus despair stage takes place from age fifty. This stage deals with slow down in productivity and eventually retirement. People often review their life and achievements. If they feel that they have lead a successful life; they will develop integrity. If however they feel that their life was unproductive; they will feel dissatisfied and develop despair. The integrity versus despair dilemma could have an effect on the organisations growth. If the entrepreneur has developed integrity; it is likely that he will mentor his successors and be driven to leave a legacy. If the entrepreneur fails to reach integrity; there is a good possibility that the feeling of despair will result in the entrepreneur allowing the organisation to decline and ultimately be destroyed.
### 3.4.2 Life stages

Many different life stage theories exist. Two of the well known life stage theories are the theories of Gould (1978) and Levinson (1978).

Both theories segment life into different stages; each stage has a typical age range in which people experience and overcome stages. Gould's theory was based on life development themes which covered life stages such as:

- Leaving home (age sixteen to twenty-two);
- Learning to do things your own way (twenty-three to twenty-eight);
- Opening up to what’s inside (twenty-nine to thirty-four);
- Mid-life decade (thirty-five to forty-three);
- Realisation (forty-four to fifty); and
- Meaning making (fifty and older).

Levinson’s theory was similar to that of Gould however Levinson identified periods of transitions in which are characterised by turmoil and stress; and stable periods characterised by commitment and focus.

- Early adult transition (age seventeen to twenty-two);
- Enter adult world (age twenty-three to twenty-eight);
- Age thirty transition (age twenty-eight to thirty-three);
- Settling down (age thirty-three to forty);
- Mid life transition (age forty to forty-five);
- Beginning middle adulthood (age forty-five to fifty);
- Age fifty transition (age fifty to fifty-five);
- Second middle adult structure (age fifty-five to sixty);
- Late adult transition (age sixty to sixty-five); and
- Late adult era (age sixty-five and older).

The life stages of interest in this study are those that are experienced during the entrepreneurs’ career.
Levinson’s theory will be discussed briefly since it pays attention to areas of transition and of stability which is of particular interest in terms of the entrepreneur and career and organisational growth. Levinson’s stages that take place during the career of the entrepreneur are:

- Age thirty transition (age twenty-eight to thirty-two);
- Settling down (age thirty-two to forty);
- Mid life transition (age forty to forty-five);
- Beginning middle adulthood (age forty-five to fifty);
- Age fifty transition (age fifty to fifty-five);
- Second middle adult structure (age fifty-five to sixty); and
- Late adult transition (age sixty to sixty-five).

Sherman (1997) found that many growing companies are established in the early life stages of entrepreneurs; when all of the co-founders are either unmarried or in the early stages of a marriage. Therefore as the business is growing; so is the founder’s family. Additionally, the entrepreneur is working extended hours. This may lead to conflict of interest between work and family and the entrepreneur must find the balance between the two. Demographics regarding ages of getting married are shifting are more likely to be the stages of entering the adult world, the age thirty transition and the settling down stage.

Levinson (1978) established that the Age Thirty Transition usually takes place between ages of twenty-eight and thirty-two. At this stage people reflect on what they have achieved to date; and often feel that they are running out of time. People consider what is important to them and look at how they should adjust their life. Levinson found that divorce and career change often take place during this period. The degree of changes differs from person to person; and change can be gradual or traumatic. The drive for change to adjust ones life could act as a catalyst for entrepreneurial activity.

The Settling Down stage takes place between the ages of thirty-two and forty and is when the person tries to establish a niche in society, develop competence and become valued. The person attempts to progress and focus on longer term goals. Levinson discusses this period as the time at which people give up their mentors and become more independent.
The Mid Life transition usually occurs between ages of forty and forty-five. Levinson believes that this is the point at which life structure comes into question and is characterised by a crisis of meaning, direction and value of life. Neglected aspects of life seek expression. People become more aware of death and realise how short life is; and therefore start focusing on leaving a legacy. This stage forms the core of the second half of the person’s life.

Levinson (1978) identified three life tasks at this stage:
- Re-appraising the past;
- Modifying life structure; and
- Individuation.

Re-appraising the past is when people realise they are getting older and try to remain in the young adult phase. This stage is more commonly known as ‘mid-life crisis’.

Modifying the life structure occurs when people review their life and find shortfalls. Changes that may occur include career changes, spending more time with family, considering aging parents, changing spouse, changing to healthier lifestyle or getting more fun out of life. In some cases only attitude may change.

Individuation is the process whereby elements of personality and life experiences integrate into a well functioning whole and result in a more stabilised person.

Beginning Middle Adulthood starts at age forty-five and lasts up to age fifty. People pursue goals set and perform new roles in their lives, families and community. Resistance to this phase may result in illness or disability (Cole & Tufano, 2008).

During the Age Fifty Transition; any issues that were ignored or not dealt with completely in the previous stage will be dealt with.
The Second Middle Adult Structure takes place between ages of fifty-five and sixty is preparation for the next transition and is a time of rejuvenation and realisation.

Late Adult Transition occurs around age sixty to sixty-five. This is again a repeat of tasks in midlife transition of re-appraising, changing life structure and individuation. The individuation tasks in this stage differ and refer to physical decline, loss of productive role and coming to terms with death. Retirement often takes place during this stage.

Churchill and Lewis’ (1983) success stage deals with disengagement or growth. The life stage of the entrepreneur has a strong influence on the decision to disengage or grow the organisation. Entrepreneurs in later life stages are likely to disengage as they re-appraise the past and modify life structure for future. Entrepreneurs in earlier life stages will be more likely to promote growth as part of their focus on long term goals and their eradication of mentors.

Liles (1974) argued that over the life cycle of men; financial obligations increase between ages twenty-five to forty. The expenses arise as result of home mortgages, raising and educating his family and planning for retirement. As men get older careers become less vital as family plays a more important role. According to this theory; the most suitable time for an entrepreneur to start a new business venture is between ages of twenty-five and thirty-five when a certain amount of experience exists and before financial and family obligations increase.

### 3.4.3 Career stages

As with personal development; people undergo career development in stages. A large portion of a persons life stages are concerned with the persons career. Since careers form a significant component of people’s lives many theories have been developed over the years which try to explain the progression of people through their careers.
Miller and Form (1951) developed a model on the working life of individuals. The model assumed that stages take place in accordance with age. The model identified the following stages:

- Preparatory work period;
- Initial work period;
- Trial work period;
- Stable work period; and
- Retirement period.

Super, Crites, Hummd, Moser, Overstreet and Warnath (1957) developed a theory that took career stages a step further by looking at the stages of a person’s life in which career preferences are developed. Super et al suggested that career choice was started around age of four and that the selection of occupational choice was based on four factors:

- The reality of the occupation environment;
- A person’s educational experience;
- Certain personal emotional characteristics; and
- A person’s values.

Dalton, Thompson and Price (1977) studied the careers of thousands of people; many of which were engineers and identified a typical pattern:

Stage one called the ‘Apprentice’ dealt with the transition from school to working life. In this stage, the individual is a subordinate and learns about organisational values, culture, beliefs and habits; many of which will be carried through the individual’s career.

Entrepreneurship and development of organisations requires that the entrepreneur takes certain risks. The risks are not only related to the organisation, but also to his / her career. It is not likely that a venture will be initiated during the early stages of a person’s career. During this stage; the person is still determining what his / her interests are and also what his / her strengths are. The person also knows very little about business in general.
The second stage ‘Independent Specialist’ occurs after progressing and the employee now works without supervision. In many cases the employee is a specialist in a certain field. The employee assumes responsibility and accountability.

The third stage ‘Mentor’ is when the employee takes on a leadership role and becomes responsible for the work of others. The function shifts from doing the work to coaching and directing others.

The final stage ‘Sponsor’ is characterised by the individual taking on responsibility for even greater numbers of people. Dalton et al. (1977) also discovered that individuals do not always pass through all stages; for example some may remain in the specialist field; and not go onto the mentor stage. Unlike the previous theories; Dalton et al. (1977) do not discuss the decline and retirement phases in their model.

Miller and Form’s (1951) final stage ‘Retirement’ is significant for analysis of the entrepreneur’s career and the synchronisation to the organisation’s lifecycle. As the entrepreneur nears the end of his / her own lifecycle; decisions need to be made regarding the organisation’s future without the entrepreneur.

Entrepreneurs find the succession process difficult. They are the founders of the business and therefore find it difficult to depart and leave it in the hands of others. Also, unlike corporate workers; they are not accustomed to job changes and stepping away from the business. Entrepreneurs have a personal attachment to the business.

Goldsmith (2009) goes on to identify and implement the following strategy for succession:

- Manage implementation of plan prior to departure;
- Pick successor before leaving;
- Get third party advice on succession process; and
- Use external advisory boards to facilitate succession.
Succession is crucial for the long-term success of a business. Selection of successors is not easy and the chances of successors having the same leadership style, charisma, knowledge and personal characteristics that made the business a success are unlikely; the entrepreneur therefore has to try to find the best fit.

As the person enters later stages of their career they will be less likely to assume risks associated with entrepreneurship.

### 3.4.4 The Entrepreneur life cycle

Hunter (2005) formed a model to describe the life cycle of the entrepreneur. The model was developed on a similar construct to what Greiner had done for the growth stages of organisations. The model constructed consisted of the following stages:

- Preparation;
- Embarkation;
- Exploration;
- Expansion; and
- Transformation.

Analysis of Hunter’s model should prove useful to understanding the entrepreneur’s life cycle stage in accordance with the organisations growth stage.

Carsrud and Brännback (2007) identify the following types of entrepreneurs:

- Achievement entrepreneur;
- Salesman entrepreneur;
- Technology entrepreneur; and
- The managing entrepreneur.

The achievement entrepreneur has a high need for achievement. They often take initiative and have strong sense of personal responsibility and commitment. They are not always the best team players.
The salesman entrepreneur focuses on the softer side of management and has affiliation to dealing with people’s needs and wants. They are often identified as ‘hands off’ entrepreneurs.

The technology entrepreneur is the ‘idea’ developer; whose focus is more on developing ideas, products and inventions than on management of an organisation.

Finally, the managing entrepreneur is the type of entrepreneur that likes to take charge. They are usually highly competitive and not team players. They usually enjoy power and prefer large organisations to entrepreneurial firms.

Burggraaf, Flören & Kunst (2008) identify three types of entrepreneurs, lifestyle entrepreneurs, growth entrepreneurs and serial entrepreneurs. The entrepreneur types are linked to their succession horizon. Lifestyle entrepreneurs and growth entrepreneurs usually remain with the organisation until their own retirement; whereas serial entrepreneurs usually remain with the organisation for a period of only three to ten years.

3.5 ENTREPRENEUR COMPETENCIES FOR SME’S

Different entrepreneurs have different skill sets, entrepreneur styles and strengths in an organisation. As the organisation undergoes change; different entrepreneur styles and leadership skills may create benefit to the organisation; or lack thereof may be to the detriment of the organisation. Management competencies also play a role in the day to day running of organisations by entrepreneurs.
Gasse (1997) identified the following core management competencies:

- **Vision**: Positioning/adapting, strategic planning/ implementations
- **People**: Leadership/involvement/communications, learning/training
- **Operations**: Organizing, managing/decision-making
- **Resources**: Cognitive ability/information, financing capabilities
- **Strategies**: Technical capabilities, entrepreneurship/innovativeness, shares of markets and export rates.

Analysis of an organisation, its growth and entrepreneurs should include a study of the management competencies and resources available to meet the demands of the organisation.

### 3.6 LEADERSHIP

#### 3.6.1 Introduction

Brevis, Vrba, Keler (2007); define leadership as ‘influencing and directing the behaviour of individuals and groups in such a way that they work willingly to pursue the objectives and goals of the organisation’.

Gupta and Chin (1994) believe that it is important to match the organisation’s stage with leadership behaviour. Different leadership styles are needed at different developmental stages to move to another organisational development stage.

Arvey, Rotundo, Johnson, Zhang, McGue (2006) found that the leadership style of the individual is determined by genetic and environmental factors. They identified that thirty percent of the variation is due to genetic factors; with the balance being as a result of environment including role models during development. Education plays a role in development; and Crossland (2007) highlights that a company’s growth strategy must include growth of leadership talent in order to be successful.

Crossland (2007) highlights four aspects of leadership:

- **Authenticity**: maintaining personal and organisation authenticity;
- **Navigation**: aligning groups to strategic direction;
- **Architecture**: creating innovative work environments; and
- **Community**: building engagement.
Eggers and Leahy (1994) found that there are prevalent leadership skills in entrepreneurial organisations experiencing growth; and also that the organisation requires different leadership and management styles at different stages of growth. Nayab (2010) found five modern leadership styles; each of which entices their followers' commitment to fulfil difficult missions mandated by a dynamic and fluid environment marked with fast changes. Nayab (2010) discusses the following styles:

- Charismatic;
- Transformational;
- Visionary;
- Transactional; and
- Servant.

### 3.6.2 Charismatic Leadership

Charismatic leadership is leading by means of personality and charm, instead of relying on any external power or authority (Nayab, 2010). Charismatic leaders seek to fulfil organisational goals by instilling devotion. Charismatic leaders often gain the trust of the people through visible self-sacrifice and take personal risks in the name of their beliefs.

The major behavioural attributes of charismatic leaders include:

- Sensitivity to the environment and member needs;
- Articulation of a clear-cut vision shaped to the situation;
- Effective use of body language and verbal language;
- Personal risk taking and unconventional behaviour;
- High self-belief; and
- Displaying confidence in follower's ability.

Goldsmith (2009) states that sixty to seventy percent of family owned businesses that lose a partner are sold or liquidated. The reason found for failure was usually identified as the loss of the founders’ charismatic leadership and personal devotion to the business.
3.6.3 Transformational Leaders
Transformational leaders are similar to charismatic leaders but have the special ability to bring about innovation and change in the organisation. Transformational leadership is closely related to the traditional leadership style but has more of a focus on ‘selling’ instead of ‘telling’. Bratton, Grint and Nelson (2005) describe transformational leaders as leaders who take people to a higher social and moral place and give examples such as Martin Luther King, Jr., and Franklin D. Roosevelt.

3.6.4 Visionary Leaders
Visionary leaders identify dreams and develop achievable goals in order to reach the dream. Visionary leaders adopt a partnership approach with followers and create a shared sense of vision.

According to Nyab (2010), the major characteristics of visionary leadership include:
- Demonstrating personal integrity and radiating a sense of energy, vitality, and adherence to core values;
- Maintaining good relations, adopting a deeply caring approach to people, and treating them with warmth and respect;
- Inspiring people to better themselves and giving them a new sense of hope and confidence to do so;
- Transforming old mental maps or paradigms, and creating “out of the box” unconventional and innovative strategies to actualise the new vision through broad and systematic thinking keeping the big picture in mind; and
- Developing team spirit and team learning initiatives.
3.6.5 Transactional Leaders

Transactional leaders perform the traditional management function of clarifying role of subordinates, initiating structures and providing appropriate rewards. Transactional leaders follow the management by exception approach; they do not give much attention unless problems arise.

Transactional leadership is very much the traditional leadership style; and is based on ‘Telling’ style of Hersey & Blanchard (1977).

The major characteristics of transactional leaders include:
- Reliance on standard forms of inducement, reward, punishment, and sanction to control followers.
- Motivating followers through goal setting and a simple and straightforward approach of rewards for desired performance and discipline for failure.

3.6.6 Servant Leaders

Servant leadership is based on the belief of the leader that leaders are first servants; then leaders. Servant leaders empower subordinates and inspire them to perform.

Servant leader characteristics include (Nayab, 2010):
- Takes the time and effort to help subordinates understand their strengths and weaknesses, and identify potential and higher purposes they could never attain on their own;
- Sees things from others perspective, exhibits patience, and shows empathy;
- Attaches importance on teamwork and relationship building;
- Remains moored in social and ethical considerations; and
- Includes the employees in the decision-making process and empowers them to act, making servant leadership a form of democratic leadership.
3.6.7 The Situational leadership model

A unique feature of modern leadership styles in the changing world is that a leader rarely displays any one leadership style exclusively. Modern leaders remain competent to change their leadership style to suit the market-driven situation and work demands (Nayab, 2010).

Hersey and Blanchard (1977) developed the situational leadership model. The model dictates that the particular management style for a particular situation is determined by the maturity of the subordinates. Maturity of subordinates refers to the individuals’ need for achievement and willingness to accept responsibility and task related ability and experience.

Figure 3.2: Hersey and Blanchard leadership grid.

The leadership cycle proposes that leadership is learned through experiences and is an ongoing cycle creating leaders.
Thus there are four styles of leadership found in the leadership grid:

- S1: Selling;
- S2: Telling;
- S3: Participating; and
- S4: Delegating;

The leadership grid in Figure 3.2, shows the required leadership style based on the directive and supportive behaviour. If subordinates are too immature for a task and have no experience; the leader should train the subordinate (Directing). As the subordinate starts to gain experience and accept responsibility; the leader orientation and style change to that of ‘Selling’ where the leader acts as a coach. As the subordinate gains further experience and knows how to perform the task and accepts responsibility, the leaders role changes to that of ‘Supporting’. Finally, the subordinate has full task knowledge and acceptance; and is at a point where he/she is able to work with others as a group and has the ability to lead others in the tasks (Delegating).

Successful leaders are able to change their style as required. Blanchard’s model stipulates that the most effective leadership style is dependant on the maturity of subordinates. For this reason it is difficult to create a direct link between leadership style and the stages of business. An assumption would need to be made that as a whole the maturity of subordinates would be low at the start of the business lifecycle and would mature as the lifecycle ages; however this assumption will not be justified for all businesses. Based on this assumption one would have had to assume the leadership role of the entrepreneur would follow the sequence of directing, coaching, supporting and delegating.

An understanding of the types of leaders and the organisations needs at different stages will allow the organisation to identify leadership shortfalls so the action can be taken to introduce new leadership; or to develop existing leaders according to the organisations needs. Blanchard’s situational leadership model is supported by Adizes (1989) which indicates that a leaders strengths which supported the organisations initial growth, may later become a detriment during later stages of development.
3.6.8 Organisation Growth and Leadership

Early Stages
King (1996) suggests that during the initial stage of an organisation; the organisation requires a leader that has a strong sense of identity. Charismatic leaders are well suited to early stages of organisation formation as the work is of a more creative nature and the entrepreneur works closely with employees. The entrepreneur is largely the business and the focus is on getting the job done, interfacing directly with the customer and dealing with all aspects of business including dealing with staff. As a result of the degree of interaction between the entrepreneur, customers and employees; and the nature of the business; business start-ups are more than often through entrepreneurs with charismatic leadership style. Charismatic leaders have the ability to motivate others through their personality.

Growth / expansion
As the organisation enters stages of early growth; the need for an administration system, policies and procedures arises and will be required in order to pass to stages of maturity. In order for the organisation to progress to next stages, administration systems will need to be implemented. With the focus on efficient operations and implementation of systems, the most suitable leadership style required tends to shift from the ‘Telling’ and ‘Directing’ style to ‘Selling’ or ‘Coaching’ style. Transactional leaders are most effective in establishing goals and structures.

Decline
During the later stages of business according to the Greiner model; the organisation must either undergo transformation or it will die. Formal systems again need to be put in place and it is likely that the growing size of the organisation requires increase of management and larger organisational structures. The organisation will also need new products and markets to ensure growth. Flexibility and control are both required during this stage. Leadership requirement changes from individual leadership to group leadership; and the leader is required to act as a mentor and coach to other leaders in the organisation. Failure to address both flexibility and control will result in demise of the organisation. The requirement for both formal structure and strategic
change results in need for multifaceted leadership combining both Transactional and Transformational styles.

3.7 GROWTH STRATEGIES

3.7.1 Introduction

Preceding sections have covered aspects of entrepreneurs and their personal growth, general growth stages of organisations according to models and associated problems of growth. In most cases growth does not occur out of its own. Efforts of entrepreneurs and others are required to drive the growth.

Organisations should not lose sight of the reason for their organisation’s success when considering means for growth. Competitive advantages of the organisation should be considered and maximised where possible in the growth plan; as this is likely to lead to sustained competitive position.

This section deals with the various options available to organisations for growth. The section will start by analysing Ansoff’s growth model that is frequently used as the basis of growth and strategic planning.

Nieman and Pretorius (2004) break growth strategies into internal growth and external growth. Internal growth is largely based on Ansoff’s growth model; external growth refers to strategies standing outside the micro and market environments and has to do with positioning of the firm in the value chain.
### 3.7.2 Growth strategies

Figure 3.3. Ansoff’s growth model.

<table>
<thead>
<tr>
<th>Ansoff’s Product-Market Grid</th>
<th>MARKETS</th>
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<tr>
<td></td>
<td>existing</td>
</tr>
<tr>
<td>PRODUCTS</td>
<td>A. Operating plans</td>
</tr>
<tr>
<td>existing</td>
<td>C. Product development</td>
</tr>
<tr>
<td>new</td>
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</table>

Source: Ansoff (1957)

Ansoff (1957) developed the product-market expansion grid. The grid covers options for organisations to grow through increasing product range or the market that the organisation operates in or a combination of product and market. Organisations may operate in different areas of the grid at the same time; depending on the complexity of the organisation and its product and markets.

**Operating Plans** refers to an organisation in which the product is an existing product of the organisation and the product is being offered in an existing market place. This is also often referred to as the market penetration strategy. The goal here is to increase the sales volume within the existing market; and at the same time maintaining the same margin. This is often achieved through targeting first time buyers in the market place to achieve loyal customers; or by increasing the frequency of use by existing customers. Increased use could be through means of identifying new uses for existing products. Increase of market share where competitors exist is also an opportunity for growth. Operating in this window often requires substantial marketing resources of the organisation and therefore affects profitability of the organisation on the short term. Organisations should be aware that any actions taken in order to gain market...
share through means of market penetration are likely to result in reaction from competitors.

The next window is Market Development. In this window; an existing product is entered into a new market place. Growth in this window is result of economies of scale; however finding new markets does not necessarily guarantee long or short term profitability. One of the best methods of developing new markets is by duplicating the business. In many cases, this could be by means of geographical expansion. Especially applicable in the case of service oriented organisations. Target markets can also be expanded by considering new aspects of the market. For example looking at the markets from a different perspective:

- Usage: look at non-users;
- Distribution system: open new distribution channels to reach new markets;
- Age: increase age categories of target markets; and
- Segments which currently receive little service are ideal for growth.

Product Development is the concept of bringing new products to an existing market place. This can have a positive impact on sales growth. This is a long term strategy as the organisation will have to invest substantial capital in product development as well as marketing of the product. A new product is defined as a product new to the company concerned; and not new to the market place. The downfall of new product development is that it may result in failure.

Proctor (2000) Identifies reasons for failures:

- Products lack useful / meaningful usefulness;
- Planning is poor during introductory phase;
- Key important points are overlooked in enthusiasm;
- Introduction is badly timed;
- Top management do not provide adequate support;
- Company politics; and
- Unforeseen product costs.
Proctor (2000) lists a methodical six stage process to prevent poor decision making:

- Idea acquisition from customers, market research, competitors;
- Initial screening – fit resources and objectives; ROI estimate;
- Business analysis – formal estimates;
- Product development – R&D, prototyping, testing;
- Market testing; and
- Product introduction.

The last window of Ansoff’s (1957) model is **Total Diversification** which deals with the organisation entering new markets with new products. This is the most risky means by which an organisation can grow; so careful attention needs to be paid to the selection of the right type of product and market. The main disadvantage would be the lack of reference in market place that the company has to either a market or a product. A good choice would be entering a market with a new product that is closely linked to the organisations knowledge and capabilities so that resource usage is optimal. Moving into completely unrelated areas is highly risky and should be avoided whenever possible. Diversification risk can be minimised through use of mergers, acquisitions and alliances. This allows the organisation to grow on the success of partners or other organisations that have the skills and experience required.

Total return on investment (new and old product / market) is likely as result of commonalities in the following:

- Distribution channels;
- Images and their impact on the market;
- Sales and advertising efforts;
- Facilities;
- Production processes;
- R&D efforts;
- Operating systems; and
- Staff needs.
Diversification can be split into three categories (Hoffman, 2005):

- Concentric diversification;
- Horizontal diversification; and
- Conglomerate diversification.

Hoffman (2005) describes concentric diversification as the acquisition of other businesses that have marketing or technological similarities with existing operations. Horizontal diversification is achieved by acquiring companies who market different products to the same market targeted by the acquiring firm. The final type of diversification, conglomerate diversification takes place when there is no commonality whatsoever.

Two types of diversification related and unrelated. Related diversification’s goals are to attain synergies by sharing assets or skills. For example Brand names, marketing skills, capacity or sales distribution, manufacturing skills, R&D skills and economies of scale. Risks of related diversification are:

- Potential synergy may not exist;
- Potential synergy may not be realised due to implementation problems; and
- Acquisition is over valued.

Unrelated diversification is often used to gain more stable financial streams by:

- Managing and allocating cash flow;
- Entering business with high ROI prospects;
- Obtaining bargain price for business; and
- Reducing risk.

According to (Hoffman, 2005) risks associated with unrelated diversification are:

- The company is delving into an area outside its recognised expertise and customers may reject its presence in the new marketplace.
- The company may not have the expertise to successfully market a new product in a new marketplace.
3.7.3 Entering the market

Various new market entry strategies exist. The decision of the correct strategy is based on the familiarity of the market; and the familiarity of the technology. Entry strategies are:

- Joint ventures;
- Internal market development;
- Acquisitions;
- Venture capital;
- Licensing; and
- Internal product development.

Integrative growth strategies are split into (Hoffman, 2005):

- Horizontal integration;
- Vertical integration; and
- Unrelated acquisition.

Vertical integration is further split into forward and backward integration; based on position in the supply chain. Backward integration occurs when the organisation controls subsidiaries that supply inputs to their own process; for example component suppliers. Forward integration occurs when the organisation occurs when the organisation controls the distribution and if applicable the retail of the product.

Horizontal integration is usually relates to selling a single product into different markets; this is closely related to the product development strategy.

Finally, unrelated acquisition is usually preferred when entering new products into new markets; thus is aligned with diversification strategy (Hoffman, 2005).
3.8 CONCLUSION

This chapter introduced concepts related to the growth of organisations and entrepreneurs.

Growth can be measured in different aspects depending on the purpose. Various models have been developed in an attempt to understand what growth is and to try to predict what challenges an organisation will face.

Entrepreneurs have an important impact on the growth of the organisation. Models have also been developed to understand the growth of entrepreneurs from different viewpoints. The chapter discussed the life of the entrepreneur in terms of human development, life stages and career stages.

Leadership was also discussed; with the leader’s style having an impact on the growth of the organisation and its follower’s perceptions and motivation.

Finally Ansoff’s growth model was used to identify methods by which organisations can achieve growth.

The next chapter will discuss methods that will be used to gather information about the organisation.
CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

Leedy (1997) defines research as the systematic process of collecting and analysing information in order to increase our understanding of the phenomenon that we are concerned or interested in. The study should deliver outcomes that are meaningful and useful and add to the general body of knowledge.

Research papers are unique and each have their own purpose related to the subject of the research; there are however generic purposes of research. Collis and Hussey (2003) identify purpose of research as:

- To review and synthesize existing knowledge;
- To investigate some existing situation or problem;
- To provide solutions to a problem;
- To explore and analyse some general issues;
- To construct or create a new procedure or system;
- To explain a new phenomenon;
- To generate knowledge; and
- A combination of any of the above.

The researcher plays a key role in the research study in selection, design and analysis of the research. According to Leedy (1997), a researcher’s role is “to provide a method for obtaining those answers by inquiring and studying the evidence within the parameters of a scientific method.”. These parameters are:

- Research originates from a main problem or question;
- Research has a goal;
- Research is formally planned and methodical;
- The main problem is broken down into more manageable and specific sub-problems;
- Research revolves around the main problem;
- Research uses critical assumptions, such as self-evident truths;
- Data is interpreted to resolve the main problem as far as possible; and
Research has a closed cycle, as it develops from a point and through logical explanation, returns to the problem with a plausible solution.

This chapter discusses various different methodologies of research. The study will consider two main categories of research being positivistic and phenomenological paradigms which are linked to qualitative and quantitative methods; and then drill down into details according to the research direction of this study. The chapter will involve decision making and will justify decisions made in accordance with the content and nature of this study.

4.2 RESEARCH PARADIGMS

4.2.1 Positivistic and phenomenological research

Research activities have been divided into two paradigms – Positivistic and Phenomenological.

Positivistic research is more frequently used for physical sciences. The belief is that society is organised according to scientific observations and experiments. Relationships between variables are proven statistically. Positivistic research is likely to implement quantitative research and make use of experiments, surveys and statistics (Gummesson, 1991).

On the other hand Phenomenological research questions the possibility of establishing relationships using variables for cause and effect relationships of the social sciences. This approach is also known as interpretive approach and language, pictures and symbols are used to as the primary source of information and replace the facts and figures as used in positivistic research.

Quantitative research is usually associated with positivism and qualitative research with phenomenological research.

The decision on whether the research method is to be quantitative or qualitative depends on the nature of the data to be collected and the problem for research. If the data is verbal, the methodology is qualitative, if it is numerical; the methodology is quantitative (Leedy, 1997).
The qualitative research approach has been chosen for this research study due to the nature of the information to be researched. The goal of the research is to identify relationships between the organisational growth and the entrepreneurs of the organisation. The study is based on a social construct; and therefore is difficult to measure using quantitative methodologies.

### 4.2.2 Inductive or deductive logic

Research can be either inductive or deductive logic. Deductive research involves development of a theoretical structure, making assumptions on the structure and testing by means of empirical observation. Particular instances are deduced from general instances. Inductive research starts with observations of empirical reality; general inferences are induced from particular instances. Thus the logic is reversed; Deductive moves from general to specific; inductive moves from specific to general.

According to Patton (1987:15), qualitative research methods are particularly orientated towards exploration, discovery and inductive logic.

- Inductive designs begin with conjecture, guesses, ideas and expectations;
- No hypotheses are designed, nor are any theory-building exercises performed;
- Data is collected through observation, interviews and other qualitative methods; and
- The product of the research is a new model, theory or hypothesis.

### 4.2.3 Phenomenological research

Collis and Hussey (2003) discuss different types of phenomenological methodologies:

- Action research;
- Case studies;
- Ethnography;
- Feminist perspective;
- Grounded theory;
- Hermeneutics; and
- Participative enquiry.
4.2.4 Case studies

Robson (2002) describes a case study as an investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.

Yin (2003) suggests that a choice between case studies and other empirical methods may rationally be made against three conditions:
- The type of research question being posed;
- The extent of control a researcher has over actual behavioural events; and
- The degree of focus on a contemporary as opposed to historical event.

Yin (2003) states that case study research is useful when “A how or why question is being asked about a contemporary set of events over which the investigator has little or no control”.

Case study research uses a selection of evidence from different sources
- Documents;
- Artefacts;
- Interviews; and
- Observation.

Case studies can be single or multiple-case designs, where a multiple design must follow a replication rather than sampling logic. When no other cases are available for replication, the researcher is limited to single-case designs. Yin (2003) notes that single case studies are more likely to be accused that they are less valid than multiple design studies because there is no opportunity for analysis through contrast or replication. Leedy (1997) states that single case studies are also appropriate for investigating extreme or unique cases. In the context of this study; the organisation is a unique entity and therefore multiple case study is not applicable.

The nature of the research problem is that it is specific to a single organisation; therefore a single case study design will be used.

Hartley (2004) notes that case studies tend to be inductive and not deductive.
Blumberg, Cooper & Schindler (2008) lists the following criteria for good case study research:

- Purpose clearly defined;
- Research purpose is detailed;
- Research design thoroughly planned;
- High ethical standards applied;
- Limitations frankly revealed;
- Adequate analysis of decision makers needs;
- Findings presented unambiguously; and
- Conclusion justified.

4.3 RESEARCH DESIGN

4.3.1 Interviews as means to collect case study data

According to Bless and Higson-Smith (2000) an interview involves direct personal contact with participants who are asked to respond to the questions relating to the research problem.

Leedy and Omrod (1985) state that interviewing involves much more than asking questions. The questions are well planned and carefully worded to yield the kind of data the researcher needs to answer research questions.

Interviews can be structured; unstructured or semi-structured. The structured approach consists of closed questions and is often used for the positivistic approach. The phenomenological approach usually consists of open ended questions. The use of open ended questions in interviews results in collection of different information from different sources with multiple case studies which makes data analysis more difficult.

Yin (2003) notes that interviews are one of the most important sources of case study information.

Yin (2003) states the following disadvantages of interviews:

- Bias due to poorly constructed questions;
- Repose bias;
- Inaccuracies due to poor recall; and
- Reflexivity – interviewee gives what the interviewer wants to hear.

### 4.3.2 Data collection

Interviews will take place at the organisations board room at its head office in Mill Park Port Elizabeth on Thursday the nineteenth of August 2010.

Interviews will take place on one selected day. Each interview is expected to be between one and two hours in duration; although there will not be any time restriction.

Interviews will be conducted by means of a questionnaire consisting of closed and open ended questions. The questions will be based on the key areas of interest as highlighted in the literature study.

Qualitative researchers selectively choose persons most likely to yield information about a specific problem (McMillan & Schumacher, 1994). The purpose of this case study is to collect information that relates to the growth of the organisation as well as the leaders and members of the organisation. For this reason the natural members of the organisation were chosen as interviewees. Non-natural members of the organisation will not be interviewed as they act as silent partners and have no influence on the direction of the organisation regarding growth and the link between the growth and the entrepreneurs.

The members of the organisation along with shareholding and position in the organisation are indicated below:

**Table 4.1: Organisation membership.**

<table>
<thead>
<tr>
<th>Candidate A</th>
<th>30%</th>
<th>Director</th>
<th>Natural Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate B</td>
<td>30%</td>
<td>Technical Manager</td>
<td>Natural Person</td>
</tr>
<tr>
<td>DSA</td>
<td>30%</td>
<td>Silent Partner</td>
<td>Organisation</td>
</tr>
<tr>
<td>Candidate C</td>
<td>10%</td>
<td>Marketing Manager</td>
<td>Natural Person</td>
</tr>
</tbody>
</table>
The interview session will start with an overview of the study so that the respondents understand the purpose of the research. The interview questionnaire will be based on the literature review and will cover the following key topics:

- Growth of the organisation;
- Leadership; and
- Life and career stages.

The questionnaire is presented in appendix A at the end of this document.

Interviews will be recorded by means of a dictaphone. The recordings will later be transcribed into a Microsoft Word document. A summary of the interviews will be documented in an excel spreadsheet for use in analysis.

### 4.4 VALIDITY AND RELIABILITY

Validity is the extent to which a test measures what it claims to measure. It is vital for a test to be valid in order for the results to be accurately applied and interpreted. Leedy (1997) finds the most common means of validity are:

- Face validity – relies basically upon the subjective judgement of the researcher;
- Criterion related validity – employs two measures of validity, the second as a criterion check against the accuracy of the first measure;
- Content validity – is the accuracy with which the instrument measures the factors or situations under study;
- Construct validity – is any concept such as honesty that cannot be directly observed or isolated;
- Internal Validity – freedom from bias; and
- External validity – concerned with the generalizibility of conclusions.
Reason and Rowan (1981) have cited a few ways to increase validity.

- Valid research rests above all on high-quality awareness on the part of the co-researchers;
- Such high-quality awareness can only be maintained if the co-researchers engage in some systematic method of personal and interpersonal development;
- Valid research cannot be conducted alone;
- The validity of the research must be enhanced by the systematic use of feedback loops, and by going round the research cycle several times;
- Valid research involves a subtle interplay between different forms of knowing;
- Contradiction can be used systematically;
- Convergent and contextual validity can be used to enhance validity on any particular piece of data; and
- The research can be replicated in some form.

Reliability deals with the accuracy of research. According to Leedy and Omrod (2001), it is the extent to which, on repeated measures, the indicators yield similar results. Yin (2003) proposes the protocol as a major component in asserting the reliability of the case study research. A typical protocol should have the following sections:

- An overview of the case study project (objectives, issues, topics being investigated);
- Field procedures (credentials and access to sites, sources of information);
- Case study questions (specific questions that the investigator must keep in mind during data collection); and
- A guide for case study report (outline, format for the narrative).
Triangulation implies the use of multiple methods of data collection (Leedy and Omrod (2001). Denzin (1970) argues that the use of different methods by researchers studying the same phenomenon will result in greater validity and reliability if the conclusions are the same. This case study uses the following means to create triangulation:

- Literature review;
- Questionnaire; and
- Interview.

4.5 DATA ANALYSIS

According to Collis & Hussey (2003) The goal of qualitative data analysis is to:

- Reduce the data;
- Structure the data; and
- Detextualise the data.

Data analysis of qualitative data can be done through quantifying methods or non-quantifying methods.

Kvale and Brinkman (2009) suggest five steps for analysing phenomenological interview data:

- Read the interview to get a sense of the whole;
- The researcher determines the natural meaning units;
- The natural meaning is restated as simply as possible; and
- Interrogating the meaning units in terms if the specific purpose of the study.

The approach of Kvale and Brinkman is mostly applicable to cases in which analysis is to be quantified. Erlandson, Harris, Skipper and Allen (1993) divided analysis into four elements:

- Unitising data;
- Emergent category designation;
- Negative case study analysis; and
- Bridging, extending and surfacing data.

This approach is more applicable to non-quantitative analysis.
4.6 CONCLUSION

This chapter briefly discussed the different research paradigms. The nature of the study is best suited to a qualitative study. Interviews of the members of the organisation will be the means by which data is collected. The interviews will be unstructured and will be guided through means of questionnaires consisting of open ended questions related to the literature in chapter three. The interviews will be recorded electronically and later transcribed for analysis. The transcribed information will be reported in the appendices.

The following chapter will report the findings of the interviews.
CHAPTER 5

FINDINGS

5.1 INTRODUCTION

The purpose of this chapter is to analyse the data collected through the interviewing process. The data collected will be linked back to theory and conclusions will be made.

5.2 DEMOGRAPHICS

The interview started with a few questions relating to demographical information. This information is applicable throughout the different sections of the study and will therefore be referred back to from other sections of the finding report.

The service period of the members at the organisation as either employees or members for all members is a minimum of five years with a total of thirty-seven years service. The ages of the members of the organisation is broad and ranges from age twenty-eight to forty-eight. Experience as shareholding ranges from less than one year to sixteen years per member. Members of the organisation have functional backgrounds with roots in engineering and marketing faculties. The longer service members have engineering background while the newest member has a background in marketing. All members have some level of secondary education in a functional area. Formal management education is limited among the shareholders.

Shareholding of the members ranges from ten to thirty percent per member. While it does not seem apparent that there is a direct link; the ratio of shareholding to years of service at the organisation is similar.

Two of the three members have families with children. One member has a wife that is generating an additional income. All members seem satisfied with their current financial standing.
5.3 ORGANISATIONAL GROWTH

The interviewer asked the candidates to identify which type of growth they feel is most important for the organisation. The options given were based on Wickham’s (1998) independent viewpoints of growth which were financial, strategic, structural and organisational (maturity).

The interviews revealed that all of the current members feel that priority should be given to strategic growth. Candidate C made the point that strategic growth is the key to growth in each of the remaining facets.

The candidates were then asked to make a decision as to whether they would prefer to grow, sustain or decline the position of the organisation in each of the growth viewpoints. From a financial point of view all members felt that there should be continued growth. As expected from the results of the previous question; all candidates felt that strategic growth is important and should therefore grow. The members had different preferences for the remaining facets of structural growth and organisational growth with answers being such that the facets should remain as is; or they should grow.

In all facets of growth; the members either indicated that the growth level should either remain as is or be improved.

Questions were posed to candidates to identify the growth stage of the organisation according to Greiners’ growth model. The questions related to the different characteristics of Greiners’ stages and included questions regarding:

- Communication in the organisation;
- Management preferences;
- Management activities;
- Control of the organisation;
- Structure of the organisation;
- Employee reward systems;
- Bureaucracy; and
- Product knowledge.
The candidates had similar perceptions of the characteristics in general. Communication was considered to be informal; while there was debate regarding the frequency of the communication. It was noted by candidates that there was however a component of formal communication. Candidates A and C prefer management functions to functional activities. Candidates indicated that control of the organisation comes from both customers as well as from within the organisation. The structure of the organisation is agreed as flat. Candidates had different views on employee reward systems in place and the effectiveness. It was agreed that reward systems are individual based and not team based. Bureaucracy is considered low. Candidates were divided on whether the leaders had higher product knowledge than the employees and lower levels of the organisation. The consensus was that the leaders have a much better overall understanding of the business, products and environment and is more than adequate to control the organisation; but that there were technical specialists that did have more in depth knowledge on certain aspects of the products.

The findings on each of the characteristics did not conclusively link the organisation to any specific growth stage according to Greiner’s model. There are characteristics which match and those that don’t match the organisation at all of the stages. Characteristics that match growth stages tend to be more prevalent in the early stages of organisational growth. As a result; according to Greiner’s model the assumption is made that the organisation is in-between the stages of Creativity and Growth through Direction; indicating that it is currently undergoing or is likely to undergo a Crisis of Leadership.

Growth characteristics were also compared to Churchill’s (1983) model and it was found that the organisation is most likely to be in the success or take off stage.
Questions relating to common growth problems were posed to candidates. Not all of the problems were found to be present in the organisation. The problems that were unanimously agreed upon were:

- There is a lack of information on what is; and what is not working in the organisation;
- The organisation does not have a plan; and
- There is a clear focus;

Candidates had mixed opinions relating to whether the organisation has sufficient management skills and the risk profile of the organisation.

The candidates were asked to describe their long term vision for the organisation. Growth and diversification were most prevalent.

Growth ambitions of the candidates for the organisation were on par; with the general feeling that the organisation should continue to grow steadily and that the growth should be capped at an employee count of around fifty. This was backed up by the candidate’s preferences for working at either small or medium sized enterprises.

5.4 ENTREPRENEURS

The next section of the interviews dealt with entrepreneurship. The first goal was to identify whether the members could be classified as entrepreneurs. Following the identification of entrepreneurs, questions regarding the lives of the entrepreneurs became the focus and looked at personal characteristics related to human development, life stages and career stages of the individuals.

The interviewer asked the candidates a series of questions relating to the characteristics of entrepreneurs as identified by Longenecker and Moore (2002). In order to increase validity the candidates were asked to answer the questions for each of the entrepreneurs to ensure that the opinions were aligned.

The result for all candidates was positive regarding the members having a high need for achievement. Similarly all members were identified as being willing to take risks. All candidates were found to be self confident; and all candidates
seek security. Based on Longenecker and Moore’s (2002) characteristics; all members are entrepreneurs.

An analysis of selected characteristics of entrepreneurs as identified by Timmons (1985) was used in order to cross check the interpretation of an entrepreneur. The characteristics that were considered from the Timmons (1985) model were:

- Drive to achieve and grow;
- Calculated risk-taking and risk-seeking;
- Internal locus of control;
- Realism and sense of humour integrity and reliability;
- Opportunity and goal orientation low need for status and power; and
- Seeking and using feedback.

This time the candidates were asked to answer the questions relating to them self only. The results revealed in general that the members were all entrepreneurs. There was however one characteristic of the Timmons (1985) model that two of the candidates disagreed with; this was to do with the individual seeking status and power. Candidate A indicated that this was somewhat true while Candidate C indicated that this was not true. As members of the organisation it could be deduced that these members are however in position of status and power. As noted in the literature review; the absence of characteristics does not imply that the person is not an entrepreneur.

Following questions to identify whether members were entrepreneurs were questions that were aimed at identifying the specific type of entrepreneurs that they are. Candidates were asked to identify the most applicable characteristic for each of the members. The results for candidates A and C were not conclusive; however there was a common agreement that candidate B had a very high need for achievement and could therefore be described as an ‘Achievement Entrepreneur’.

The members all indicated that they plan to remain at the organisation until retirement. This would imply that they are all either Lifestyle or Growth entrepreneurs.
The candidates were asked if there were any other employees in the organisation that have the characteristics of entrepreneurs. While there were some employees who had certain characteristics; it was evident that there was no conclusive agreement that any one employee had all characteristics.

5.4.1 Human Development

Questions were posed to candidates in order to identify their own stage of human development.

Candidate A is thirty-six years old; which would usually place him in the Generativity versus Stagnation phase of Erikson’s (1950) model of human development. The findings show that Candidate A is not yet in a committed relationship with a partner however, other forms of commitment are evident; as is direction in life. It is therefore debatable as to whether he has resolved the Intimacy versus Isolation dilemma. Candidate A has not yet established or guided a generation; and information relating to betterment of society is unknown. The assumption should therefore be made that Candidate A is still at the point stage of Intimacy versus Isolation. The implication of this on the organisation is primarily that the candidate may not develop relationships with employees. He would also not be capable of leading an organisation from start-up to maturity; however leading of specific stages should be possible.

Candidate B is twenty-eight years old. Once again, age has not aligned with the Erikson model. Having a family and child would place this candidate in the Generativity versus Stagnation stage while in terms of age; the candidate should be in the Intimacy versus isolation stage. There is no indication at what point of Generativity versus Stagnation the candidate is in; in terms of family the resolution of the dilemma would seem to have been made in favour of Generativity; however betterment of society has not been considered. This indicates that if the Candidate has resolved Generativity versus Stagnation he may be in position to lead an organisation from start-up to maturity.

Candidate C would be placed in the Generativity versus Stagnation stage according to age; albeit it on the border of age classification. In terms of
dilemma’s it appears that the candidate has resolved the dilemma’s of Intimacy versus Isolation and Generativity versus Stagnation. Two of the candidates indicated that Candidate C was partially engaged in the organisation. This may indicate that the candidate is already in the process of resolving the dilemma of Integrity versus Despair. Based on Candidate C’s responses to questions; it is apparent that Integrity will develop. This means that he is likely to mentor successors and be driven to leave a legacy.

5.4.2 Life Stages

The results of the questions pertaining to life stages will be discussed individually for each respondent since there is no relationship to the results of other members. Once the life stages of each member have been identified; an analysis of the life stages of the entrepreneur and compatibility to the organisations growth stage will be made.

Candidate A falls into the Settling Down stage according to Levinson’s (1978) theory; both in terms of age and characteristics. The candidate has indicated less reliance on mentors. Certain aspects of the next stage are apparent; for example an awareness of death; however other aspects are not yet apparent; for example the focus on leaving a legacy.

Candidate B falls into the Age Thirty Transition according to age. Recent acquisition of membership in the organisation could be proof of the drive that the candidate has change which is known to be a catalyst for entrepreneurial activity. There are no indications that the member has yet progressed to the next stage of Settling Down.

Candidate C should fall into the category of Beginning Middle Adulthood according to age. Information regarding characteristics and performance of new roles in society is not known; so it is not possible to use characteristics to confirm the stage.

Sherman (1997) indicated that many growing companies are established when the co-founders are unmarried or in early stages of marriage. This is true for
candidate C; and accordingly candidate C’s family grew as the organisation grew.

The candidates each fall into different life stages; and this could result on a positive influence on the continuity of the organisation.

From a financial perspective; all candidates indicated that they were financially sound or comfortable. Liles (1974) found that financial obligations increase between ages of twenty-five and forty as result of home mortgages, family, education of family and retirement planning. Taking into account the current life stage of candidates and their financial standing; it seems that the members would be in a favourable position to invest further in the organisation should it be required in order to promote growth.

All candidates indicate that they are able to balance work and family lives; and that work does not intervene into personal life to a point where it is problematic.

5.4.3 Career Stages

The length of service of the candidates would imply that they are all past the apprentice stage according to the theory of Dalton, Thompson and Price (1977). All candidates were of the opinion that they are specialists in their field and that they assume responsibility and accountability. Candidate A and C are responsible for the work of others; and therefore could be considered as Mentors in spite of Candidate C indicating the he would prefer to remain a specialist.

The Candidates have not yet reached the Retirement stage of Miller and Form’s (1951) model. Retirement is however an important aspect when looking at the growth and continuity of an organisation as planning for succession is required. The candidates indicated that the succession horizon (to replace a leader from outside the organisation) would be between six months and two years. All members have a personal attachment to the organisation and would find it difficult to leave the organisation in the hands of others at retirement if they were still shareholders. This shows the importance of ensuring succession is well planned and training and skills are developed accordingly.
Figure 5.1 shows the results from the interviews regarding the expected age of retirement of members. The dark areas show the working years of each candidate. Lighter areas show partial involvement; and white areas show complete retirement. At first impressions it may seem that there will be a shortage of leadership from 2016; however the leadership styles of members as well as the development and structural size of the organisation at that point in time should also be taken into consideration. Assuming that additional leadership would be required; based on the succession horizon estimated; the organisation should begin to build the leadership from year 2014.

5.4.4 Entrepreneur life cycle

The candidates were asked questions relating to entrepreneur types. Candidate B was clearly identified as an Achievement entrepreneur; while candidates A and C results were not conclusive. The inconclusive results once again indicate that there is a good variation of entrepreneurial styles in the organisation. While the management style of Achievement entrepreneurs is suitable for many situations; it should be noted that they are not always team players.

5.4.5 General

Each member is in a different life stage if we consider basic demographics. Candidate A is not married and has no children. Candidate B is married with a young child; and candidate C is married with 3 middle aged children.

The members also have different goals or life ambitions. Candidate A would like to start a family and considers retiring around age fifty-five. Candidate B would like to be financially secure and own a holiday home. Candidate C would like to focus on educating children and then travelling.
5.5 ENTREPRENEUR COMPETENCIES FOR SME’S

Candidates were asked to identify the core management competency of each member from the list according to Gasse (1997). Candidate A’s competency was unanimously agreed to be Operations. Candidate B was unclear as there was no relationship between any of the members’ feelings. Candidate C’s competency was divided with the majority deciding on Strategies.

The study revealed that not one of the members felt any member has a competency for Resources.

Candidates were also asked to identify skills or abilities that the organisation would be deprived of should a specific member leave the organisation. The combined results were as follows; skills or abilities listed are the skills or abilities that other members feel would be lost if the candidate indicated leaves:

- Candidate A: Direction, transformation, control, liaison and marketing.
- Candidate B: Motivation, negotiations; project management and marketing knowledge.
- Candidate C: Inspiration, motivation, strategy, negotiation and approachability.

In accordance with the question above; candidates were asked to identify possible replacements of the skills or abilities from within the company. The results indicated that the Candidates all felt that the positions would be best filled by the remaining members. This could indicate a shortfall in entrepreneurship should a member leave the organisation.

5.6 LEADERSHIP

Candidates were asked to identify leadership style of each of the members of the organisation. The results revealed that candidate A was identified as a transactional leader. Candidate B was identified as either a charismatic or a transactional leader. Candidate C was identified as either charismatic or a visionary leader.

Goldsmith (2009) indicates that Charismatic leadership is important for an organisation and that lack of Charismatic leadership has resulted in failure of
many family owned businesses. While the organisation under consideration is not family owned; cognisance should be taken of the importance of charismatic leadership.

In the early growth stages of an organisation the charismatic leadership style is most well suited. As the organisation grows the importance of transactional leadership grows. Finally, as the organisation begins to decline; a combination of transformational and transactional styles is required.

The leadership styles of the members of the organisation are well aligned with the needs of the organisation at current stages as identified by the Greiner and Churchill models. The challenge will be to address the need for a combination for transformational and transactional leadership as the organisation matures and reaches the declining stages.

The interviews also contained questions for Candidates referring to the leadership styles as per the Situational leadership model. Results identified Candidate A as either using the style of Coaching; or that of Directing. Candidate B was found to have a Directive style while Candidate C was divided between Supporting and Delegating.

All candidates felt that they had the ability to adjust their leadership style according to the needs of the situation or subordinate.

Once again; the results have indicated that the leaders of the organisation have different styles.

If the goal of the members pertaining to growth is achieved; it is likely that additional leaders will be required for the organisation.

The Candidates were asked to identify potential future leaders within the organisation. While some people were identified as potential leaders; there was no one person that all of the Candidates agreed upon. Two of the candidates felt that there was no real true leadership potential inside the organisation; while one candidate felt that there was potential inside the organisation.
5.7 GROWTH STRATEGIES

The members describe the industry which the organisation is in as competitive; but also point out that the organisation has competitive advantages as result of products and skills.

Members were asked which growth strategy they feel would best suit the organisation. Candidate B selected existing products to existing markets (Operating Plans); while candidates A and C preferred looking for new products for existing markets (Product Development).

The use of Operating plans is usually achieved through targeting first time buyers or by increasing the frequency of use by existing customers. The possibilities would need to be carefully considered in relation to the product and market selected. The downside of this strategy is that any change is likely to result in reaction from competitors; however if the competition is minimal for the products selected as indicated for the organisation as a whole there should be little risk of reaction from competitors.

Product development would require a substantial investment of capital and marketing efforts. There is risk in selection of this strategy and Proctor (2000) makes suggestions to prevent poor decision making in this regard:

- Idea acquisition from customers, market research, competitors;
- Initial screening – fit resources and objectives; ROI estimate;
- Business analysis – formal estimates;
- Product development – R&D, prototyping, testing;
- Market testing; and
- Product introduction.

Two of the members felt that diversification was required to some degree. There was no consensus on whether diversification resulted in an increase in risk to the organisation; however it was noted that there is likely to be increased sense of security. There was not consensus on whether the forward or backward diversification was preferred.
Diversification can be related or unrelated. Candidates were not questioned on the preferred method.

5.8 CONCLUSION

This chapter analysed the findings of the research interviews. The chapter started by looking at the demographics of the candidates. The focus then shifted to findings on the growth stage of the organisation and the candidates’ perceptions of growth. The following section dealt with findings on the entrepreneurs in terms of human development, life stages and career stages. A short section dealt with entrepreneur life cycles and entrepreneurial competencies followed by a section on findings on leadership of the organisation. The chapter concluded with a section on growth strategy findings.

The following chapter will conclude and make recommendations to the organisation based on the findings in this chapter.
CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

The demographic information reveals that the organisation has a good distribution of members in terms of age; with age gaps between members ranging between eight and eleven years. Age differences create an environment that is conducive to continuity. This brings the advantage that members are all in different stages in terms of their development, life and careers. The organisation should continue with the current trend by preparing for identifying and mentoring of a new member for the organisation within the next few years. This alone could prove to be a powerful strategy to solve potential problems of succession that many companies face. With this strategy in place; when a member is likely to retire; there would be another two members aligned with the organisation and of suitable age and maturity to take over the control of the organisation. They would then be in a position to again mentor a new potential member.

Demographics also show a distribution of working experience in terms of number of years service to the organisation. The length of employment of the members and their ages reveals that it is probable that the younger members have little working experience outside of the organisation. In addition to this, the elder member has served the organisation for sixteen years; meaning that the leaders may be closed off from the manner in which other organisations operate. This could act to the disadvantage of the organisation on one side; however it could act to the advantage of the organisation on the other side. The outcome would be dependant on what the organisation is doing relative to industry norms and competitors. There could be advantages in acquiring leadership from outside the organisation in order to make use of possible opportunities that the members are oblivious to.

Younger members have the opportunity to learn entrepreneurship, management and leadership skills from their seniors; which means that the culture of the organisation is likely to be maintained through changes in membership. Leaders
in earlier stages of their life and careers are likely to promote change. The drive of younger leaders to promote change along with the guidance of elder leaders could provide positive results. This is especially true for the youngest member who was identified as an achievement entrepreneur.

6.3 ENTREPRENEURS

Members are at different stages of life in terms of human development, life stages and career stages.

From a human development perspective; Candidate A may be lagging in development according to development stage and age; however this could be seen as negated by the fact that Candidate B is at a more advanced stage of development in accordance with age. Again there is a positive spread of development stages that could benefit the organisation. There is however risk that Candidate A may be placed in a position of leadership requiring development of relationships with employees that may prove to be problematic as result of his developmental stage. The members should be aware of the potential problem and put measures in place should it be identified as a threat.

The life stages of the members will spread evenly; with a member without family and children, a member with young family and a member with a more mature family. The organisation has passed the initial stages of organisational growth which tend to take up more of the members time and has greater strain on the members’ family lives. In spite of this; the members are in the favourable position that as a group they have additional capacity for involvement should it be required; this assumption is not only made by the life stage of the members; but also through feedback from the interviews. From a financial perspective; the members all indicated that they are currently a comfortable position. This may seem contradictory to Lile’s (1974) findings that the financial obligations of men increase between ages of twenty-five to forty-two. The reason for this is not known. This does however to indicate that there would be potential for further investment should the need arise as result of the growth stage or the strategy of the organisation change; and that this could be identified as a potential competitive advantage for the organisation. It should however be noted that members do have obligations in terms of families and education of children; so
while the current financial position is strong; this could change as time progresses.

Career stages of members differ predominantly as result of age differences as discussed in the introduction to this chapter. One of the critical aspects for consideration is that of mentorship. Two of the members are considered mentors; while the third is not. As the theory suggests; mentorship usually develops at later stages of one’s career. This indicates that mentorship by the third member is still a possibility; however as per the theory, not all people pass through all career stages. Thus from a mentorship perspective it seems that there is no deficiency; however there may be a risk and this should be assessed as the member’s careers develop.

The members all have an attachment to the organisation. The positive spin off of this is that they are likely to continue ties with the organisation until they feel that it is in good hands. This will act as additional support in ensuring continuity of the organisation. From a succession point of view; it seems that the organisation has a sound strategy in place. It should however be noted that according to the theory characteristics of successors should be carefully selected to match the organisations needs. Furthermore it is suggested that the use of third parties be used to offer advice on the succession process and that advisory boards be implemented to facilitate succession.

The members are all identified as entrepreneurs. They were also identified as lifestyle or growth entrepreneurs meaning that they are likely to remain at the organisation until retirement. This serves to again strengthen the case of the succession strategy. There does seem to be a potential problem with entrepreneurship in the organisation. The findings indicate that there are no employees apart from the members that match the characteristics of entrepreneurs. While this is not a current problem; this could prove problematic in terms of the succession strategy if the next member is to be appointed from within the organisation.
6.4 COMPETENCIES

Certain management competencies will be lost should an existing member leave the organisation. The interviews revealed that the existing members would be best positioned to take on the roles; however the lack of exposure and experience of the members in certain aspects may result in risk to the organisation during the learning period. There should be a focus on members teaching others their own competencies and offering opportunities for other members to practice the competency when risk allows so.

6.5 LEADERSHIP

From a leadership perspective; there are different degrees of experience in terms of years of leadership experience. Leadership styles also differ and the current state reveals leadership strengths in Charismatic leadership as well as Transactional leadership.

The theory points to the organisation most likely being in the ‘Crisis of Leadership’ stage. Leadership is sufficient for current growth stage; however if growth is to be achieved as per the preference of the members; leadership needs to be extended. The most likely source is from outside the organisation. According to Greiner’s (1976) theory; the ‘Crisis of Leadership’ is solved by appointing a strong business manager. Having said this; the characteristics of a ‘strong business manager’ were not identified. In order to find a leader that can take the organisation to the next level; the leader would need to be experienced. Without having existing skills within the organisation; should a leader from outside the organisation be selected? And how would this leader fit into the culture of an organisation that has historically been controlled by the members which have limited experience outside of the organisation? Furthermore; how would employees feel about appointment of an outsider as a leader – firstly as result of the limited potential for employees to advance due to the flat organisational structure; and secondly as result of the lack of experience that the leader is likely to have in the industry. The question should be asked – is a leader from outside the organisation going to fit into the organisation without creating more problems than he or she is likely to address? As it has been stated in the previous chapters; the organisation operates in a niche industry with very technical nature of work.
The theory and findings reveal that the organisation is entering the stage that requires both Transformational and Transactional leadership. The challenge will be to address the need for a combination for Transformational and Transactional leadership; and the members need to make an informed decision as to how this can be done.

One possibility is to identify potential candidates in the organisation which should then go through formal leadership education and be put in positions where they can practice leadership skills; and abilities can be assessed.

Members have differing opinions on whether there is sufficient trained management skill in the organisation. Consensus should be reached and actions implemented if deemed necessary.

6.6 GROWTH AND GROWTH STRATEGIES

The members agreed that growth is significant and should be a goal of the organisation. In terms of the growth theories; the organisation is in the earlier stages of growth; and thus there is potential for further growth. The members have a similar expectation of growth levels; and this should be used as the goal.

The members agreed that the growth level according to number of staff should be restricted to a count in the region of fifty members. The goals of growth should therefore be on other aspects such as strategic growth, financial growth and maturity.

As indicated in the findings; it is not entirely clear as to which stage of growth the organisation is undergoing; and that the most likely stage is that of a ‘Crisis of Leadership’. The challenge at this stage is likely to be the motivation of staff and handling the increasing management responsibilities. The findings revealed that there is a clear lack of a performance management and reward system. The organisation should consider this as the first step in addressing the likely problem of motivation. The following stage of growth is characterised by the organisation becoming more formal and having direction.
The means by which to achieve growth is more of a problem as the members do not have similar views. From the findings it is clear that all members are primarily interested in using existing markets as the vehicle to growth. The decision as to whether existing or new products is still to be settled on.

What is apparent is that there is no common vision or goals of the organisation as a whole. Each of the members has their own thoughts and strategies which they are pursuing in an effort to grow the organisation. This is likely to be to the detriment of the organisation. The primary goal of the organisation at the current stage should be to create a common vision on which to base a strategy.

6.7 CONCLUSION

The organisation is well positioned in terms of its members. The difference in ages, human development, life stages, career stages, leadership styles and competencies result in a scenario conducive to continuity.

Additionally, the diversity of leaders should have positive influence on staff as they should have someone in a leadership position at any time to which they can relate in a variety of aspects.

The members need to make decisions relating to future leadership and entrepreneurship; as the findings reveal that there is a shortage within the organisation.

The findings have identified some potential problems in terms of entrepreneurship and leadership; however it appears that there is a more significant problem that needs to be addressed in the short term. The organisations leaders each have their own vision and strategies to achieve growth. It is unlikely that this scenario will result in effectively producing growth.

The primary goal of the organisation should be to create a common vision and strategy. Strategic analysis should be performed by the members after which action plans should be put in place. Once the organisation has a clear goal and objectives; the leadership and entrepreneurship of the organisation should be reviewed to identify any potential shortfalls so that they can be addressed.
REFERENCES


Kiviat, B. 2009. Why are large companies losing more jobs than small ones. *Time*.


APPENDIX A

INTERVIEW QUESTIONNAIRE

A. INTRODUCTION

Following is a questionnaire that will form the structure of the interview. The interview is expected to take between one and two hours. The interview will be recorded electronically. Any terminology not understood will be explained during the interview.

You are kindly requested to answer all questions truthfully and unbiased as this will affect the quality and validity of the study and findings. You have the right to refuse to answer any questions should you not feel comfortable, find them irrelevant or unethical.

B. DEMOGRAPHICS / BIOLOGICAL INFORMATION:

Please tell me a bit about yourself for example your age family and education.
Tell me about your employment at the organisation – length of employment, job function.
Describe your position as a shareholder.
Do you have family; if so how many children, what are their ages? Any other dependants?
Do you plan more children?
Does your partner work / earn income?
How would you describe your current financial position?

C. ORGANISATIONAL GROWTH

Do you think the company have a clear vision and strategy?
What is your long term vision for the company?
What type of growth do you feel is most important for the organisation?
- increase in finance / profit;
- strategic positioning;
- size of the organisation; and
- maturity of the organisation (culture, attitude)?
How would you describe the industry in which the company operates?
How would you describe the competitive position of the company?
For each of the following; do you believe S4 should grow / remain same / decline:
- Financially
- Strategically (position in market, competitive nature)
- Structurally (size, responsibility, management)
- Maturity (procedural, social responsibility, development)
As a manager do you enjoy management activities; or would you prefer functional activities (technical work / marketing)?
Do employees know more about the products and services than the leaders?
Describe the structure of the organization.
Do you think there has been an increase in delegation and responsibilities over the last one to two years? Explain.
How would you classify communication in the organisation between workers and between management and workers (formal / informal / frequent / infrequent) in relation to other organisations?
Do the managers / owners effectively control the direction and activities of the company; or is this directed by customers?
Does the organisation make use of incentives, budgets and work standards?
Are profit centres and bonuses effectively used for motivation?
Do you believe that the organisation has formal planning procedures?
Is capital expenditure carefully weighed?
Do all employees have possibility to be shareholders?
Do procedures take precedence over problem solving?
Is the company structured according to functions (hr, accounting) or by product?
Are teams used regularly for problem solving?
Tell me about reward systems in the company.
Do you think bureaucracy is high in the company?
How would you describe the staff turnover in the recent years; increase / decrease? What level of staff being turned over more frequently?
Do you believe that Candidate C is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Do you believe that Candidate A is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Do you believe that Candidate B is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Is management centralised or decentralised? Do you feel there should be more or less focus on decentralising management?

Is there a focus on strategy and reaching goals?

Please tell me if you agree / disagree with the following statements:

- The organisation has lack of fixed capital;
- The organisation has sufficient management skills;
- there is sufficient information on what is and what is not working on the organisation;
- the organisation has a plan;
- risks are ignored;
- there is a clear focus; and
- time management is used well.

What are the strengths and weakness of the organisation in your point of view?

Do you feel working for a larger organisation would offer you more or less job security and personal growth opportunity?

Do you prefer to work for a small or large organisation and what is your reasoning?

What is your preference for growth of the organisation in terms of size; rate or maximum size?

What would bother you most about the organisation exceeding this level?

Do you think that diversification would be risky; how would it affect your sense of security as result of ownership?

Would you like to further your education or skills; if so in what direction? Is this out of personal interest or do you feel the organisation needs the skill?

D. ENTREPRENEURS

Do you feel the following are true or false with regards to Candidate C:
- he / she has high need for achievement;
- he / she is willingness to take risks;
- he / she is self confident; and
- he / she seeks security.

Do you feel the following are true or false with regards to Candidate A:
- he / she has high need for achievement;
- he / she is willingness to take risks;
- he / she is self confident; and
- he / she seeks security.

Do you feel the following are true or false with regards to Candidate B:
- he / she has high need for achievement;
- he / she is willingness to take risks;
- he / she is self confident; and
- he / she seeks security.

Do you feel that there is anyone else in the organisation who possesses
the characteristics of being an achiever, risk taker, confident and seeks
security?

Do you have any fear of commitment or relationships in your personal life?

How would you describe your current position relative to your peers in
terms of life stages, family etc?

Do you feel that you have led a successful life if you review your life
achievements?

Are you able to balance work and family?

Does your work intervene into your personal / family life? If so; how? Do
you feel that this is a problem?

What are your personal life ambitions? (retirement, family plans, other
goals).

Do you feel that you are running out of time and need to make changes to
your life – career or otherwise?

Do you have any mentors; if so describe the importance of this and
changes on dependence if you have noticed any?

Are you becoming more aware of death and realising life is short?

If you had to make a decision between disengaging and growing the
company; what would it be?

Do you consider yourself a specialist in your field of work?
Do you accept responsibility and authority?
Are you responsible for a large number of people?
If given a choice would you remain a specialist or become mentor?
Would you find it difficult to leave the organisation in hands of others at retirement?
Would you say you have a personal attachment to the business?
What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate C left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate A left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate B left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
How would you describe your succession horizon (in other words; how long do you feel it would take to replace a yourself or a member in the organisation)?
Do you agree or disagree to the following statements:
- I like to achieve and grow personally;
- I have a sense of humour;
- I receive feedback and if received would you use it negative criticism;
- I am reliable;
- I seek status and power; and
- Events result primarily my own behaviour and actions.
E. LEADERSHIP

Which one of the following is more applicable to Candidate C?
- high need for achievement;
- dealing with peoples needs and wants;
- developing ideas; or
- like to take charge.

Which one of the following is more applicable to Candidate A?
- high need for achievement;
- dealing with peoples needs and wants;
- developing ideas; or
- like to take charge.

Which one of the following is more applicable to Candidate B?
- high need for achievement;
- dealing with peoples needs and wants;
- developing ideas; or
- like to take charge.

What is Candidate C’s core management competency?
- vision;
- people;
- operations;
- resources; or
- strategies.

What is Candidate A’s core management competency?
- vision;
- people;
- operations;
- resources; or
- strategies.

What is Candidate B’s core management competency?
- vision;
- people;
- operations;
- resources; or
- strategies.
What style would you associate with Candidate C?
- charismatic – inspire / devotion etc;
- transformational - ability to bring about change;
- visionary – goals / out of box / team guiding;
- transactional – structured; management by exception; or
- servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

What style would you associate with Candidate A?
- charismatic – inspire / devotion etc;
- transformational - ability to bring about change;
- visionary – goals / out of box / team guiding;
- transactional – structured; management by exception; or
- servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

What style would you associate with Candidate B?
- charismatic – inspire / devotion etc;
- transformational - ability to bring about change;
- visionary – goals / out of box / team guiding;
- transactional – structured; management by exception; or
- servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

Which of the following do you feel best suits Candidate C’s leadership style:
- Direct subordinates (train, specific instructions, monitor);
- Coaching subordinates (explain decisions, provide opportunity for clarity);
- Support subordinates (share ideas and facilitate decision making); or
- Delegating responsibility (turn over responsibility for decisions and implementation).

Which of the following do you feel best suits Candidate A’s leadership style:
- Direct subordinates (train, specific instructions, monitor);
- Coaching subordinates (explain decisions, provide opportunity for clarity);
- Support subordinates (share ideas and facilitate decision making); or
- Delegating responsibility (turn over responsibility for decisions and implementation).

Which of the following do you feel best suits Candidate B’s leadership style:
- Direct subordinates (train, specific instructions, monitor);
- Coaching subordinates (explain decisions, provide opportunity for clarity);
- Support subordinates (share ideas and facilitate decision making); or
- Delegating responsibility (turn over responsibility for decisions and implementation).

Do you believe you are able to adjust your own leadership style (direct, coach, support, delegate) to suit the situation and the subordinate?

Which other people in the organisation do you see as leaders?

Which people in the organisation would you like to see as members; and what is your reasoning?

Do you feel that leadership of the organisation is lacking in any way?

If the study reveals a shortcoming of leadership; do you feel this should be filled from within the organisation or outside; do we have ready skills in the organisation; would a leader find their feet quickly?

F. GROWTH STRATEGY

If you feel the organisation should grow; what do you feel is the best method by:
- Taking existing products to new markets;
- Extension of existing products to existing markets (market share increase);
- Looking for new products for our current market; or
- Looking for new products for new markets.
If we had to use vertical integration as means of expansion do you feel that it would be better to consider moving in direction of our suppliers or customers?

Which geographic regions do you foresee opportunities for growth?

What opportunities do you foresee in the automotive industry?

What other industries would you be interested in entering?

What other industries do you feel are easiest for entry?

Do you have any other potential growth opportunities that you would like to follow?

G. CONCLUSION

Thank you for your involvement! All information collected in the interview will remain confidential.
### APPENDIX B

#### SUMMARY OF INTERVIEWS

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>A</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Demographics / biological information:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Please tell me a bit about yourself for example your age family and education.</td>
<td>28, Wife, Daughter, Ndip Marketing</td>
<td>36, Single, Ndip, MBA Marketing</td>
</tr>
<tr>
<td>2.</td>
<td>Tell me about your employment at the organisation – length of employment, job function.</td>
<td>5, project management and marketing</td>
<td>16, Technical manager, member</td>
</tr>
<tr>
<td>3.</td>
<td>Describe you position as a shareholder</td>
<td>6 months, 10%</td>
<td>3 years; 30%</td>
</tr>
<tr>
<td>4.</td>
<td>Do you have family; if so how many children, what are their ages? Any other dependants?</td>
<td>One, 2 years, no</td>
<td>None</td>
</tr>
<tr>
<td>5.</td>
<td>Do you plan (more) children?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>6.</td>
<td>Does your partner work / earn income?</td>
<td>Retrenched (yes)</td>
<td>N/a</td>
</tr>
<tr>
<td>7.</td>
<td>How would you describe your current financial position?</td>
<td>Comfortable</td>
<td>Sound</td>
</tr>
<tr>
<td>C. Organisational growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Do you think the company have a clear vision and strategy?</td>
<td>No</td>
<td>Members have own; not org as whole</td>
</tr>
<tr>
<td>9.</td>
<td>What is your long term vision for the company?</td>
<td>Expand, diversify</td>
<td>Controlled growth, diversify</td>
</tr>
<tr>
<td>10.</td>
<td>What type of growth do you feel is most important for the organisation?</td>
<td>X</td>
<td>X</td>
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<tr>
<td></td>
<td>Increase in finance / profit;</td>
<td></td>
<td></td>
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<td></td>
<td>Strategic positioning;</td>
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<td></td>
<td>Size of the organisation; and</td>
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<td></td>
<td>Maturity of the organisation (culture, attitude)?</td>
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<tr>
<td>11.</td>
<td>How would you describe the industry in which the company operates?</td>
<td>Very competitive</td>
<td>Complete globally</td>
</tr>
<tr>
<td>12.</td>
<td>How would you describe the competitive position of the company?</td>
<td>Has competitive advantage</td>
<td>Depend on product</td>
</tr>
<tr>
<td>13.</td>
<td>For each of the following; do you believe S4 should grow / remain same / decline:</td>
<td>Grow</td>
<td>Grow</td>
</tr>
<tr>
<td></td>
<td>Financially</td>
<td>Grow</td>
<td>Grow</td>
</tr>
<tr>
<td></td>
<td>Strategically</td>
<td>Grow</td>
<td>Grow</td>
</tr>
<tr>
<td></td>
<td>Structurally</td>
<td>Remain</td>
<td>Minimally</td>
</tr>
<tr>
<td></td>
<td>Maturity</td>
<td>Grow</td>
<td>Small growth</td>
</tr>
<tr>
<td>14.</td>
<td>As a manager do you enjoy management activities; or would you prefer functional activities (technical work / marketing)?</td>
<td>Prefer functional</td>
<td>Yes</td>
</tr>
<tr>
<td>15.</td>
<td>Do employees know more about the products and services than the leaders?</td>
<td>Yes, No</td>
<td>No</td>
</tr>
<tr>
<td>16.</td>
<td>Describe the structure of the organization.</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td>17.</td>
<td>Do you think there has been an increase in delegation and responsibilities over the last one to two years? Explain.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>18.</td>
<td>How would you classify communication in the organisation between workers and between management and workers (formal / informal / frequent / infrequent) in relation to other organisations?</td>
<td>Informal, frequent</td>
<td>Informal, frequent</td>
</tr>
<tr>
<td>19.</td>
<td>Do the managers / owners effectively control the direction and activities of the company; or is this directed by customers?</td>
<td>Customers</td>
<td>Customers</td>
</tr>
<tr>
<td>20.</td>
<td>Does the organisation make use of incentives / budgets / work standards?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>21.</td>
<td>Are profit centres and bonuses effectively used for motivation?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>22.</td>
<td>Do you believe that the organisation has formal</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
planning procedures?

23. Is capital expenditure carefully weighed?  N/a  Yes  Yes
24. Do all employees have possibility to be shareholders? No  No  No
25. Do procedures take precedence over problem solving? No  No  No
26. Is the company structured according to functions (hr, accounting) or by product? Product  Product / common as result admin
27. Are teams used regularly for problem solving? No, only if needed  N/a  Product / common as result admin
28. Tell me about reward systems in the company. N/a  Mixed  Product / common as result admin
29. Do you think bureaucracy is high in the company? N/a  No  No
30. How would you describe the staff turnover in the recent years; increase / decrease / what level of staff being turned over? No  No  No
31. Do you believe that C is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)? Engaged  Engaged  Engaged
32. Do you believe that A is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)? Engaged  Engaged  Engaged
33. Do you believe that B is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)? Engaged  Engaged  Engaged
34. Is management centralised or decentralised? Do you feel there should be more or less focus on decentralising management? Centralised  Centralised  Centralised; more
35. Is there a focus on strategy and reaching goals? No  No  No
36. Please tell me if you agree / disagree with the following statements:
   - The organisation has lack of fixed capital;  N/a  Disagree  Disagree
   - The organisation has sufficient management skills; Yes  Disagree  Agree
   - There is sufficient information on what is and what is not working on the organisation; No  Disagree  Disagree
   - The organisation has a plan; No  Disagree  Disagree
   - Risks are ignored; Sometimes  Disagree  Disagree
   - There is a clear focus; and No  Disagree  Disagree
   - Time management is used for issues absorbing most time. No  Disagree  Disagree
   - Strengths - expertise, reputation. Strengths - products and agencies; customer relations to some degree, Brand. Strengths - products and agencies; customer relations to some degree, Brand. Yes; could improve financially stable, brand, contacts, small and change direction easily, skilled staff. Strengths - communication, wrong people in wrong jobs.
   - No, debateable N/a  N/a
   - Medium  Small 15% PA, max 50 people  N/a  Under 50; 3-4 years for the growth
   - Current growth rate; turnover 10% PA High wages; economic fluctuations service levels
   - Restrictions, BEE etc Shortage of leaders Yes, decrease security if financial investment No  No

37. What are the strengths and weakness of the organisation in your point of view? Strengths - expertise, reputation. Strengths - products and agencies; customer relations to some degree, Brand. Strengths - products and agencies; customer relations to some degree, Brand. Yes; could improve financially stable, brand, contacts, small and change direction easily, skilled staff. Strengths - communication, wrong people in wrong jobs.

38. Do you feel working for a larger organisation would offer you more or less job security and personal growth opportunity? No, debateable N/a  N/a

39. Do you prefer to work for a small or large organisation and what is your reasoning? Medium  Small 15% PA, max 50 people  N/a  Under 50; 3-4 years for the growth

40. What is your preference for growth of the organisation in terms of size; rate or maximum size? Current growth rate; turnover 10% PA High wages; economic fluctuations service levels

41. What would bother you most about the organisation exceeding this level? Restrictions, BEE etc Shortage of leaders Yes, decrease security if financial investment No  No

42. Do you think that diversification would be risky; how would it affect your sense of security as result of ownership? N/a  Yes, degree in marketing No  No

43. Would you like to further your education or skills; if so in what direction? Is this out of personal interest or do you feel the organisation needs the skill? D. Entrepreneurs
44. Do you feel the following are true or false with regards to C:

<table>
<thead>
<tr>
<th>Statement</th>
<th>True</th>
<th>False</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>He / she has high need for achievement;</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she is willingness to take risks;</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she is self confident; and</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she seeks security.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

45. Do you feel the following are true or false with regards to A:

<table>
<thead>
<tr>
<th>Statement</th>
<th>True</th>
<th>False</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>He / she has high need for achievement;</td>
<td>Yes</td>
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<td>Yes</td>
</tr>
<tr>
<td>He / she is willingness to take risks;</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she is self confident; and</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she seeks security.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

46. Do you feel the following are true or false with regards to B:

<table>
<thead>
<tr>
<th>Statement</th>
<th>True</th>
<th>False</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>He / she has high need for achievement;</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she is willingness to take risks;</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she is self confident; and</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>He / she seeks security.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

47. Do you feel that there is anyone else in the organisation who possesses the characteristics of being an achiever, risk taker, confident and seeks security?

Yes, 3 Yes, 3 No

48. Do you have any fear of commitment or relationships in your personal life?

No, No, No

49. How would you describe your current position relative to your peers in terms of life stages, family etc.?

Ahead, Behind, Ahead / na

50. Do you feel that you have led a successful life if you review your life achievements?

Yes, Yes, Yes

51. Are you able to balance work and family?

Sometimes, Yes, minimal, No

52. Does your work interfere into your personal / family life? If so; how? Do you feel that this is a problem?

Yes, 5 retire; finish educating children; travel more

53. What are your personal life ambitions? (Retirement, family plans, other goals).

Financial security; Holiday home; No add family plans; Grow company; Retire at 55 but still work part time

54. Do you feel that you are running out of time and need to make changes to your life – career or otherwise?

No, Yes, no No

55. Do you have any mentors; if so describe the importance of this and changes if you have noticed any?

Yes, Same, Yes, less reliant No

56. Are you becoming more aware of death and realising life is short?

Yes, Yes, Yes

57. If you had to make a decision between disengaging and growing the company; what would it be?

Grow, Grow, Grow

58. Do you consider yourself a specialist in your field of work?

Yes, Yes, Yes

59. Do you accept responsibility and authority?

Yes, Yes, Yes

60. Are you responsible for a large number of people?

No, Yes, Yes

61. If given a choice would you remain a specialist or become mentor?

Mentor from +1 year, Mentor, Specialist

62. Would you find it difficult to leave the organisation in hands of others at retirement?

Yes, Yes, Yes

63. Would you say you have a personal attachment to the business?

Yes, Yes, Yes

64. What functional or leadership skills or abilities do you feel the organisation would be deprived of if C left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?

Inspirational, approachable, Negotiations, B

65. What functional or leadership skills or abilities do you feel the organisation would be deprived of if A left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?

Change; direction, C / B

66. What functional or leadership skills or abilities do you feel the organisation would be deprived of if B left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?

Strategy, negotiation, A; Dealing with staff - A; Customers - B / Stefan
66. What functional or leadership skills or abilities do you feel the organisation would be deprived of if B left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?

Inspiring; negotiations; motivating action. C

Project management A; X; C. Customer - C; X; X

Marketing knowledge

67. How would you describe your succession horizon?

Min 1 Year 1-2 Years 6m-1y

68. Do you agree or disagree to the following statements:

I like to achieve and grow personally; Yes Yes Yes
I have a sense of humour; Yes Yes Yes
I receive feedback and if received would you use it negative criticism; Yes Yes Yes
I am reliable; Yes Yes Yes
I seek status and power; and Yes Somewhat No
Events result primarily my own behaviour and actions.

E. Leadership

69. Which one of the following is more applicable to C?

High need for achievement; Dealing with peoples needs and wants; Developing ideas; or X X
Like to take charge.

70. Which one of the following is more applicable to A?

High need for achievement; Dealing with peoples needs and wants; Developing ideas; or X X X

Like to take charge.

71. Which one of the following is more applicable to B?

High need for achievement; Dealing with peoples needs and wants; Developing ideas; or X X X
Like to take charge.

72. What is C’s core management competency?

Vision; People; Operations; Resources; or Strategies. X

73. What is A’s core management competency?

Vision; People; Operations; Resources; or Strategies. X X

74. What is B’s core management competency?

Vision; People; Operations; Resources; or Strategies. X

75. What style would you associate with C?

Charismatic – inspire / devotion etc; X X
Transformational - ability to bring about change; Visionary – goals / out of box / team guiding; Transactional – structured; management by exception; or Servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

76. What style would you associate with A?

Charismatic – inspire / devotion etc; Transformational - ability to bring about change;
Visionary – goals / out of box / team guiding;  
Transactional – structured; management by exception; or  
Servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

77. What style would you associate with B?
  - Charismatic – inspire / devotion etc;  
  - Transformational - ability to bring about change;  
  - Visionary – goals / out of box / team guiding;  
  - Transactional – structured; management by exception; or  
  - Servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

78. Which of the following do you feel best suits C’s leadership style:
  - Direct subordinates;  
  - Coaching subordinates;  
  - Support subordinates; or  
  - Delegating responsibility.

79. Which of the following do you feel best suits A’s leadership style:
  - Direct subordinates;  
  - Coaching subordinates;  
  - Support subordinates; or  
  - Delegating responsibility.

80. Which of the following do you feel best suits B’s leadership style:
  - Direct subordinates;  
  - Coaching subordinates;  
  - Support subordinates; or  
  - Delegating responsibility.

81. Do you believe you are able to adjust your own leadership style (direct, coach, support, delegate) to suit the situation and the subordinate? Yes Yes Yes

82. Which other people in the organisation do you see as leaders? X X None; X?

83. Which people in the organisation would you like to see as members; and what is your reasoning? N/A X, X N/A

84. Do you feel that leadership of the organisation is lacking in any way? Yes Not at present No

85. If the study reveals a shortcoming of leadership; do you feel this should be filled from within the organisation or outside; do we have ready skills in the organisation; would a leader find their feet quickly? Inside Outside Outside

F. Growth strategy

86. If you feel the organisation should grow; what do you feel is the best method by:
  - Taking existing products to new markets;  
  - Extension of existing products to existing markets (market share increase);  
  - Looking for new products for our current market; or  
  - Looking for new products for new markets.

87. If we had to use vertical integration as means of expansion do you feel that it would be better to consider moving in direction of our suppliers or customers? Customers Customers Suppliers Gauteng, Offshore, Natal

88. Which geographic regions do you foresee opportunities for growth? JHB, DBN Pretoria Gauteng, Offshore, Natal

89. What opportunities do you foresee in the automotive industry? None Not much

90. What other industries would you be interested in entering? None None None None

91. What other industries do you feel are easiest for entry? None None None None

92. Do you have any other potential growth opportunities that you would like to follow? Avalue N/A Software development
APPENDIX C

TRANSCRIPT CANDIDATE A

Interviewer: Please tell me a bit about yourself for example your age family and education.

Candidate A: I am 36 years old, I am currently single and have studied electrical engineering national diploma. I started working for S4 immediately after studying and am currently studying towards my MBA.

Interviewer: Tell me about your employment at the organisation – length of employment, job function.

Candidate A: As mentioned I started employment immediately after my studies. This was at Man Machine Dynamics which later became S4 Integration. I started as a support technician on-site and later moved into management. I have been at S4 since inception in 1994 and am currently a member and the technical manager.

Interviewer: Describe you position as a shareholder

Candidate A: I have been a shareholder since 2007. I started with 20% shares. Last year I purchased an additional 10% of shares due to retirement of a shareholder.

Interviewer: Do you have family; if so how many children, what are their ages? Any other dependants?

Candidate A: I do not have any dependants.

Interviewer: Do you plan more children?

Candidate A: Possibly

Interviewer: Does your partner work / earn income?

Candidate A: Not applicable

Interviewer: How would you describe your current financial position?

Candidate A: I would say financially sound. Do have some long term debt in terms of a home loan; but debt free otherwise.

Interviewer: Do you think the company have a clear vision and strategy?

Candidate A: No, I think the members have ideas but I don’t feel that there is any clear strategy that the organisation is working towards as a whole.

Interviewer: What is your long term vision for the company?
Candidate A: I would like to see the growth of the organisation to continue; but having said this, the organisation should not grow too large that it creates management problems. I would like to see the company diversify as there is a large reliance on the automotive industry at present. I would like to continue to build the brand of S4 and continue with the high integrity.

Interviewer: What type of growth do you feel is most important for the organisation?

- increase in finance / profit;
- strategic positioning;
- size of the organisation; and
- maturity of the organisation (culture, attitude)?

Candidate A: strategic positioning

Interviewer: How would you describe the industry in which the company operates?

Candidate A: The company operates in the automotive industry. The industry is largely driven by the decisions made in Europe by the OEM's. There is a high need for quality and delivery of service and products. The industry is dependant on the economic situation as can be seen by the recession.

Interviewer: How would you describe the competitive position of the company?

Candidate A: Competition changes for the different products and services that are offered. For some products and services there is very little competition; for others high levels of competition. Some of the strength of the organisation is as result of the niche markets. Alliances with European automotive system suppliers have improved the competitive position.

Interviewer: For each of the following; do you believe S4 should grow / remain same / decline:

Financially

Strategically (position in market, competitive nature)

Structurally (size, responsibility, management)

Maturity (procedural, social responsibility, development)

Candidate A: Grow, Grow, Maintain or grow minimally, Grow; but only to degree required
Interviewer: As a manager do you enjoy management activities; or would you prefer functional activities (technical work / marketing)?

Candidate A: I am happy with management activities.

Interviewer: Do employees know more about the products and services than the leaders?

Candidate A: In general I would say no. There are some employees who are specialists and are therefore expected to know finer details of small sectors of work; but in general my feeling is the leaders are very close to the products and services.

Interviewer: Describe the structure of the organization.

Candidate A: I would say the structure is relatively flat. There has been increase in structure over the last few years but as a whole I would still say it is flat.

Interviewer: Do you think there has been an increase in delegation and responsibilities over the last one to two years? Explain.

Candidate A: Yes. Certain employees have taken on greater responsibilities. I would however say that I feel that there is still room for more responsibility and acceptance of it. Leaders still need to drive the managers for results.

Interviewer: How would you classify communication in the organisation between workers and between management and workers (formal / informal / frequent / infrequent) in relation to other organisations?

Candidate A: I would say that the communication is definitely informal. There are some formal communications but they are kept to a minimum. Frequency is a bit tougher; I would have to say communication is frequent in terms that problems are usually addressed immediately.

Interviewer: Do the managers / owners effectively control the direction and activities of the company; or is this directed by customers?

Candidate A: I would have to say the majority is customer directed.

Interviewer: Does the organisation make use of incentives, budgets and work standards?

Candidate A: No

Interviewer: Are profit centres and bonuses effectively used for motivation?
Candidate A: No. Bonuses are intended as an incentive; but I don’t feel that they act as incentives. A new performance management systems is in the pipeline which will hopefully address this problem.

Interviewer: Do you believe that the organisation has formal planning procedures?
Candidate A: No. Planning is done informally and results are seldom controlled.

Interviewer: Is capital expenditure carefully weighed?
Candidate A: There is little capital expenditure; but I feel that any expenditure is carefully weighed.

Interviewer: Do all employees have possibility to be shareholders?
Candidate A: Not at present. I think it would create large administration complications.

Interviewer: Do procedures take precedence over problem solving?
Candidate A: No.

Interviewer: Is the company structured according to functions (hr, accounting) or by product?
Candidate A: I would say by product being development; on-site work. But the administration functions are common; so maybe a mixed structure best describes the company.

Interviewer: Are teams used regularly for problem solving?
Candidate A: No; only in extreme cases

Interviewer: Tell me about reward systems in the company.
Candidate A: Currently the main forms of rewards are bonus. There are exceptions where employees have been given weekends away / holidays etc.

Interviewer: Do you think bureaucracy is high in the company?
Candidate A: No. There has been slight increase driven by the need for it; but it is not excessive for the size of the organisation

Interviewer: How would you describe the staff turnover in the recent years; increase / decrease? What level of staff being turned over more frequently?
Candidate A: Turnover has increased slightly; but I think it is to be expected due to increase in number of staff. The level of staff being turned over is usually at lower levels.
Interviewer: Do you believe that Candidate C is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate A: Engagement is high; however presence is not.

Interviewer: Do you believe that Candidate A is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate A: Moderate; could be higher.

Interviewer: Do you believe that Candidate B is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate A: Yes.

Interviewer: Is management centralised or decentralised? Do you feel there should be more or less focus on decentralising management?

Candidate A: Centralised as most decisions are made by the members. More focus; but then the managers need to take full responsibility

Interviewer: Is there a focus on strategy and reaching goals?

Candidate A: No

Interviewer: Please tell me if you agree / disagree with the following statements:

- The organisation has lack of fixed capital;
- The organisation has sufficient management skills;
- there is sufficient information on what is and what is not working on the organisation;
- the organisation has a plan;
- risks are ignored;
- there is a clear focus; and
- time management is used well.

Candidate A: Disagree with all

Interviewer: What are the strengths and weakness of the organisation in your point of view?

Candidate A: Strengths products and agencies; customer relations to some degree; Brand. Weaknesses management and strategy.

Interviewer: Do you feel working for a larger organisation would offer you more or less job security and personal growth opportunity?

Candidate A: Less job security; probably more growth opportunity however I am happy with my prospects
Interviewer: Do you prefer to work for a small or large organisation and what is your reasoning?

**Candidate A:** Small; I have not worked for larger organisation but do not feel it would suit me as result high bureaucracy

Interviewer: What is your preference for growth of the organisation in terms of size; rate or maximum size?

**Candidate A:** I think the current growth rate is reasonable. I would like to cap growth at around 50 employees.

Interviewer: What would bother you most about the organisation exceeding this level?

**Candidate A:** Increase in structure and not having the right people to accept responsibility. Also increased administration and requirements

Interviewer: Do you think that diversification would be risky; how would it affect your sense of security as result of ownership?

**Candidate A:** I think there is fair amount of risk with diversification. It would affect sense of security especially if there is large investment.

Interviewer: Would you like to further your education or skills; if so in what direction? Is this out of personal interest or do you feel the organisation needs the skill?

**Candidate A:** No.

Interviewer: Do you feel the following are true or false with regards to Candidate C:

- he / she has high need for achievement;
- he / she is willingness to take risks;
- he / she is self confident; and
- he / she seeks security.

**Candidate A:** Yes to all

Interviewer: Do you feel the following are true or false with regards to Candidate A:

- he / she has high need for achievement;
- he / she is willingness to take risks;
- he / she is self confident; and
- he / she seeks security.

**Candidate A:** Yes to all
Interviewer: Do you feel the following are true or false with regards to Candidate B:

- he / she has high need for achievement;
- he / she is willingness to take risks;
- he / she is self confident; and
- he / she seeks security.

Candidate A: Yes to all

Interviewer: Do you feel that there is anyone else in the organisation who possesses the characteristics of being an achiever, risk taker, confident and seeks security?

Candidate A: Possibly X and X

Interviewer: Do you have any fear of commitment or relationships in your personal life?

Candidate A: I would not call it a fear as such; but am not currently committed

Interviewer: How would you describe your current position relative to your peers in terms of life stages, family etc?

Candidate A: In terms of my peers I am behind

Interviewer: Do you feel that you have led a successful life if you review your life achievements?

Candidate A: Yes

Interviewer: Are you able to balance work and family?

Candidate A: Not applicable

Interviewer: Does your work intervene into your personal / family life? If so; how? Do you feel that this is a problem?

Candidate A: Minimally; but I do not see it as a problem but as part of the responsibility

Interviewer: What are your personal life ambitions? (retirement, family plans, other goals).

Candidate A: I would like to start a family in the next few years. I am not sure about retirement yet; but I would imagine around age 55 to 60 if I have other interests and am financially secure

Interviewer: Do you feel that you are running out of time and need to make changes to your life – career or otherwise?

Candidate A: Running out of time yes; but no need for change
Interviewer: Do you have any mentors; if so describe the importance of this and changes on dependence if you have noticed any?

_Candidate A: Yes. Very important for career and life; less reliant_

Interviewer: Are you becoming more aware of death and realising life is short?

_Candidate A: Yes_

Interviewer: If you had to make a decision between disengaging and growing the company; what would it be?

_Candidate A: Growing but minimally_

Interviewer: Do you consider yourself a specialist in your field of work?

_Candidate A: Yes_

Interviewer: Do you accept responsibility and authority?

_Candidate A: Yes_

Interviewer: Are you responsible for a large number of people?

If given a choice would you remain a specialist or become mentor?

_Candidate A: Mentor_

Interviewer: Would you find it difficult to leave the organisation in hands of others at retirement?

_Candidate A: Yes; if I was a shareholder_

Interviewer: Would you say you have a personal attachment to the business?

_Candidate A: Yes_

Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate C left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?

_Candidate A: I think the biggest loss will be from a strategy and negotiation point of view. Also ability to deal with staff and customers. Strategy and negotiation I think Candidate A would be next best although far behind. Dealing with staff Candidate A. Dealing with customers Candidate B; X; X; X_

Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate A left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
Candidate A:
Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate B left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
Candidate A: Project management and staff coordination. Customer liaison. For project management Candidate A; X; Candidate C. Customer - Candidate C; X; X; X
Interviewer: How would you describe your succession horizon (in other words; how long do you feel it would take to replace a yourself or a member in the organisation)?
Candidate A: 1-2 Years
Interviewer: Do you agree or disagree to the following statements:
  I like to achieve and grow personally;
  I have a sense of humour;
  I receive feedback and if received would you use it negative criticism;
  I am reliable;
  I seek status and power; and
  Events result primarily my own behaviour and actions.
Candidate A: Yes, Yes, Yes, Yes, Somewhat, Yes
Interviewer: Which one of the following is more applicable to Candidate C?
  high need for achievement;
  dealing with peoples needs and wants;
  developing ideas; or
  like to take charge.
Candidate A: Ideas
Interviewer: Which one of the following is more applicable to Candidate A?
  high need for achievement;
  dealing with peoples needs and wants;
  developing ideas; or
  like to take charge.
Candidate A: Take charge
Interviewer: Which one of the following is more applicable to Candidate B?
  high need for achievement;
  dealing with peoples needs and wants;
developing ideas; or
like to take charge.

**Candidate A: Achievement**

Interviewer: What is Candidate C’s core management competency?

- vision;
- people;
- operations;
- resources; or
- strategies.

**Candidate A: Strategy**

Interviewer: What is Candidate A’s core management competency?

- vision;
- people;
- operations;
- resources; or
- strategies.

**Candidate A: Operations**

Interviewer: What is Candidate B’s core management competency?

- vision;
- people;
- operations;
- resources; or
- strategies.

**Candidate A: Operations**

Interviewer: What style would you associate with Candidate C?

- charismatic – inspire / devotion etc;
- transformational - ability to bring about change;
- visionary – goals / out of box / team guiding;
- transactional – structured; management by exception; or
- servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

**Candidate A: Charismatic**

Interviewer: What style would you associate with Candidate A?

- charismatic – inspire / devotion etc;
- transformational - ability to bring about change;
visionary – goals / out of box / team guiding;
transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform
(patience / empathy); see things from other people’s perspectives?

Candidate A: Transactional

Interviewer: What style would you associate with Candidate B?
charismatic – inspire / devotion etc;
transformational - ability to bring about change;
visionary – goals / out of box / team guiding;
transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform
(patience / empathy); see things from other people’s perspectives?

Candidate A: Transactional

Interviewer: Which of the following do you feel best suits Candidate C’s
leadership style:
Direct subordinates (train, specific instructions, monitor);
Coaching subordinates (explain decisions, provide opportunity for
clarity);
Support subordinates (share ideas and facilitate decision making); or
Delegating responsibility (turn over responsibility for decisions and
implementation).

Candidate A: Support

Interviewer: Which of the following do you feel best suits Candidate A’s
leadership style:
Direct subordinates (train, specific instructions, monitor);
Coaching subordinates (explain decisions, provide opportunity for
clarity);
Support subordinates (share ideas and facilitate decision making); or
Delegating responsibility (turn over responsibility for decisions and
implementation).

Candidate A: Direct

Interviewer: Which of the following do you feel best suits Candidate B’s
leadership style:
Direct subordinates (train, specific instructions, monitor);
Coaching subordinates (explain decisions, provide opportunity for clarity);
Support subordinates (share ideas and facilitate decision making); or
Delegating responsibility (turn over responsibility for decisions and implementation).

Candidate A: Direct
Interviewer: Do you believe you are able to adjust your own leadership style (direct, coach, support, delegate) to suit the situation and the subordinate?
Candidate A: Yes
Interviewer: Which other people in the organisation do you see as leaders?
Candidate A: X; X
Interviewer: Which people in the organisation would you like to see as members; and what is your reasoning?
Candidate A: X, X
Interviewer: Do you feel that leadership of the organisation is lacking in any way?
Candidate A: Not at present
Interviewer: If the study reveals a shortcoming of leadership; do you feel this should be filled from within the organisation or outside; do we have ready skills in the organisation; would a leader find their feet quickly?
Candidate A: Outside; we lack true leaders
Interviewer: If you feel the organisation should grow; what do you feel is the best method by:
  Taking existing products to new markets;
  Extension of existing products to existing markets (market share increase);
  Looking for new products for our current market; or
  Looking for new products for new markets.
Candidate A: New products for current markets
Interviewer: If we had to use vertical integration as means of expansion do you feel that it would be better to consider moving in direction of our suppliers or customers?
Candidate A: Customers
Interviewer: Which geographic regions do you foresee opportunities for growth?
Candidate A: Pretoria

Interviewer: What opportunities do you foresee in the automotive industry?
Candidate A: The industry undergoes a lot of technological change. I am not aware of any immediate opportunities but they will be out there.

Interviewer: What other industries would you be interested in entering?
Candidate A: Food and Beverage is a possibility.

Interviewer: What other industries do you feel are easiest for entry?
Candidate A: No comment.

Interviewer: Do you have any other potential growth opportunities that you would like to follow?
Candidate A: No
Interviewer: Hi Candidate B. We will start with section B. Please tell me a bit about yourself for example your age family and education and so on.

Candidate B: Well I am 28 years old. I have got a family, a wife and a little daughter. My education level is basically NDip marketing at university of Port Elizabeth.

Interviewer: Tell me about your employment at S4 integration.

Candidate B: Well I have currently been at S4 for roughly almost 5 years now. I have been responsible for marketing and also project management. My job function entails basically marketing activities and as project manager to manage projects.

Interviewer: Describe your position as a shareholder

Candidate B: Well, I am currently a shareholder. I’ve got 10% shares of the company and I had it now for less than 6 months.

Interviewer: Tell me more about your family, ages of your children and any other dependants that you may have.

Candidate B: Well, my daughter is 2 years old now, married.

Interviewer: No other dependants?

Candidate B: No other dependants, no.

Interviewer: Do you plan for more children?

Candidate B: Not at this stage, no.

Interviewer: Does your partner work or earn income?

Candidate B: My wife is currently working but she has been retrenched.

Interviewer: She will be looking for work?

Candidate B: Yes, she will be looking for work.

Interviewer: How would you describe your current financial position?

Candidate B: Comfortable.

Interviewer: Section C – Organisational growth. Do you think the company have a clear vision and strategy?
Candidate B: From my point of view I think the company has a vision statement but doesn’t have a clear vision and therefore has no strategy to implement the vision it has.

Interviewer: In other words they do not follow vision?
Candidate B: They don’t follow a vision, no.

Interviewer: What is your long term vision for the company?
Candidate B: My long term vision for the company is to expand the current market position we are in, that will be, expanding the Johannesburg areas. Also if there is opportunity for motor manufacturing, to expand those markets and then secondly to be a bit more diverse. So, should we go through a recession like last year in the automotive industry, we have a second source of income that is stable, not to be hit by one industry.

Interviewer: What percentage would you envisage as diversification from automotive to any other industry?
Candidate B: Look, I would say our main focus is automotive. I think you always have to keep your focus on your core business, but I would say anything from either eighty-twenty or seventy-thirty, not more than that.

Interviewer: What type of growth do you feel is most important for the organisation?

increase in finance / profit;
strategic positioning;
size of the organisation; and
maturity of the organisation (culture, attitude)?

Candidate B: Personally I believe strategic positioning.

Interviewer: Ok, and how would you describe the industry in which the company operates?

Candidate B: Very competitive market. On the automation side, the other products we’ve got are more niche market, it is also very competitive, I think the main focus there should be quality, that is where quality and follow up service is very important.

Interviewer: How would you describe the competitive position of the company?
Candidate B: I truly believe our products are better quality than the competitors’. I would say that side we’ve had definitely a competitive advantage. With the new things we’ve tried to infiltrate in the automation side where we’ve lacked the experience, I would say we’ve definitely got a disadvantage to our
competitors, but overall the company does have the competitive advantage being renowned for the good workmanship we’ve done in the past, the good reputation which have helped us achieve a lot of things and also be able to obtain a lot of the work seeing most of the previous work have been done by word of mouth to ourselves it’s just stating the reputation of the company had a big influence on us so that was mostly just our biggest competitive advantage.

Interviewer: For each of the following; do you believe S4 should grow / remain same / decline:

- Financially
- Strategically (position in market, competitive nature)
- Structurally (size, responsibility, management)
- Maturity (procedural, social responsibility, development)

Candidate B: Financially, I would say we can grow. Strategically, grow. Structurally, we can remain the same. Maturity, we can grow in that.

Interviewer: As a manager do you enjoy management activities; or would you prefer functional activities (technical work / marketing)?

Candidate B: I would say currently I enjoy the functional activities being involved, especially with the marketing. I would say the ideal would be to gradually move over to management activities but that would also partially go with the growth of the company itself. I mean if there is a need to recruit more people in a certain area, I’m more than willing to manage or even project management, I do enjoy the management side as well or activities regarding that.

Interviewer: Do employees know more about the products and services than the leaders?

Candidate B: I would say in the technical field, the current employees do have more experience on the products but overall the managers have a better understanding of what the requirements for the products and services are in an organization or from a customer’s point of view.

Interviewer: Describe the structure of the organization.

Candidate B: I would say it’s very flat at this stage, seeing that guys manage themselves when doing a project and then it’s just reporting straight to the guy who is responsible for the project and in the company structure itself, we basically have no intermediate management levels.
Interviewer: Do you think there has been an increase in delegation and responsibilities over the last one to two years? Explain.
Candidate B: I would say in the last two years definitely. Seeing with the growth of the DSA department we have a definite delegation, getting Nico totally responsible for the guys and we also had Arthur being responsible for the General Motors side as well now, so definitely there’s been an increase in delegation.

Interviewer: How would you classify communication in the organisation between workers and between management and workers (formal / informal / frequent / infrequent) in relation to other organisations?
Candidate B: I would say at S4 we try to keep it very informal and frequent. The reason for that is if any comes up the management are approachable, the guys can walk in. We also currently have a staff meeting every 6 weeks which is a bit more on the formal side, that is just to keep the guys in the loop the whole time. So, I would say it’s frequently but mostly also informal.

Interviewer: Do the managers / owners effectively control the direction and activities of the company; or is this directed by customers?
Candidate B: I would say in the past it was mostly directed by the customers seeing they’ve made us aware of opportunities inside the marketplace and we’ll follow up and obtain agencies and so forwards. Currently we are still being directed as such. We do try to take initiative and take our own directions into obtaining new agencies.

Interviewer: Does the organisation make use of incentives, budgets and work standards?
Candidate B: Incentives, no. Budgets, no. Work standards, no.

Interviewer: Are profit centres and bonuses effectively used for motivation?
Candidate B: No. Currently the guys are expecting their annual bonus. There is no motivation behind them to actually influence them in saying: “Well, we’re expected to do certain things and then we’ll get a bonus.” There are no measurements in place to see how we are giving a bonus and there are currently no incentives which I’m aware of.

Interviewer: Do you believe that the organisation has formal planning procedures?
Candidate B: No, I don’t.

Interviewer: Is capital expenditure carefully weighed?

Candidate B: Well since I’ve only been a shareholder for less than 6 months I don’t know, so I can’t answer that question at this stage.

Interviewer: Do all employees have possibility to be shareholders?

Candidate B: No.

Interviewer: Do procedures take precedence over problem solving?

Candidate B: No they don’t. I don’t think it should but it depends on what the problem actually entails.

Interviewer: Is the company structured according to functions (hr, accounting) or by product?

Candidate B: I would say at this stage it’s actually more by product. If you think it, we’ve got the DSA department, we’ve got the development department and that.

Interviewer: Are teams used regularly for problem solving?

Candidate B: We do make use of teams for problem solving as required.

Interviewer: Tell me about reward systems in the company.

Candidate B: In the marketing department there is a commissioning structure in place for the guys and then I’m not too sure about the other guys inside the organization what rewards systems are in place for them. As far as I know for the marketing department there is a reward system and that is it.

Interviewer: How would you describe the staff turnover in the recent years; increase / decrease? What level of staff being turned over more frequently?

Candidate B: On a lower level we had a staff turnover but from the management and the guys in the different departments there was no real staff turnover as such. The DSA Department has the highest turnover at this stage.

Interviewer: Do you believe that Candidate C is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate B: I would say he is engaged.

Interviewer: Do you believe that Candidate A is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate B: I would also say he is engaged.

Interviewer: Do you believe that Candidate B is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?
Candidate B: I would also say I’m engaged.
Interviewer: Is management centralised or decentralised? Do you feel there should be more or less focus on decentralising management?
Candidate B: I would say it’s centralised. No, I think it is fine, I mean you’ve got all the members which are all based at head office. You’ve got your middle management level at site. I would say crucial decisions must be made at the main office where the members are based.
Interviewer: Is there a focus on strategy and reaching goals?
Candidate B: No, I don’t think so.
Interviewer: Please tell me if you agree / disagree with the following statements:
- The organisation has lack of fixed capital;
- The organisation has sufficient management skills;
- there is sufficient information on what is and what is not working on the organisation;
- the organisation has a plan;
- risks are ignored;
- there is a clear focus; and
- time management is used well.
Candidate B: That I do not know. I’ve only been a member for less than 6 months now, so I can’t answer on the first statement. I do agree upon that, the organization has sufficient management skills. No, there is not sufficient information on what is and what is not working in the organization. We don’t have anything set out that says where we actually went wrong in the past and what have failed. There is also nothing that indicates our strengths in the company. I’ll say even for management levels I don’t think they know the strengths of the company. No, I don’t feel the organization has a plan. Sometimes risks are ignored. No, I don’t feel there is a clear focus. No, I would say the management itself is lacking.
Interviewer: What are the strengths and weakness of the organisation in your point of view?
Candidate B: I would say the strengths of the organization in my point of view would be the level of expertise we’ve got from our workers and also our good reputation of the organization. The weaknesses are actually that we do not currently have set goals and objectives, steering the organization into direction.
Interviewer: Do you feel working for a larger organisation would offer you more or less job security and personal growth opportunity?

Candidate B: I would say it’s about the same. I mean I feel quite secure with the company at this stage. I don’t think being in a bigger organization makes such a big difference. A good example would be the recession last year, the bigger the organization, if times are tough they also need to retrench when things start to go wrong over there. Personal growth opportunities is debateable.

Interviewer: Do you prefer to work for a small or large organisation and what is your reasoning?

Candidate B: I prefer to work for a medium enterprise. Smaller companies tend to fall easier and at bigger companies you are only a number.

Interviewer: What is your preference for growth of the organisation in terms of size; rate or maximum size?

Candidate B: In terms of the number of employees we’ve got, I would prefer to stay like this, because as soon as the company grows bigger there is a lot of restrictions and things which comes into place with regards to BEE and that, which we currently can get around not being such a big company. A growth in turnover would be sufficient, say about 8-10% per year.

Interviewer: Do you think that diversification would be risky; how would it affect your sense of security as result of ownership?

Candidate B: I think it’s always good to diversify as previously stated. I mean we’ve always been purely automotive and with the recession of last year, which hit the automotive industry, it highlighted the need for diversification. I would recommend it, but to a maximum of 30%.

Interviewer: Would you like to further your education or skills; if so in what direction? Is this out of personal interest or do you feel the organisation needs the skill?

Candidate B: I would like to do a degree in marketing as well. I think it’s both beneficial to the company and to me seeing that’s the position I’m currently in. It is a personal interest but could be beneficial to the company.

Interviewer: Do you feel the following are true or false with regards to Candidate C:

  he / she has high need for achievement;
  he / she is willingness to take risks;
he / she is self confident; and
he / she seeks security.

Candidate B: True, true, true, true.

Interviewer: Do you feel the following are true or false with regards to Candidate A:

he / she has high need for achievement;
he / she is willingness to take risks;
he / she is self confident; and
he / she seeks security.

Candidate B: True, true, true, true.

Interviewer: Do you feel the following are true or false with regards to Candidate B:

he / she has high need for achievement;
he / she is willingness to take risks;
he / she is self confident; and
he / she seeks security.

Candidate B: True, true, true, true.

Interviewer: Do you feel that there is anyone else in the organisation who possesses the characteristics of being an achiever, risk taker, confident and seeks security?

Candidate B: Achievers inside the company I mean that is a bit of a difficult one because especially if we look back at last year when the opportunity for the guys to purchase shares arose and no one came forward. To me if you are willing to be an achiever, you are willing to take risks and get out there and do something to make it happen. I would say the only one person that actually stands out on this one to me would be X. In his personal life, he is always setting goals for himself and trying to achieve it. I would say he is confident yes and he also seeks security. On the security side the only other guy I can think of, is X.

He is doing his job, getting on with it, but I mean he is not a risk taker. So he doesn’t meet all the criteria, no. I would say the same for X as well.

Interviewer: Do you have any fear of commitment or relationships in your personal life?
Candidate B: No, I don’t.

Interviewer: How would you describe your current position relative to your peers in terms of life stages, family etc?

Candidate B: I would say I’m currently ahead.

Interviewer: Do you feel that you have led a successful life if you review your life achievements?

Candidate B: Yes, looking back and seeing where I am currently in life comparing to my peers.

Interviewer: Are you able to balance work and family?

Candidate B: Yes.

Interviewer: Does your work intervene into your personal / family life? If so: how? Do you feel that this is a problem?

Candidate B: Sometimes yes, but I don’t think it’s a problem.

Interviewer: What are your personal life ambitions? (retirement, family plans, other goals).

Candidate B: My personal ambition in life is to be financially secure and to perhaps have a little holiday home. I would say family plans at this stage; one child is more than enough. Personal goals, I think to grow with the company. Personally, I would like to retire at age 55 but I would never ever want to retire in full. I would always like to be involved in the company.

Interviewer: Do you feel that you are running out of time and need to make changes to your life – career or otherwise?

Candidate B: No.

Interviewer: Do you have any mentors; if so describe the importance of this and changes on dependence if you have noticed any?

Candidate B: In business I do have mentors. I would say Candidate C and Candidate A. Candidate A mostly for day to day business activities and Candidate C on business ethics. The degree of involvement is fair, it’s not too high. I would say the dependence in the last year or two is fairly the same.

Interviewer: Are you becoming more aware of death and realising life is short?

Candidate B: Yes.

Interviewer: If you had to make a decision between disengaging and growing the company; what would it be?

Candidate B: Growing the company.

Interviewer: Do you consider yourself a specialist in your field of work?
Candidate B: Yes, I do.
Interviewer: Do you accept responsibility and authority?
Candidate B: Yes.
Interviewer: Are you responsible for a large number of people?
If given a choice would you remain a specialist or become mentor?
Candidate B: No. Becoming a mentor. Over what time period?... I would say it depends on the growth of the company. By next year I would like to become a mentor.
Interviewer: Would you find it difficult to leave the organisation in hands of others at retirement?
Candidate B: Yes.
Interviewer: Would you say you have a personal attachment to the business?
Candidate B: Yes.
Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate C left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
Candidate B: Well the leadership from Candidate C I would say is, he is an inspiring person, very approachable and one of his skills is to be a very strong negotiator. I would say the replacement on that part would be myself, with the ability in marketing and negotiating skills.
Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate A left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
Candidate B: I would say his ability to bring change forward and get people to implement change and also bringing the transformation of new changes into the organization, so he is very good with giving direction. I would say the ability to take it over could be divided between Candidate C and myself. We can most probably delegate between the two of us.
Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate B left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
Candidate B: I believe I’m inspiring and also a very good negotiator with the ability to get people to do things. I would say the replacement on that part would be Candidate C, with the ability in marketing and negotiating skills.

Interviewer: How would you describe your succession horizon (in other words; how long do you feel it would take to replace a yourself or a member in the organisation)?

Candidate B: To be honest I would say the person who would be the most difficult to replace at this stage would be Candidate A, with the current level of involvement with the day to day operations. There is a lot of knowledge to be learned or to be obtained to do be able to do that. I would say between Candidate C and myself the negotiation skills would lack if either of us should leave. I think it would take at least a year.

Interviewer: Do you agree or disagree to the following statements:

- I like to achieve and grow personally;
- I have a sense of humour;
- I receive feedback and if received would you use it negative criticism;
- I am reliable;
- I seek status and power; and
- Events result primarily my own behaviour and actions.

Candidate B: Agree. I do believe so. I prefer to receive feedback and I wouldn’t take it negatively and would still use it as a means for growth.

Yes. Yes. Yes.

Interviewer: Which one of the following is more applicable to Candidate C?

- high need for achievement;
- dealing with peoples needs and wants;
- developing ideas; or
- like to take charge.

Candidate B: I would say being an entrepreneur, the high need for achievement.

Interviewer: Which one of the following is more applicable to Candidate A?

- high need for achievement;
- dealing with peoples needs and wants;
- developing ideas; or
- like to take charge.

Candidate B: I would also say high need for achievement.
Interviewer: Which one of the following is more applicable to Candidate B?

- high need for achievement;
- dealing with peoples needs and wants;
- developing ideas; or
- like to take charge.

Candidate B: High need for achievement.

Interviewer: What is Candidate C’s core management competency?

- vision;
- people;
- operations;
- resources; or
- strategies.

Candidate B: People.

Interviewer: What is Candidate A’s core management competency?

- vision;
- people;
- operations;
- resources; or
- strategies.

Candidate B: Operations.

Interviewer: What is Candidate B’s core management competency?

- vision;
- people;
- operations;
- resources; or
- strategies.

Candidate B: Strategies.

Interviewer: What style would you associate with Candidate C?

- charismatic – inspire / devotion etc;
- transformational - ability to bring about change;
- visionary – goals / out of box / team guiding;
- transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

Candidate B:  I would say Candidate C is visionary, he is more team guiding and thinks out of the box.

Interviewer: What style would you associate with Candidate A?

charismatic – inspire / devotion etc;
transformational - ability to bring about change;
visionary – goals / out of box / team guiding;
transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

Candidate B:  Transactional.

Interviewer: What style would you associate with Candidate B?

charismatic – inspire / devotion etc;
transformational - ability to bring about change;
visionary – goals / out of box / team guiding;
transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

Candidate B:  Charismatic.

Interviewer: Which of the following do you feel best suits Candidate C’s leadership style:

Direct subordinates (train, specific instructions, monitor);
Coaching subordinates (explain decisions, provide opportunity for clarity);
Support subordinates (share ideas and facilitate decision making); or
Delegating responsibility (turn over responsibility for decisions and implementation).

Candidate B: I would say it’s a bit difficult, but delegating responsibility.

Interviewer: Which of the following do you feel best suits Candidate A’s leadership style:

Direct subordinates (train, specific instructions, monitor);
Coaching subordinates (explain decisions, provide opportunity for clarity);
Support subordinates (share ideas and facilitate decision making); or
Delegating responsibility (turn over responsibility for decisions and implementation).

Candidate B: Coaching subordinates.

Interviewer: Which of the following do you feel best suits Candidate B’s leadership style:
  Direct subordinates (train, specific instructions, monitor);
  Coaching subordinates (explain decisions, provide opportunity for clarity);
  Support subordinates (share ideas and facilitate decision making); or
  Delegating responsibility (turn over responsibility for decisions and implementation).

Candidate B: Direct subordinates.

Interviewer: Do you believe you are able to adjust your own leadership style (direct, coach, support, delegate) to suit the situation and the subordinate?

Candidate B: Yes.

Interviewer: Which other people in the organisation do you see as leaders?

Candidate B: I would say Arthur and Nico.

Interviewer: Which people in the organisation would you like to see as members; and what is your reasoning?

Candidate B: No one at this stage.

Interviewer: Do you feel that leadership of the organisation is lacking in any way?

Candidate B: No, I think we are not implementing it properly but the skill is there.

Interviewer: If the study reveals a shortcoming of leadership; do you feel this should be filled from within the organisation or outside; do we have ready skills in the organisation; would a leader find their feet quickly?

Candidate B: I would say if there is a lack of leadership we can fill it within the organization. We have the necessary skills inside the organization at this stage, I think we just don’t implement it correctly.

Interviewer: If you feel the organisation should grow; what do you feel is the best method by:
  Taking existing products to new markets;
  Extension of existing products to existing markets (market share increase);
  Looking for new products for our current market; or
  Looking for new products for new markets.
Candidate B: I would say at this stage the extension of existing products to existing markets

Interviewer: If we had to use vertical integration as means of expansion do you feel that it would be better to consider moving in direction of our suppliers or customers?

Candidate B: I would say moving towards our customers. Reason for that is, because we’ve already got what we are supplying our customers. For instance like testing equipment for the assembling of cockpits. Assembling the cockpit wouldn’t be such a different market and we already have got the knowledge on that so it would be easier to do that.

Interviewer: Which geographic regions do you foresee opportunities for growth?
Candidate B: I would say the Johannesburg and I would also say there is opportunity inside the Durban area which we haven’t really tried marketing at.

Interviewer: What opportunities do you foresee in the automotive industry?
Candidate B: No, not at this stage.

Interviewer: What other industries would you be interested in entering?
Candidate B: The automation industry at pharmaceuticals, food and beverage industries.

Interviewer: What other industries do you feel are easiest for entry?
Candidate B: Industrial PC’s such as Avalue. We first need to obtain sole rights for South Africa. We can then make use of distribution channels to distribute Avalue products for us.

Interviewer: Do you have any other potential growth opportunities that you would like to follow?
Candidate B: Yes, my Avalue strategy which we’re busy with at the moment as I’ve just explained.
Interviewer: Please tell me a bit about yourself for example your age family and education.

Candidate C: Candidate C. I’m 47-48 now. I have a family, 3 children. My two girls are 14, my son is 19 he’s started varsity. And that is about it. Education, I have two higher national diplomas. One in Telecommunication Engineering and one in Electrical Engineering light current. I’ve also done a short course at UCT on service management.

Interviewer: Tell me about your employment at the organisation – length of employment, job function.

Candidate C: At S4, I was the founder member of S4 Integration. I’ve been here since inception which is about 16 years now. My job function is one of the members / directors. As far as the company is concerned I get involved mainly in high level decisions, high level staff management, the recruitment... I would say customer liaison on a top level with some of our most important suppliers, strategic decisions and cooperation with the other members and directors.

Interviewer: Describe you position as a shareholder

Candidate C: 30% shareholding currently.

Interviewer: Do you have family; if so how many children, what are their ages? Any other dependants?

Candidate C: I’ve covered that. I have one brother-in-law that is dependant on me.

Interviewer: Do you plan more children?

Candidate C: Nope, definitely not.

Interviewer: Does your partner work / earn income?

Candidate C: No, not at this stage.

Interviewer: How would you describe your current financial position?

Candidate C: Quite satisfactory.

Interviewer: Do you think the company have a clear vision and strategy?
Candidate C: No.

Interviewer: What is your long term vision for the company?

Candidate C: My long term vision of the company would be to try and secure more niche market type agencies, not only on a service point of view but on a product point of view, but it must be products fitting to our organization that we can add value to and definitely niche market products, not things that we have to compete with in the local market. I also feel that we need to improve the existing profitability of our maintenance contracts and I think there is scope for more offshore software and support work that we are currently doing.

Interviewer: What type of growth do you feel is most important for the organisation?

Candidate C: I think the most important is strategic positioning because, if we do that we can secure our future. I don’t think chasing profit and growth. I think that is a little bit short term. That might evolve from our strategic positioning, but I think that is where we need to concentrate our efforts.

Interviewer: How would you describe the industry in which the company operates?

Candidate C: Right now, I would probably describe it as quite a niche industry in a way that 70% of our income is probably derived from areas that we don’t have a lot of competition in and that’s been quite a good competitive advantage.

Interviewer: How would you describe the competitive position of the company?

Candidate C: I think I’ve just answered that. So, let me answer “How would you describe the industry in which the company operates?” I would say that we are in the automotive industry. We focus on service in the motor industry. We do custom systems for end-of-line, our focus mainly in final assembly. Yes, that is probably describing the industry and “How would we describe our competitive position?” as I’ve mentioned earlier I feel that due to the fact that we have these unique agencies and we have very little competition, just
as long as we perform, we have a very good competitive position in the market place.

Interviewer: For each of the following; do you believe S4 should grow / remain same / decline:

- Financially
- Strategically (position in market, competitive nature)
- Structurally (size, responsibility, management)
- Maturity (procedural, social responsibility, development)

Candidate C: I think financially we should grow. I think strategically we should grow as well. Structurally, yes but to a lesser extent and maturity we do have quite a few youngsters on staff and it would be good for them to mature and become more confident in their roles within the company.

I think we meet our social responsibilities. Staff development we could slightly more but that also needs to come from the staff themselves as well. So maturity, I don’t think we do too badly. To grow, remain the same or to decline I would say to remain the same.

Interviewer: As a manager do you enjoy management activities; or would you prefer functional activities (technical work / marketing)?

Candidate C: No, I do enjoy the management activities as a whole but they do also come with their own challenges.

Interviewer: Do employees know more about the products and services than the leaders?

Candidate C: That’s a difficult one to answer and I’ll answer it in two ways. I would say certain employees know more about specified products, but talking about products in general, I definitely feel that the leaders know more about the products in general.

Interviewer: Describe the structure of the organization.

Candidate C: I think the structure of the organization is very flat. I don’t think we have very much of a hierarchy. I think we are pretty flat.

Interviewer: Do you think there has been an increase in delegation and responsibilities over the last one to two years? Explain.

Candidate C: I definitely feel that there has been. There’s been a passing down of responsibilities. Examples, I can give you is probably Arthur Glaum for example, coming out of a technical role more into a managerial role.
People like Sydney, Mark...we've definitely been trying to develop middle-management.

Interviewer: How would you classify communication in the organisation between workers and between management and workers (formal / informal / frequent / infrequent) in relation to other organisations?
Candidate C: I would say that the communication is informal and I would say that it is probably infrequent as well. I see communication still as a big weak point in our organisation.

Interviewer: Do the managers / owners effectively control the direction and activities of the company; or is this directed by customers?
Candidate C: I would definitely say it’s a combination. I mean, if I’m understanding this correctly it’s a case of: do we come up with products that we feel the customers might need or do the customers come to us and give us direction? I think it’s a 50/50.

Interviewer: Does the organisation make use of incentives, budgets and work standards?
Candidate C: No, it doesn’t. We’re actually lacking in that area.

Interviewer: Are profit centres and bonuses effectively used for motivation?
Candidate C: No.

Interviewer: Do you believe that the organisation has formal planning procedures?
Candidate C: No.

Interviewer: Is capital expenditure carefully weighed?
Candidate C: Yes.

Interviewer: Do all employees have the possibility to be shareholders?
Candidate C: Yes, but it's not a company wide stock option, no.

Interviewer: Do procedures take precedence over problem solving?
Candidate C: No, they focus more on solving the problem.

Interviewer: Is the company structured according to functions (hr, accounting) or by product?
Candidate C: I would say it’s more product structured.

Interviewer: Are teams used regularly for problem solving?
Candidate C: Not formal teams, but I would feel that when problems arise that the person responsible for the problem will approach people that are
most likely to give the best input. So, informal teams are created for problem solving but we don’t have formal teams dedicated to problem solving.

Interviewer: Tell me about reward systems in the company.

Candidate C: The reward system in the company is pretty much... we need to see growth and performance and hunger and that gets rewarded. That’s the way we work.

Interviewer: Do you think bureaucracy is high in the company?

Candidate C: I’d like to think not.

Interviewer: How would you describe the staff turnover in the recent years; increase / decrease? What level of staff being turned over more frequently?

Candidate C: The staff turnover has increased recently. We generally have had quite a low staff turnover and with the problems that we’ve been having in our DSA software department, which is a bit of a problem area in the company at the moment, we are turning over staff more frequently.

Interviewer: Do you believe that Candidate C is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate C: I would say that I am partially engaged in the organisation at the moment.

Interviewer: Do you believe that Candidate A is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate C: No, I think that Candidate A is engaged.

Interviewer: Do you believe that Candidate B is engaged or disengaged or partially engaged in the organisation (pursuing other goals / interested)?

Candidate C: No, I think Candidate B is engaged.

Interviewer: Is management centralised or decentralised? Do you feel there should be more or less focus on decentralising management?

Candidate C: I feel that there should be more decentralising, but I think expectations of the decentralised management should be clearly put into place so that they meet our expectations. I would say it’s currently centralised.

Interviewer: Is there a focus on strategy and reaching goals?

Candidate C: Not a clear focus, no.

Interviewer: Please tell me if you agree / disagree with the following statements:

  The organisation has lack of fixed capital;
The organisation has sufficient management skills; there is sufficient information on what is and what is not working on the organisation; the organisation has a plan; risks are ignored; there is a clear focus; and time management is used well.


Interviewer: What are the strengths and weakness of the organisation in your point of view?

Candidate C: Let’s start with the strengths first. I feel we’re a financially stable company. I feel that we have a fairly good name in the industry. I feel that we have good contacts within the automotive industry. I think that we’ve got good offshore contacts for possible offshore business or new business ventures. I think that our offshore contacts have given us a broader business view in the company. I also think that we are small enough to change direction and react to market trends. I think we’ve got fairly skilled staff and I feel that our current costs-to-income is fairly well balanced. I don’t think that we are running too heavily on the costing side of things. And that would be the advantages. The weaknesses, top of my list would be communication. Wrong people in the wrong jobs, be that by legacy or history or just not the right person available at the right time that the position becomes available. Lack of communication causes lack of common drive and focus within the company. I think those are probably our biggest problems.

Interviewer: Do you feel working for a larger organisation would offer you more or less job security and personal growth opportunity?

Candidate C: It’s not an easy question to ask me because I am one of the directors, but I would say no. I’ve never liked working for a larger organisation. I’ve done that, been there and it’s not my style at all.

Interviewer: What is your preference for growth of the organisation in terms of size; rate or maximum size?

Candidate C: I would say that we should stay under 50 and we’re currently close to 40. So, I would say that this is an optimum size. I don’t feel that we
need to grow anymore I feel that we need to develop the staff and the profitability of the current tools that we have at hand. So, I would say that my target is where we are. Definitely not more than 50. If we had to grow to 50 over the next 3 or 4 years it wouldn’t worry me at all. I think that growth would be fine.

Interviewer: What would bother you most about the organisation exceeding this level?

Candidate C: Mainly the thought of the costs behind driving such a high wage bill and the security of making sure that all the contracts, all the services, all the fluctuations in the economy can cope with the size that we’ve grown to. The other issue is management of something above 50 I feel would become more of a nightmare. I feel we’ve already slipped with our service levels to our customers with our growth that we’ve had and I feel that growth over 50 would just took it over the edge and we would lose that personal contact.

Interviewer: Do you think that diversification would be risky; how would it affect your sense of security as result of ownership?

Candidate C: No, I don’t think diversification would be risky. I’m all for diversification, but I don’t think we need to diversify into areas where everybody is competing tooth and mouth. We need to find niche areas that we can diversify into that are easier to do business in.

Interviewer: Would you like to further your education or skills; if so in what direction? Is this out of personal interest or do you feel the organisation needs the skill?

Candidate C: If anything, it would have to be on the management side. Yes, but I’m not quite sure that I’m that keen to go back to studying at my age now. I think I’d rather let the young guns like Candidate B, who’s coming through worry about that. So, to be honest I would have to say I’m not really that keen to further my education and I feel that I’ve grown a lot with the company and have sufficient personnel skills to be able to tackle certain areas, if I’m lacking in other areas I’ll look to other experts to guide me on that.

Interviewer: Do you feel the following are true or false with regards to Candidate C:

- he / she has high need for achievement;
he / she is willingness to take risks;
he / she is self confident; and
he / she seeks security.

Candidate C: Yes. Very much so. Yes. To a lesser extent now, yes.

Interviewer: Do you feel the following are true or false with regards to Candidate A:

he / she has high need for achievement;
he / she is willingness to take risks;
he / she is self confident; and
he / she seeks security.

Candidate C: Yes. Yes. Yes. Yes.

Interviewer: Do you feel the following are true or false with regards to Candidate B:

he / she has high need for achievement;
he / she is willingness to take risks;
he / she is self confident; and
he / she seeks security.

Candidate C: Yes. Too willing to take risks. Yes. Yes.

Interviewer: Do you feel that there is anyone else in the organisation who possesses the characteristics of being an achiever, risk taker, confident and seeks security?

Candidate C: No, I don’t think that there is anyone else in the organisation that possesses all 4 of those criteria.

Interviewer: Do you have any fear of commitment or relationships in your personal life?

Candidate C: No.

Interviewer: How would you describe your current position relative to your peers in terms of life stages, family etc?

Candidate C: Well, I’m probably a little bit older. I have one child that is out of school already. So I would say I’m probably more mature than my peers and definitely in a more advanced stage of life than the rest of them.

Interviewer: Do you feel that you have led a successful life if you review your life achievements?

Candidate C: Yes, I think I have.

Interviewer: Are you able to balance work and family?
Candidate C: More so now than I was, when I was younger, yes.
Interviewer: Does your work intervene into your personal / family life? If so; how? Do you feel that this is a problem?
Candidate C: No. I think currently with all the illness that I’ve had in my family it’s the other way around. That my family life has intervened in my work life.
Interviewer: What are your personal life ambitions? (retirement, family plans, other goals).
Candidate C: I’m in the pursuit of happiness whatever form that may take. So, from an ambition point of view I would probably like to retire within the next... 5 years is probably realistic. I might form some role if there is a need for my role in a reduced form from that point onwards. Family plans, probably to finish educating my children and kick them out the nest. Personal goals, probably to travel more and maybe utilise some of the financial security that I’ve built up in my life.
Interviewer: Do you feel that you are running out of time and need to make changes to your life – career or otherwise?
Candidate C: No, I don’t really think that I’m running out of time and that I need to make drastic changes no.
Interviewer: Do you have any mentors; if so describe the importance of this and changes on dependence if you have noticed any?
Candidate C: No, I don’t think I have many mentors left. I think they’ve all moved on now.
Interviewer: Are you becoming more aware of death and realising life is short?
Candidate C: Right now, yes.
Interviewer: If you had to make a decision between disengaging and growing the company; what would it be?
Candidate C: Right now, growing.
Interviewer: Do you consider yourself a specialist in your field of work?
Candidate C: I think I have specialist skills that can be of advantage, yes.
Interviewer: Do you accept responsibility and authority?
Candidate C: Yes.
Interviewer: Are you responsible for a large number of people?
If given a choice would you remain a specialist or become mentor?
Candidate C: Yes. No, I think I would probably remain a specialist.
Interviewer: Would you find it difficult to leave the organisation in hands of others at retirement?
Candidate C: Yes, definitely.
Interviewer: Would you say you have a personal attachment to the business?
Candidate C: Yes.
Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate C left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
Candidate C: I think that I do think strategically and I do think that I’m probably the best negotiator in the company in terms of maximizing what one can get out of a customer without having him feeling disgruntled. I also feel that I have a fairly good ability with motivating staff or breaking news to staff or trying to get staff around to do things that they’re not planning to do. And I think it’s just a bit more years with people skills and being in a higher level position that has given me this type of an edge and I think definitely that you, Candidate A would have to take over that role if I left.
Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate A left the organisation? Who of the existing members or employees do you think would be in the best position to take over the role?
Candidate C: If Candidate A left the organisation I think... Candidate A is a very good coordinator of the functioning of the company in terms of what needs to get done, policing staff, policing projects, certain amounts of customer liaison and marketing I think you, Candidate A touch quite a vast aspect of the company and if you had to leave it would put a lot of pressure on myself. I could pick up quite a lot of your job function, it would take a lot more effort and the skill functions would have to be pushed onto myself and I think we would have to hire someone. I don’t think Candidate B could be able to or would easily cope with this ??? I could probably take a third of what you do, but the rest we would have to hire someone.
Interviewer: What functional or leadership skills or abilities do you feel the organisation would be deprived of if Candidate B left the organisation? Who
of the existing members or employees do you think would be in the best position to take over the role?

Candidate C: Well, Candidate B is our marketing man. I think we could replace Candidate B. The disadvantage would be that it would take a new marketing guy quite a while to get to grips with our products from a technical point of view, cause Candidate B has grown quite a lot by working as a project manager in quite a few of our fields, but I don’t think that it would be a train smash if Candidate B left the organisation.

Interviewer: How would you describe your succession horizon (in other words; how long do you feel it would take to replace yourself or a member in the organisation)?

Candidate C: Somebody from outside...I think it would probably take 6 months to a year.

Interviewer: Do you agree or disagree to the following statements:

I like to achieve and grow personally;
I have a sense of humour;
I receive feedback and if received would use it even if negative criticism;
I am reliable;
I seek status and power; and
Events result primarily my own behaviour and actions.

Candidate C: Yes. Yes. Yes. Yes. Yes. No. Yes.

Interviewer: Which one of the following is more applicable to Candidate C?

high need for achievement;
dealing with peoples needs and wants;
developing ideas; or
like to take charge.

Candidate C: I like to take charge.

Interviewer: Which one of the following is more applicable to Candidate A?

high need for achievement;
dealing with peoples needs and wants;
developing ideas; or
like to take charge.

Candidate C: I think Candidate A is an idea developer.

Interviewer: Which one of the following is more applicable to Candidate B?
high need for achievement;
dealing with peoples needs and wants;
developing ideas; or
like to take charge.

Candidate C: High need for achievement. You need to go no further.

Interviewer: What is Candidate C’s core management competency?

vision;
people;
operations;
resources; or
strategies.

Candidate C: Strategies.

Interviewer: What is Candidate A’s core management competency?

vision;
people;
operations;
resources; or
strategies.

Candidate C: Operations.

Interviewer: What is Candidate B’s core management competency?

vision;
people;
operations;
resources; or
strategies.

Candidate C: People.

Interviewer: What style would you associate with Candidate C?

charismatic – inspire / devotion etc;
transformational - ability to bring about change;
visionary – goals / out of box / team guiding;
transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform
(patience / empathy); see things from other people’s perspectives?

Candidate C: I would say charismatic.

Interviewer: What style would you associate with Candidate A?
charismatic – inspire / devotion etc;
transformational - ability to bring about change;
visionary – goals / out of box / team guiding;
transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

**Candidate C: Transactional.**

Interviewer: What style would you associate with Candidate B?

charismatic – inspire / devotion etc;
transformational - ability to bring about change;
visionary – goals / out of box / team guiding;
transactional – structured; management by exception; or
servant – do you empower others and inspire others to perform (patience / empathy); see things from other people’s perspectives?

**Candidate C: I would have to say charismatic as well.**

Interviewer: Which of the following do you feel best suits Candidate C’s leadership style:

- Direct subordinates (train, specific instructions, monitor);
- Coaching subordinates (explain decisions, provide opportunity for clarity);
- Support subordinates (share ideas and facilitate decision making); or
- Delegating responsibility (turn over responsibility for decisions and implementation).

**Candidate C: I think support subordinates.**

Interviewer: Which of the following do you feel best suits Candidate A’s leadership style:

- Direct subordinates (train, specific instructions, monitor);
- Coaching subordinates (explain decisions, provide opportunity for clarity);
- Support subordinates (share ideas and facilitate decision making); or
- Delegating responsibility (turn over responsibility for decisions and implementation).

**Candidate C: I think coaching subordinates.**

Interviewer: Which of the following do you feel best suits Candidate B’s leadership style:
Direct subordinates (train, specific instructions, monitor);
Coaching subordinates (explain decisions, provide opportunity for clarity);
Support subordinates (share ideas and facilitate decision making); or
Delegating responsibility (turn over responsibility for decisions and implementation).

Candidate C: Direct subordinates.

Interviewer: Do you believe you are able to adjust your own leadership style (direct, coach, support, delegate) to suit the situation and the subordinate?
Candidate C: Yes.

Interviewer: Which other people in the organisation do you see as leaders?
Candidate C: I don’t see any others unfortunately as natural leaders. X would probably be the only leader that we have, but I don’t see him as a natural leader.

Interviewer: Which people in the organisation would you like to see as members; and what is your reasoning?
Candidate C: No others than you, myself and Candidate B.

Interviewer: Do you feel that leadership of the organisation is lacking in any way?
Candidate C: Pure leadership I would say no. I think we have enough natural leadership but it’s between the two of us to lead the company.

Interviewer: If the study reveals a shortcoming of leadership; do you feel this should be filled from within the organisation or outside; do we have ready skills in the organisation; would a leader find their feet quickly?
Candidate C: I would have to say from outside.

Interviewer: If you feel the organisation should grow; what do you feel is the best method by:
  - Taking existing products to new markets;
  - Extension of existing products to existing markets (market share increase);
  - Looking for new products for our current market; or
  - Looking for new products for new markets.

Candidate C: New products for our current markets or new products to new markets.
Interviewer: If we had to use vertical integration as means of expansion do you feel that it would be better to consider moving in direction of our suppliers or customers?

Candidate C: Our suppliers.

Interviewer: Which geographic regions do you foresee opportunities for growth?

Candidate C: Gauteng area and offshore. Also Natal... I feel we don’t do nearly enough.

Interviewer: What opportunities do you foresee in the automotive industry?

Candidate C: I see a few opportunities, there’s not much because I don’t see a lot of growth in the automotive industry in the next few years, but technology has advanced a lot and I think we need to look at where those advances are and try and take advantage of the new testing facilities that are coming out like the pressure tester etc. I also think we need to pursue a lot of possibilities in Toyota and Gauteng that we’ve been lacking in our marketing.

Interviewer: What other industries would you be interested in entering?

Candidate C: The mining industry has always been attractive to me, because it’s always seemed to be more lucrative and there seems to be more money around to implement things that are more in our line like electronic PC based, PLC based systems but unfortunately we are not geographically positioned to take that type of business into hand at the moment. I do feel though that this system of BEP’s that they have, which is the energy converter makes heat into energy could really turn out to be a big thing and I think we need to show commitment to these guys so that they can look at us as a viable agent.

Interviewer: What other industries do you feel are easiest for entry?

Candidate C: I would say that the only other area that we could quite easily enter would be food and beverages and that would be making use of our Datamyte agency to get a foot in the door, but where we go from that we would have to give it some thought.

Interviewer: Do you have any other potential growth opportunities that you would like to follow?
Candidate C: Our software department I think has potential to grow. We’ve got huge problems at the moment, but I do feel we can get on top of it and I do feel there is potential for growth.
THE END