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Salient attributes for effective leadership in the growth phase of SMEs

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ABSTRACT

A considerable number of small and medium sized businesses in South Africa do not make it past the growth phase of the business life cycle due to failure to adequately address the requirements of this demanding phase. Certain inappropriate leadership behaviours have been known to lead to business failure when not properly addressed.

The purpose of this study was to determine the salient attributes required for effective leadership in the growth phase of small and medium-sized businesses. A qualitative research approach was carried out and data was sourced using in-depth interviews conducted with ten small and medium sized business owners.

The results confirm that in the growth phase of a small and medium-sized business there are several developmental characteristics that require specific leadership intervention. The results also reveal that there is a dominant leadership style and specific follower attributes that are desirable at the growth phase of SMEs which lead to effective leadership.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Sibongile Zulu

11 November 2009

DEDICATION

I would like to dedicate this research to my late dad, Mr Petros Anthony Jabulani Xaba who instilled in me my never ending quest for knowledge.

ACKNOWLEDGEMENTS

I would like to gratefully acknowledge the persons and organisations that were instrumental in the completion of this research:

My husband, Sithuli. Thank you for your support over the last two years. You have sacrificed so much for me to accomplish this. You are everything a woman could ever ask for.

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1. CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

1.1 Introduction

Small and medium-sized enterprises (SMEs) have been described as catalysts for the future economy (Forsman, 2008). Unfortunately, most SMEs in developing economies lack strategic orientation and long term vision (Temtime & Pansiri, 2006). Due to South Africa's apartheid legacy, black-owned SMEs still struggle to thrive even after 15 years of democracy. There is a special need to accelerate SMEs' growth and to improve their competitiveness (Forsman, 2008).

Research, over the years, has often suggested that as much as 60 to 80% of small enterprises fail during their first five years of operation (Nwanko, Richardson & Richardson, 1994; Theng & Boon, 2005). Researchers examining SME failure have found that owners of small enterprises tend to emphasise technical skills, while neglecting the importance of management and leadership skills (Theng & Boon, 2005).

Nwanko et al. (1994) conducted a study that sought out to understand the causes of business failure crises at various stages of the business' life-cycle in order to help improve managerial ability to spot inappropriate leadership. The results of the study revealed that there were important person-specific attributes that could identify the leader of failure-prone organisations. In identifying these attributes, corrective action could be taken to prevent business failure, Nwanko et al. (1994).

Nwanko et al. (1994) conclude that further insights are required in understanding the most appropriate leadership attributes for organisations at different stages of their life-cycles, especially SMEs. These insights will equip SME owners, in developing economies, with practical, proactive leadership knowledge to address symptoms of potential business failure.

1.2 Definition of problem

Development of any business organisation, large or small, usually follows a predictable pattern that is characterised by sequential and progressive stages in the business life-cycle model (Dodge & Robbins, 1992). Greiner (1972) provides the basic foundations for the theory on firm growth in his Evolution and revolution as organisations grow article. His theoretical review argues that growing organisations move through five distinguishable stages of development where each phase contains a relatively calm period of growth that ends up with a management crisis, (Greiner, 1972).

According to Dodge & Robbins (1992), growth is characterised by the introduction of systems, processes and structures in a business. At this growth phase, the main focus for the entrepreneur is how to make a smooth transition from start up to growth phase, without losing the essence of the initial business vision. The type of skills and behaviours required of an entrepreneur in this crucial phase are thus different to skills and behaviours needed in other phases.

Although there is plenty of literature on management and leadership issues affecting large firms, there is limited literature available on SMEs, especially in the South African context, (Bolden, 2007). It is assumed that lessons learned while studying large firms will somehow trickle down and be relevant to SMEs. However, small enterprises have their own specific challenges, especially on leadership development (Bolden, 2007). Jensen and Luthans (2006), echo the same sentiments as they highlight the gap in the bodies of knowledge and research with regards to entrepreneurship and leadership.

Masurel and van Montfort (2006) mention that a major constraint limiting small business growth is the process of mutual adjustment between entrepreneurs and their employees. The authors identified the most common causes of crises in small (high-tech) firms as: weak general management; poor financial controls; product competition; diversification and acquisition; changing market demand; poor marketing and price competition. This highlights the need for a study that will determine the factors that have the most effect on effective leadership, leader attributes and follower attributes that will lead to effective leadership in the growth phase of SMEs.

1.3 Research aim

The main reason for conducting this study is to determine what key attributes are essential to ensure that small and medium-sized businesses in a growth phase are led effectively.

Depending on the results found, this study should provide further insights into the SME leadership field, as well as provide entrepreneurs with practical information on how they can adjust their behaviours to prevent business failure. In addition, the information that will be gathered will also assist organisations that support entrepreneurs (financially or non-financially) determine and evaluate the impact of the current leadership in a attaining the goals of a growing organisation.

2. CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to make a contribution towards the advancement of leadership development thinking, practice and research within the field of small and medium-sized enterprises (SMEs). Based on the research problem that seeks to determine what key attributes lead to effective leadership during the growth phase of an organisation's life-cycle. This section will review the two areas of growth and leadership.

Emphasis will be placed on organisational growth, SME growth and the measurement of growth. The concept of leadership will also reviewed starting with various definitions of leadership, theories of leadership, leader and follower attributes and leadership in the context of SMEs.

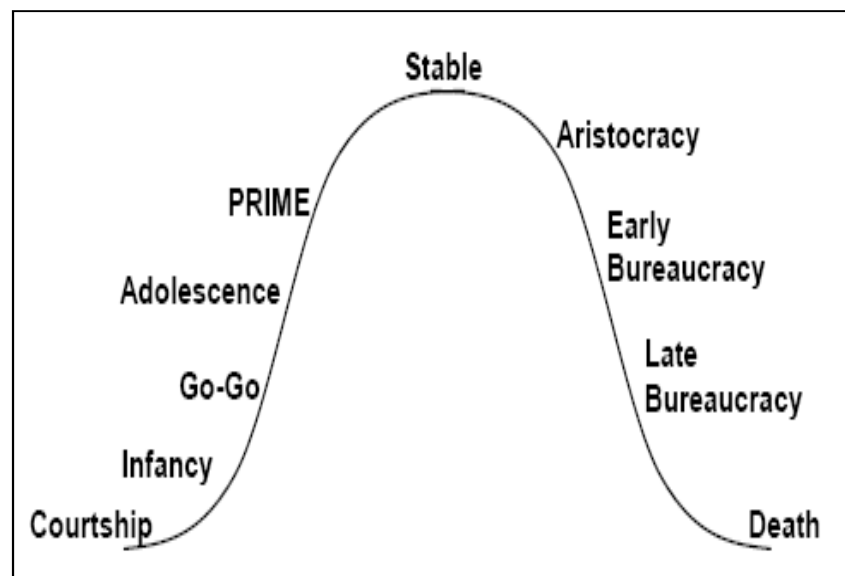
2.2 Organisational life-cycle

People, products, markets, even societies have life-cycles, according to Adizes (1979), a pioneer in the field of organisational life-cycle. These cycles are: birth, growth, maturity, old age and death (Adizes, 1979). Management researchers have used this universally accepted concept to develop various models to explain the life-cycles of organisations (Lester & Parnell, 2008; Dodge & Robbins, 1992). Lester and Parnell (2008) defined a life-cycle stage as a set of organisational activities and structures. These structural issues included reporting relationships,

the distribution of power, and departmental or divisional organisation (Lester & Parnell, 2008).

Adizes (1979) proposed that future-oriented management of the attitudes and styles of an organisation's managers would provide a means of ensuring a long and effective life for the organisation. Adizes (1979), also theorised that at every life-cycle stage a typical pattern of behaviour emerged, and that organisational behaviour could be analysed using his ten-stage model of the organisational life-cycle as illustrated below.

Figure 1: Adize's organisational stages



Source: Adizes, 1979

In the model, the first two stages – *courtship* and *infancy* – the most pronounced role of management is that of selling the business idea to others and reinforcing the leader's own commitment (Adizes, 1979). The next two stages – *go-go* and

adolescence – sees the organisation experiencing increases in vision and administrative systems (Adizes, 1979).

As cited by Masurel and Montfort (2006), at the *adolescent* stage, more time should be spent on planning and coordinating meetings, training programs and implementing labour policies. According to Adizes (1979), during these two stages (which are the focus of this study) the organisation experiences a significant growth in sales and profits. Organisational growth is discussed in detail in the next section.

2.2.1 Organisational growth

Organisational growth is a multi-dimensional process where several aspects such as employee numbers, sales and capital increase over time (Hakkert, Kempp & Zoetermeer, 2006). The most common indicators for growth are an increase in employment and sales (Hakkert, Kempp & Zoetermeer, 2006).

Greiner (1972), a pioneer in organisational growth and evolution, concluded that organisations move through five clear stages of development namely: creativity; direction; delegation; coordination and collaboration. Masurel and Montfort (2006) summarise Greiner's (1972) theory by stating that each of the five phases contains a relatively calm period of growth that ends with a management crises.

The five stages are as follows:

1. growth through creativity, followed by a crisis of leadership;

2. growth through direction, followed by a crisis of autonomy;
3. growth through delegation, followed by a crisis of control;
4. growth through coordination followed by a crisis of red tape; and
5. growth through collaboration; followed by a crisis of psychological saturation among employees.

Greiner (1972) argued that during each stage of the organisation's evolutionary period, there was a dominant management style required to achieve growth and to solve problems relating to each revolutionary period. This was later supported by researchers like Churchill and Lewis (1983) with their five stages of small business growth, as well as Dodge and Robbins (1992) with their two growth stage model.

According to Greiner's (1972) model, phase two – growth through direction – was a phase reached by organisations that survived the first phase – growth through creativity. According to the author, this phase was characterised by a period of sustained growth under able and directive leadership. This phase was also characterised by an introduction of a functional organisational structure, formalised communication, and delegation to management and lower level employees ready to take initiative.

Phase three – growth through delegation – was defined by Greiner (1972) as the phase where much greater responsibility is given to managers with senior

management focusing on making new acquisitions. The last two phases – coordination and collaboration – are signs of a very mature organisation where systems are highly formalised.

2.3 Small and medium-sized business growth

According to research conducted by Gundry and Welsch (2001), it is the intention of most entrepreneurs to grow their businesses significantly and that those businesses that experienced growth have been responsible for a major proportion of job creation in recent years.

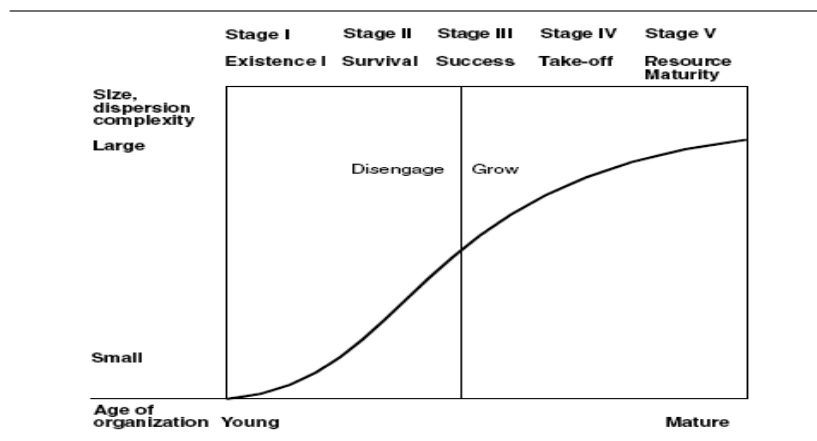
Masurel and Montfort (2006) challenge this classical approach of saying that SMEs hold growth as a cherished objective by citing a study conducted by Arbaugh and Sexton (1996) which says the opportunity influences intentions, which in turn, influence actual growth. Masurel and Montfort (2006) continue by saying that, based on empirical evidence, most new SMEs do not grow into large firms and there is no relationship between the age of a firm and its size.

2.3.1 Small and medium-sized business growth stages

The area of SME growth stages has been well studied over the years by authors like Churchill & Lewis (1983). Their research has contributed significantly to available SME theory base. After establishing that previous available frameworks on growth were not suited to small businesses, Churchill et al. (1983) developed a framework that consists of five stages of small business growth.

The five stages according to Churchill et al. (1983) are: existence; survival; success; take-off and resource maturity (see Figure 2). The stages are characterised by: size; dispersion and complexity. And, according to the authors, the following management factors: managerial style; organisational style; organisational structure; extent of formal systems; major strategic goals and owner involvement (Churchill et al., 1983).

Figure 2: Growth stages



Source: Churchill and Lewis, 1983

Masurel and Montfort (2006), describe the first two stages (existence and survival) as periods where the organisation is straightforward and when the first professional employees arrive. The success and take off stages (Stage III and Stage IV) are concerned with the marshalling of resources for growth and with delegation for transfer of responsibilities and controls from the entrepreneur to others in order to improve managerial effectiveness. The focus at these stages are similar to Greiner's (1972) growth through delegation stage, and Adizes'

(1979) go-go and adolescent phases, which happen to be the stages of interest for the study.

Dodge and Robbins (1992), used empirical evidence to build on Churchill and Lewis' (1983) theory, by emphasising that the major problems faced by small businesses differed according to the stage of their current organisational life-cycle.

This resulted in another framework being created which was based on a research project involving a wide variety of companies, including service companies (Masurel and Montfort, 2006). This new life-cycle progressed in the following sequence: formation to early growth to late growth to stability (Masurel & Montfort, 2006).

In this framework, Dodge and Robbins (1992) chose to break growth into two stages: early and later growth. At the early growth stage, the business establishes itself through strong positive growth with a commercially feasible product but high levels of uncertainty exist (Dodge and Robbins, 1992). These conditions make it vital to monitor the marketplace and adapt initial strategies to major changes. This stage is similar to Stage III of Churchill and Lewis (1983) and Greiner's (1972) phase 2 which highlights the need for strategic planning and the crisis of employee autonomy. Later growth, according to Dodge and Robbins (1992), is when growth begins to slow due to the entry of direct competitors and the narrowing of the gap between active market and the total potential market.

The entrepreneur has the dual responsibility of keeping the core business successful, while concurrently seeking out the best growth opportunities (Dodge & Robbins, 1992). This challenging stage requires effective leadership.

2.3.2 Measuring small business growth

Using the preceding life-cycle frameworks, one can establish in which phase a SME is operating. The characteristics of the growth phase of a SME are clearly defined by, amongst others Greiner (1972); Adizes (1979); Churchill and Lewis (1983); Dodge and Robbins (1992) and Masurel and Montfort (2006). But the measurement of its growth is not that simple.

Dobbs and Hamilton (2006) believe that although the growth of small businesses could be measured in various ways, measuring increases in employment numbers is the most relevant measurement. This measurement is especially relevant for government, as small business growth is expected to reduce unemployment figures. Another key measurement is the sales turnover of the SME. This measurement and employment numbers have been found to provide the most common means of operationalising business growth as their methodology is relatively uncontroversial and data tends to be easily available (Dobbs & Hamilton, 2006).

A study conducted by Helms and Renfrow (1994) on expansionary processes of the small business used three criteria to classify small businesses to be used in the study. The three criteria are: number of employees, gross sales and length of

time in the business. Other measures that are available, but not easy to validate, are growth in assets, market share, physical output, and profitability (Dobbs & Hamilton, 2006). Other factors, according to Churchill and Lewis, are the introduction of professional employees members and systems (1983).

2.3.3 Conclusion on business growth

For the purposes of this study, emphasis is placed on the later part of stage III and the early part of stage IV of Churchill & Lewis' (1983) growth stages. During these stages, the entrepreneur has to be able to master true delegation with controls on performance and a willingness to see mistakes made as opposed to abdication (Churchill & Lewis, 1983). The authors highlight the importance of this period in a business's life because if the entrepreneur rises to the challenges of a growing company both financially and managerially, the business could become a big success.

2.4 Leadership

2.4.1 Leadership defined

Leadership is a complex area of human behaviour which has been researched extensively in the past (Aioanei, 2006). "Leadership can be defined as the nature of the influencing process – and its resultant outcomes – that occurs between a leader and followers and how its influencing process is explained by the leader's dispositional characteristics and behaviours, followed perceptions and attributions of the leader, and the context in which the influencing process occurs" (Antonakis, Cianciolo & Sternberg, 2004: 5).

Limsila and Ogunlana (2007) define leadership as the process, or act, of influencing the activities of an organised group in its efforts toward goal setting and goal achievement. According to Antonakis et al. (2004), leadership is necessary for a variety of reasons both at supervisory and strategic levels. They state that on a supervisory level, leadership is required to complement organisational systems and enhance subordinate motivation, effectiveness and satisfaction. While at the strategic level, leadership is necessary to ensure the coordinated functioning of the organisation as it interacts with a dynamic external environment.

2.4.2 Leadership and management

Leadership is often mistaken for management, but these concepts are distinctive and complementary systems of action (Hughes, Ginnett and Curphy, 1999). Kotter (1999) mainly focuses on the distinguishing characteristics between leadership and management, while Hughes et al. (1999) view leadership and management as two overlapping functions where some of the functions performed by leaders and managers would be unique; there would also be a common area that overlaps.

According to Kotter (1999) these are the main distinguishing factors:

- Leadership involves developing a vision of the future along with strategies for producing the changes needed for that vision. Management involves developing the capacity to achieve plans by creating an organisational

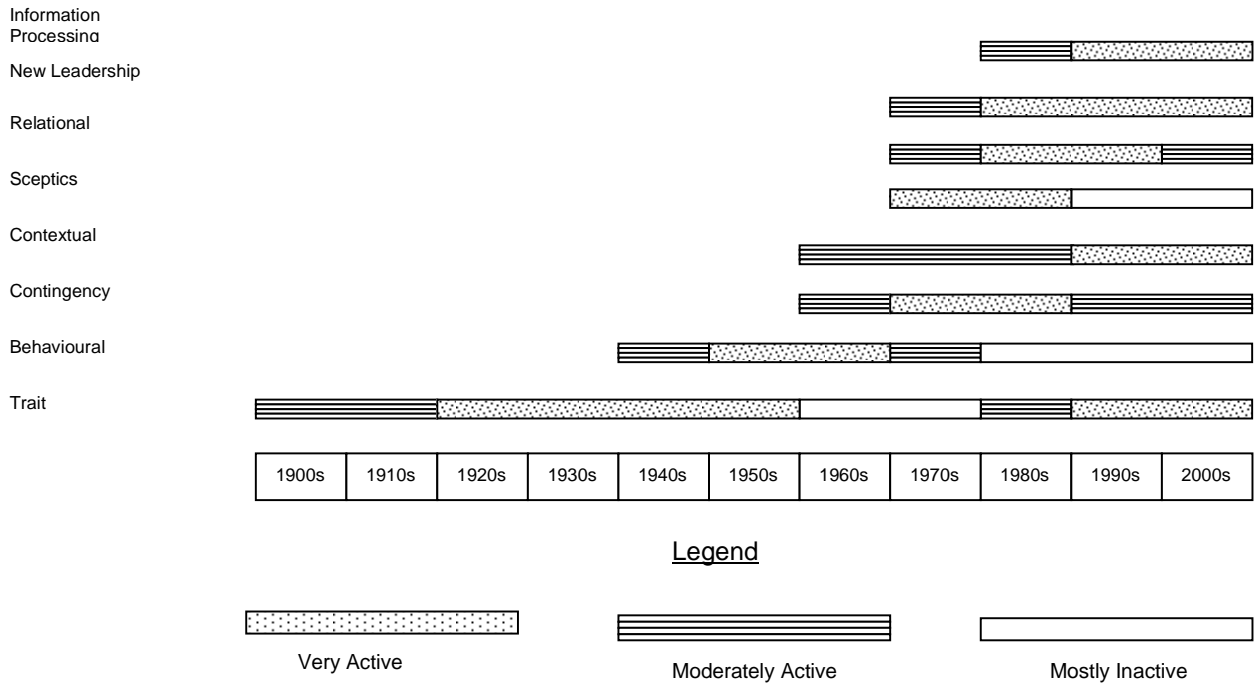
structure through organising and employing. The equivalent leadership activity, according to Kotter (1999), is aligning people and communicating the new direction to those who can create coalitions that understand the vision and are committed to its achievement.

- Leadership is about coping with change while management is about coping with complexity.
- Leadership motivates and inspires people to keep people moving in the right direction in order to achieve the vision, while management ensures plan accomplishments by controlling and problem-solving.

2.4.3 Theories of leadership

Leadership has been studied extensively by various scholars over many decades leading to a number of schools of leadership emerging. Antonakis et al. (2004) have divided leadership research into eight major schools dating back to the 1900s when the scientific study of leadership began, see Figure 3 below for more detail.

Figure 3: A brief history of major schools of leadership



(Antonakis, Cianciolo & Sternberg, 2004)

According to an extensive review of literature by Antonakis et al. (2004), at the beginning of the 20th century scholars like Mann (1959) and Stogdill (1948) suggested that there were certain dispositional characteristics that differentiated leaders from non-leaders. For example, intelligence and dominance were some of the characteristics identified. These characteristics were central in the Trait school of leadership. This was an argument fully supported by McClelland (1975, 1976).

In the 1950s the Trait movement gave way to the Behavioural style of leadership which focused on behaviours enacted by leaders and how leaders treated followers (Antonakis et al., 2004). When Blake and Mouton (1964) conducted

their research, they found contradictions relating to the behavioural approaches as it became apparent that success of the style of leader behaviour enacted was contingent on the situation. According to Antonakis et al. (2004), the Contingency theory movement of leadership is credited to Fiedler (1967, 1971a) who stated that leader-member relations, task structure and the position of the leader determines the effectiveness of the type of leadership exercised.

According to a citation by Antonakis et al. (2004), in the 1980s the Information-processing school of leadership, which tried to determine reasons why a leader is legitimised by virtue of the fact that his or her characteristics match the prototypical expectations that the followers have of the leader, was steered by Lord, Foti, and De Vader (1984).

The New Leadership school, also called neocharismatic or transformational school, came at a time when leadership research was beginning to fade and faced a crisis (Antonakis et al. 2004). Bass (1985) referred to this type of leadership as transformational leadership in which idealised (i.e. charismatic), visionary and inspiring leader behaviours induced followers to transcend their interests for that of the greater good as cited by Antonakis et al (2004).

Research, amongst Bass (1985); Avolio, Waldman and Yammarino (1991); Bass and Avolio (1997) reignited interest in leadership research by arguing that a

different form of leadership was required to account for follower outcomes centred on a sense of purpose and an idealised mission.

2.4.4 Leadership and small business growth

Research conducted by Jensen and Luthans (2006) revealed that practice-oriented literature addressing leadership issues in small businesses was scarce, but considerable attention is often given on how best to motivate members of a new organisation. Jensen and Luthans (2006) claim that scholars in entrepreneurship, organisational behaviour and leadership fields have given relatively little attention to small business owners as leaders, as they are often not thought of as leaders but rather entrepreneurs.

Typical characteristics of an entrepreneur are “the ability to take risks, innovativeness, knowledge of how the market functions, manufacturing know-how, marketing skills, business management skills and the ability to cooperate” (Littunen, 2000: 1). Jensen and Luthans argue that the entrepreneur creates the business on the backbone of these characteristics. A major part of his or her function is to spearhead the development of ideas and resources into reality and success. If an entrepreneur displays these characteristics surely, then he or she should be considered a leader.

According to Churchill & Lewis (1983), as the business grows and develops there are several factors, relating to the owner/entrepreneur, which change in importance during the life-cycle of the business. Though the importance levels

change, they remain prominent in determining the ultimate success or failure of the business. Some of these factors are:

- Owner's goals for himself or herself and for the business.
- Owner's operational abilities in doing important jobs such as marketing, inventing, producing and managing distribution.
- Owner's managerial ability and willingness to delegate responsibility and to manage the activities of others.
- Owner's strategic abilities for looking beyond the present and matching the strengths and weaknesses of the company with his or her goals. (Churchill & Lewis, 1983)

According to Churchill and Lewis (1983), a small business owner contemplating a growth strategy must understand the change in personal activities and what such a decision entails. He or she needs to examine the managerial needs over the various stages of the growth because his or her role will dramatically change in his or her attempt to take the business forward (Churchill & Lewis, 1983; Greiner, 1972).

2.4.5 Leader attributes

Leader attributes, or traits, are defined by Antonakis *et al.* (2004), as relatively stable and coherent integrations of personal characteristics that foster a consistent pattern of leadership performance across a variety of group and organisational situations. These characteristics reflect a range of stable individual

differences including personality, temperament, motives, cognitive abilities, skills and expertise.

According to Antonakis *et al.* (2004), effective and successful leaders have qualities and attributes that are not generally possessed by non-leaders. At the same, time it is important to consider that the context has bearing on leader behaviour. Hughes *et.al* (1999), propose that leaders create environments within which followers' innovations and creative contributions are welcome.

2.4.6 Follower attributes

Followers are a critical part of the leadership equation but their role has not always been appreciated (Hughes *et al.* ,1999). The authors propose that followers' expectations, personality traits, maturity levels, levels of competence and motivation also affect the leadership process. The authors continue to say that workers who share a leader's goals and values, and who feel intrinsically rewarded for performing a job well, might be more likely to work extra hours on a time-critical project than those whose motivation is solely monetary.

2.4.7 Conclusion on leadership

Ideas on leadership have changed considerably over the years as people have become more educated and articulate. Due to these changes, people cannot be commanded in the same way as in the past. In other words, leadership styles like autocracy have become less relevant in modern times (Mosadegharad *et al.*, 2006). Various scholars have developed a number of theoretical frameworks

which can be used to assess leadership, these include: transformational theory (Bass, 1985); contingency theory (Fiedler, 1967); and situational theory (Hersey & Blanchard, 1982a) to name a few (Antonakis *et al.*, 2004).

Leadership research has undergone various paradigm shifts. The most important of which, were the Trait, Behavioural, Contingency, and Transformational perspectives as shown by Antonakis *et al.* (2004). The authors have also highlighted the importance of taking into account other variables, like context (situation), in pursuing future leadership studies. This intention directly relates to the need for a study of the most appropriate leadership attributes for SMEs in a growth phase.

To try and assess all aspects of leadership would be difficult, due to the multi-dimensional nature and the sheer breadth of the concept (Antonakis *et al.*, 2004). Leadership in this study will be studied for a specific context i.e. the growth phase in a SME life-cycle. Antonakis *et al.* (2004) argue that it is crucial to understand the contextual factors in which leadership is embedded before a more general understanding of leadership can be obtained. According to the authors, further work needs to be conducted in the area of leader traits to uncover alternative configurations of traits that predict leadership effectiveness. According to Hughes *et al.* (1999) more change is expected in the future and it will be important to understand leadership in terms of both leader and follower variables, as well as the interactions amongst them.

3. CHAPTER 3 RESEARCH QUESTIONS

3.1 Research Problem

What are the salient attributes that lead to effective leadership during the growth phase of small and medium-sized businesses?

3.2 Research Objective

This study specifically seeks to establish the salient attributes of effective leadership at the growth phase of small and medium-sized businesses.

3.3 Research Questions

3.3.1 Research Question 1

What are the developmental characteristics of small and medium-sized businesses in the growth phase that require a specific leadership intervention?

3.3.2 Research Question 2

What leadership style is dominant in the growth phase of small and medium-sized businesses?

3.3.3 Research Question 3

What follower characteristics are desirable in the growth phase of small and medium-sized businesses?

4. CHAPTER 4 RESEARCH METHODOLOGY

4.1 Introduction

This chapter focuses on the research design which has been used to explore the research questions in Chapter 3.

4.2 Research design

A qualitative research approach was selected for this study as it was regarded as best suited for adequately addressing the research questions. Ten in-depth interviews were conducted with entrepreneurs leading small and medium-sized businesses in the growth phase to address the propositions discussed in Chapter 3. This approach was followed with an aim of contextualising the theory base to the South Africa SMEs.

4.3 Unit of analysis

The unit of analysis for the study was the entrepreneur of a SME that was in a growth phase. This unit of analysis was chosen to understand the salient attributes for effective leadership in the growth phase of SMEs from the point of view of the leader.

4.4 Population

The target population was all small and medium-sized enterprises in the growth phase in South Africa. Jankowicz (2000) defines a population as a complete set of people, occurrences or objects from which a sample will be drawn.

A small business – as defined by the South African National Small Business Act 102 of 1996 – is “a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which can be classified as a micro-, a very small, a small or a medium enterprise”.

In addition to Greiner (1972); Churchill and Lewis (1983); Dodge and Robbins (1992); Lester and Parnell's (2008), definition of business growth cited in Chapter 2, as well as the South African Small Business Act 102 of 1996, and the GEM South Africa Report (2007), the following characteristics were used to define the relevant population of the study:

- SMEs with a minimum of five and a maximum of 50 full-time employees.
- SMEs that have an annual turnover of at least R2 000 000.
- SMEs that have been in operation for a period of at least 36 months but not longer than 11 years.
- SMEs whose sales have grown by at least 10% in the past year.
- SMEs that are trading at the time of data collection.
- SMEs where the owner is actively involved in the running of the business (at least 20 hours per week).

4.5 Sampling

Non-probability sampling was used because a directory that lists all SMEs in a growth phase, which also portray the target population characteristics listed above, was not found. Participants were identified through non-probability sampling which Zikmund (2003) describes as a sampling technique in which sample units are selected based on personal judgement or convenience.

Given the nature of the research problem, probability sampling was found inappropriate for the study because not all the members of the population had an equal opportunity of being selected due to the fact that not all of them were known to the researcher. Another reason for not selecting probability sampling was that this type of sampling was going to be a more costly alternative.

The sampling technique used for the study was judgement or purposive sampling. A judgement sample was selected as it was anticipated that this “sample would consist of respondents who, in the judgement of the researcher, would best supply the necessary information” (Page & Meyer, 2000: 99). Judgement sampling was also considered to be more accurate than snowball and convenience sampling (Page & Meyer, 2000).

The main distinguishing characteristic of the sample was SMEs in the growth phase as defined in the literature review in Chapter 2. The SMEs selected for the study could be at any stage of growth phase as described in Chapter 2. It was

expected that entrepreneurs in these SMEs would be able to provide meaningful information based on their personal experience. The contact details of potential SMEs that fit into the sampling criteria were provided by *Endeavour*, a global association for high achieving entrepreneurs.

4.6 Screening

An email screening instrument was used to confirm whether the selected SMEs met the minimum requirements, as discussed under Section 4.4 to be able to participate in the research.

4.7 Interview schedule design

In-depth interviews were found to be the most relevant approach in tackling the complex and sensitive subject of leadership in SMEs. An interview schedule (Appendix 4) was designed based on the research questions discussed in Chapter 3. Basic demographic questions covering business and interviewee information formed the first part of the interview schedule. This was followed by open-ended questions focused on growth factors in SMEs, leadership characteristics and follower attributes in growing SMEs.

4.8 Data collection

The method of data collection was in-depth interviews conducted with entrepreneurs of SMEs in a growth phase. The interview schedule used (see Appendix 4) contained open ended questions which allowed the researcher to

adjust a few questions after two interviews were conducted. Improvements were made in following areas:

1. The question on increase in administrative work was elaborated to include examples of administrative-related tasks like planning and coordinating meetings, implementing training programs and labour policies.
2. The two questions on lower-level employees and management taking initiative were combined to one and the term subordinates was used instead.
3. A question was added at the end of the interview guide which asked the respondents to give other insights on leadership in SMEs.

4.9 Data analysis

The main task in the data analysis process was to identify common themes in the respondent's discussions. Recordings from the interviews were transcribed and analysed according to the most prominent themes in line with the findings of the literature review.

4.10 Assumptions

- Criteria used to determine whether a SME was in a growth phase or not were clearly defined in literature obtained by the researcher. Hence guidelines from academic literature and the South African Small Business Act 102 of 1996 were used to come to a conclusion on how to classify a SME in the growth phase.

- It was assumed that a business that has been in operation for less than 36 months was in the pioneering phase and did not qualify for the study.
- It was also assumed that a business with a turnover of less than R2 000 000 per annum would not form part of the sample, as it would be below the minimum limit set by *Endeavour* for entrepreneur participation in their program.
- It was also assumed that a business with less than five employees would not be in a growth phase as *Endeavour* entrepreneurs considered for the study all had a minimum of five employees.

4.11 Limitations

- Due to the fact that the study had a limited sample, results found in the study could not be generalised outside the sample frame used.
- The nature of the sample interviewed was judgemental and was skewed towards the SME industries that the researcher was familiar with namely, information technology, thus preventing the study from being seen as representative of SMEs in all industries.
- The focus of the study was on SMEs mainly experiencing organic growth and gradually moving into new markets.

5. CHAPTER 5 RESULTS

5.1 Introduction

This chapter presents the results of the study. Data analysis and the sample demographics will be discussed. After which the results, as extracted from the interviews, will be presented. See the data analysis in Appendix 5.

5.2 Data analysis

Of the twelve potential respondents only ten were interviewed. The other two interviews were cancelled because one of the potential respondents was travelling overseas and on the other occasion the researcher fell ill. In-depth interviews were conducted using a semi-structured interview schedule. The interviews ranged between 40 minutes and 1 hour. The interviews were followed by four hours of transcribing and two hours of thematic analysis per interview.

5.3 Sample demographics

A list of all the interviewees and their demographic information can be viewed in Appendices 1 and 4. The results show that out of the ten respondents, six were white males and the rest of the number was made up by three black females and one white female.

Shareholding by the respondents varied between 10% to 100% and these figures varied greatly regardless of the founder status as depicted in the table and

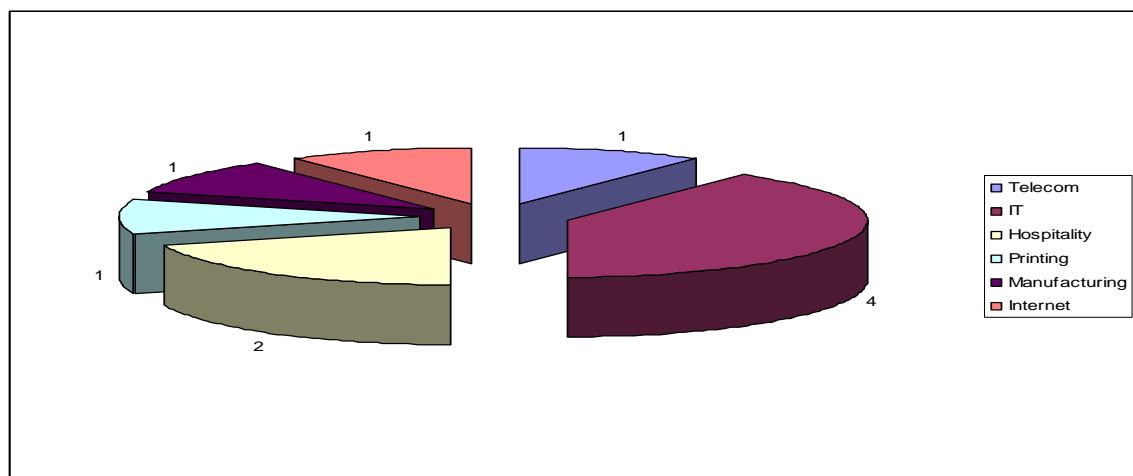
graphs that follow. It was also noted that apart for one respondent, all nine respondents had been with the business since inception.

Table 1: Founding status versus shareholding

Respondent	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10
Founding Status	Co-founder	Founder	Co-founder	Founder	Not founder	Co-founder	Co-founder	Founder	Founder	Not founder
Shareholding by owner (%)	12%	20%	50%	51%	50%	20%	49%	25%	100%	10%

The respondents came from a variety of industry sectors (refer to Figure 4 below), though the sample was dominated by the high technology sectors of information technology and included one respondent each from telecom and internet sectors. The rest of the respondents were from hospitality, printing and manufacturing.

Figure 4: Industry representations of the research sample



5.4 Representation of the results

The results present common themes that emerged from the interviews, in support of the literature survey in Chapter 2 and research questions stated in Chapter 3. The literature that was reviewed of regarding small and medium-sized business growth and leadership, revealed the following themes:

- SME growth is a multi-dimensional concept and process, where several characteristics of the business change in importance during the business's life-cycle (Churchill & Lewis, 1983; Dodge & Robbins, 1992; Hakkert, Kemp and Zoetermeer, 2006).
- In the SME growth phase, there is a particular leader style and certain follower attributes desirable for effective leadership (Adizes, 1979; Greiner, 1972; Churchill & Lewis, 1983; Dodge & Robbins, 1992; Antonakis, Cianciolo & Sternberg, 2004; Lester and Parnell, 2008).

All three research questions derived from the literature served as headings for the results.

5.5 Results for research question 1

Research Question 1

What are the developmental characteristics of small and medium-sized businesses in the growth phase that require a specific leadership intervention?

In order to answer the first research question relating to the developmental characteristics of a SME in a growth phase, respondents were asked to describe

their organisational structure to determine the preferred organisational structure at the growth stage.

5.5.1 Organisational structure

The results showed that all the respondents had introduced a formal organisational structure within their businesses over the years. Some had started as one-man organisations and had progressed up to 25 employees.

- *Just three, me and my 2 co-founders.*
- *In our management team we complement each other very well.*
- *management team consists of very high achievers.*
- *It's Sam and I at the top with a board and then we [have] a management team of four which includes Sam and I and then everyone else is underneath us.*
- *I own 51%. There are two junior partners who own 9.5% each and a member who runs the kitchen who owns 30%.*
- *At the top is the big boss, my husband then me under him and then everyone else.*
- *I'm at the top overseeing the entire unit. I then have a production manager reporting to me. Under her there is a supervisor and then the rest of the employee. I also have a driver and a bookkeeper reporting to me.*
- *I am the main member with majority shareholding. My brother-in-law and my sister-in-law are the other members of the cc.*
- *We have four directors in the company.*

- *I sit at the head of the organisation. We have three departments under that.*
- *We've got a management team – IT, Sales, Finance and Ops.*

Most of the respondents frequently mentioned the flatness of their organisational structure and their intentions of keeping it flat.

- *It's very, very flat. There's the CEO there, R&D and Operations.*
- *Have a pretty flat structure.*
- *In the past we've tried to give people supervisory roles and it pretty much didn't change how things were running.*
- *It's a really flat structure.*
- *It's an open door policy and it's a really small company there's not much levels between them.*
- *I'm happy with the way it's structured.*

One respondent said he was not happy with his structure and had intentions of making it flatter.

- *The structure is too hierarchical... I will definitely break it down a bit more, get more people reporting to me.*
- *I think it delays the response and it makes decision-making slower which is unnecessary.*

It was also noted that some respondents had plans of employing more senior level employees in their business in the foreseeable future.

- *One of the other founders is the CTO and I would manage Operations as there isn't another head for that.*
- *We will probably need to get some sort of a CTO of some sort and maybe a Marketing Director.*
- *We need more middle management capacity.*
- *It's not about the structure, it's more about how it operates.*
- *Need a quality person who is a Food Technologist by training.*
- *The current structure is actually fine for now but we do need a full time financial person as we are not very good with finance.*
- *The problem is matching the supply of your skill with the demand in the market.*

5.5.2 Administrative focus

A question was raised on whether the leader's found themselves engaging in considerable administrative work as this is a sign of a business progressing up the organisational life cycle.

All of the respondents agreed that their roles had evolved from being operationally-focused to being administratively-focused.

- *Lots of more time is spent on assisting other people in company get going and up to speed.*

- *At the beginning of the business I was a lot more hands on and since we have grown it has become a lot more administrative.*
- *I used to focus on production but now I do more admin and HR.*
- *As you start getting bigger... You start becoming more focused and systems-oriented and more centralised.*
- *When I started I was more involved in production but noticed that systems were needed in administration and HR.*
- *I have to plan leave, ensure everyone is trained and geared to go.*
- *I have long external meetings with clients and suppliers.*
- *Internal meeting to ensure that the guys are delivering.*
- *I'm not actively involved in the technical side of things.*
- *We have to look after employee, we need to look after accounts.*

More than half of the respondents were comfortable with this new focus and had accepted that this was part of the growth phase.

- *We've outsourced a lot.*
- *The thing is if you don't look after the admin side it can run away from you.*
- *Need to understand how the business works as a whole.*

The rest of the respondents felt that the administrative part was interfering with what they truly enjoyed doing which was their own work.

- *Initially when we started the company we didn't necessarily want to come and manage people.*

- *I would still prefer to get to my desk and do what I need to do and everyone does the same thing but it doesn't quite work like that.*
- *I find myself caught up in putting together documentation for when I meet with clients.*
- *I hate administrative decisions so I try not to push to rest of management team*

5.5.3 Seeking opportunities

Another sign of an organisation experiencing growth phase was that of an internal debate within the organisation on whether to focus on pursuing new business opportunities or on streamlining core business. A question was asked on how the respondents split their time between the two activities.

The results showed that over and above the increase in administrative duties for the respondents, their attention was also required in seeking new opportunities for their business.

- *I focus on seeking new opportunities*
- *I'm going to go for opportunities that are worth my while.*
- *I see that I need to actively pursue new opportunities*
- *We want to grow the business quicker.*
- *I've had to take on more of a step back and look after functions that enable the business and look after our pipeline.*
- *Probably half of my time is spent with clients. 20% is spent looking after our sales pipeline*

- *I try to spend researching and looking at other stuff that we can do... 30% sort of Business Development*
- *My passion is in developing new strategies for the business and I spend a lot of time doing that.*

It was noted that in cases where the respondent had a business partner or partners the responsibility of finding new opportunities would rest with one of the partners while the other party would focus on internal issues.

- *The sister company handles new opportunities.*
- *My business partner ensures that he looks for new opportunities.*

5.5.4 Core business

The time spent on focusing on the core business varied greatly between respondents depending on whether the business was being operated by one individual at the top or whether there was a partnership.

- *My business partner on keeping the core business successful, operations and ensuring a quality product.*
- *If you look after the core business then everything else will come.*
- *be ready to deliver on that service*
- *My role is to ensure that the business runs smoothly*

Another consideration that was raised was whether the business had a major contract with one customer which was a major contributor to the business or whether the respondent served a variety of customers.

- *We are just growing our core business and trying to concentrate just so that it grows organically on its own, without us being actively involved.*
- *I've spend 60–70% of the time on internal, on the core business.*
- *the 30% is spent on looking after the day-to-day operations; the debtors, creditors, employee, contracts, legal.*
- *I spend 20% on Finance, 20% Operational, and 30% Administrative.*

5.5.5 Delegation

A question was asked about how the respondents felt about delegation and if it had improved their effectiveness. Most of the respondents said that they were comfortable delegating to their employees and agreed that this had significantly improved their effectiveness.

- *I am delegating somethings.*
- *You learn along the way that you can't do everything yourself, you need more and more capacity.*
- *I'm comfortable doing it for most things and everyday I learn to delegate more and more. So, we used to hold onto stuff a lot but the more we delegate the more people rise to the challenge.*
- *I'm very comfortable about delegation. My guys are empowered to make decisions.*

- *You can't be everything to everyone.*
- *Delegation is vitally important and it moves the ball from one department to the other.*
- *Delegation is a big part of any company you are in.*
- *I have to delegate.*
- *In the beginning I had a challenge letting go of tasks and letting people run with them.*
- *We've gotten used to delegating responsibilities to the other managers.*
- *You need to realize that you can't do everything yourself anymore and if you try you would be holding the business back.*

Two of the respondents felt that they would delegate more to their employees if only they themselves fully understood what they were doing in their jobs.

- *I haven't managed to teach anyone because it's still too tricky for me.*
- *I'm definitely guilty of not delegating enough.*
- *I still closely manage the finance side myself because they are not as competent and they feel they are too old to learn.*

Another reason that was raised as to why the respondents didn't delegate much was that they felt it would take longer to try and explain the task to employees as opposed to just doing the work themselves.

- *It almost feels like it's going to take me longer to explain to them what to do than to do it myself.*
- *I do delegate but I have things where I prefer to do them myself.*

Competence and trustworthiness of employee was frequently mentioned by the respondents as key factors considered before a delegation decision was made.

- *Spend a bit more to get that high calibre person to join you as part of your team so that you feel comfortable delegating and sharing tasks with them.*
- *When you hire people who are sub-standard – you don't necessarily trust them or believe they would do as well as you would, then it's much more difficult – there is a lot of follow up and a lot of micro management involved.*
- *You can only delegate to competent people and you can only have competent people if you have employed them appropriately.*
- *Due to some of them only having a matric, I am limited in what I can delegate.*
- *People need guidance and training before you can fully delegate to them and I ensure that this is in place.*

One of the respondents regularly mentioned “follow up” as another key factor for delegation that is often overlooked.

- *The most important component of delegation is follow up.*

5.5.6 Initiative

A question was asked on whether the respondents allowed employees to take initiative or whether employees always have to check with their managers before making decisions.

The results showed that all the respondents encouraged their employees to take initiative in their jobs.

- *Generally when people want to do something I say its ok you run with it and give them latitude to do what they want to do*
- *We have a saying here: “Ask for forgiveness, not for permission”.*
- *I encourage it.*
- *To take initiative constantly.*
- *There’s always room for more initiative.*
- *Really enjoy it when people take initiative and they suggest things and they want to give it a go.*
- *I give them a lot of leeway as long as it is within those boundaries.*
- *Most of the time they come up with a lot of suggestions especially since I’m not deeply involved in operations.*
- *I always give them a chance to try to do things differently.*
- *My employees are all allowed to improve on what we do.*
- *They know that they need to first try things out for themselves and then contact me if they are not successful.*
- *They are encouraged to take initiative.*

A few respondents mentioned the use of incentives: financial and non-financial as part of the way they encourage their employees to improve the way things are done.

- *I always incentivise the guys to take initiative to change things.*
- *They've taken that initiative we reward both financially and give recognition.*
- *Nature of the problems we encounter daily with our clients is people do need.*

However, one of the respondents admitted that allowing employee to take initiative doesn't come naturally and that he has to make an effort.

- *There are times when I don't agree with it naturally but I would never reprimand them for getting it wrong.*

Another point was raised by a respondent who felt that employees didn't always rise to the challenge of taking initiative.

- *even though they are given opportunity they don't necessarily do it.*

5.5.7 Evolution of the vision

Respondents were asked questions regarding the initial vision of the business and whether that vision had changed when they entered the growth phase. This was to determine whether the growth phase required a change or refinement in

the strategic direction of a business due to a weakness of the initial vision or due to lessons learnt along the business life cycle.

The results revealed that all the respondents had started their businesses with a clear vision in mind. The type of visions mentioned varied from very simple ones to strategic and well-defined statements. Some respondents mentioned that they had to make minor adjustments from the time they started their business until the growth stage, where they are currently at.

- *Probably when we started we wanted to focus exclusively on the software side and we wanted to become the platform company that provides mobile applications.*
- *We deviated a little bit in some ways along the way but we've always gone back to our core.*
- *Our first vision was to build anything legal for cash.*
- *A good financial situation I also wanted to make a difference in my personal life.*
- *To grow and to be employed.*
- *It has changed from a normal black and white to litho printing and other things.*
- *To be a recognised sushi manufacturer supplying major retailers.*
- *Our vision when we started was just to make some money hiring out equipment to people in the townships and suburbs.*

- *provide a professional and reliable alternative to the proprietary or Microsoft system in the market.*

The results showed that about half of the respondents were still true to their original vision while the rest had found it necessary to adapt with the times and adjust their vision.

- *We wanted to be a business level solution and cross that barrier from a nice software business to play with to something that people take more seriously.*
- *It was to become the most successful online market place in SA*
- *We will be the biggest suppliers of subject to the magazine sector in SA.*
- *it is to become the bulk messaging of choice.*
- *I could give a 5 star product at a price of a 2 star.*
- *Everything that comes out of my place has to be of the best quality.*
- *over the last two years we have managed to develop our printing company,*
- *To dominate in retail and to enter other markets like airlines and to also introduce other Japanese products.*
- *work towards being a service provider of choice for events whether corporate, government or home.*
- *become a leading service provider in the country.*
- *It was to specialize in implementing a niche component of the SAP software that specializes in the managing of properties.*

- *We haven't changed -we've stuck to our core.*
- *the aim from the beginning was to get an internet platform for property*
- *the only way to go bigger was to go back to the original way which was to listing estate agents.*

5.5.8 Communication of vision

Respondents were asked to share their methods on communicating the vision at the growth phase considering that the number of employees had increased and a formal organisational structure now existed.

Most of the respondents said they had introduced formal communication channels for their employees and were comfortable with the results from the formal communication.

- *Everything important must be written down for everyone to see and edit and play around with so you can't rely on sending emails to each other or sitting in the same space.*
- *We sit with every employee in the company on a quarterly basis.*
- *We have regular meetings.*
- *We have an annual employee retreat for two days.*
- *We have regular meetings. I have appraisals with them. Everyone understands their roles and duties.*
- *We hold regular meetings where I give them feedback and updates on what is currently happening in the business and where the business is going.*

- *We are very old fashioned and usually call ad hoc meetings to inform employee of our plans.*
- *We have a monthly employee meeting.*
- *We try to reiterate the vision – there is an assessment done on that basis.*

It was noted that informal communication channels were also used as other ways to engage with employees to communicate the vision.

- *We use more collaborative internally and have a Friday lunch meeting every week but essentially the Wiki's is where everything goes.*
- *I talk a lot.*
- *It's mainly done in person.*
- *Everyone is involved in the day-to-day determining the direction of the business.*
- *We've got a facebook group...We've got videos and pictures. I'm doing a road show.*

5.6 Results for research question 2

Research Question 2

What leadership style is dominant in the growth phase of small and medium-sized businesses?

5.6.1 Leader attributes

A question was raised that asked the respondents to describe their leadership style when the business started and at the current phase. Respondents were also asked to describe any other characteristics that would be desirable if they had to hire a replacement for their position at the current stage.

Respondents brought up a variety of leader characteristics that they felt were important for a SME in a growth phase.

- *I couldn't follow a traditional authoritarian leadership style at all precisely because the difference between me and them is quite limited.*
- *offer a non-dictatorial, non-authoritan environment where every human being is taken into account*
- *leadership style is very relaxed.*
- *I have a fairly decentralized democratic style.*
- *the biggest job is HR*
- *need to be a visionary*
- *my leadership style is pretty collaborative*
- *I definitely don't command and control because that will never work.*
- *be someone who can interface with the team at the right level.*
- *Someone who can win the business and inspire confidence with our clients.*
- *It's about the people - I'm not a technology company.*
- *Everyone looks up to me to set the direction and to set the mood; and to set the values of the organisation*

- *I spend quiet a bit of time engraining the overall direction of the business into them and then allow them to make the necessary decisions.*
- *I'm a very analytical person, very logical ... don't get too emotional involved in decisions*
- *It would be determination*
- *you need to be hard-headed at times. You need to be tenacious. You need to be able to say horrible things and give credit where due.*
- *The person also has to be able to have good relations with other stakeholders like suppliers and customers.*

Majority of their comments were centred on soft skills required to get the best out of their employees.

- *A person who has a balance between confidence and humility.*
- *It boils down to trust, integrity*
- *Honesty, willingness to learn, change, ability to accept criticism and being sincere.*
- *having integrity and being honest and being reliable, these are things that I hold to high value*
- *be natural with the people and be on the same level; people respond well to that.*
- *I'm very approachable*
- *The guys know that I'm compassionate and they can come and speak to me about anything in confidence*
- *had compassion*

- *need to be people orientated and compassionate.*
- *I'm compassionate to the employee.*
- *learnt to be more patient and learn to deal with emotions, especially women*
- *make an effort to listen to people to understand where they are coming from.*
- *someone who has very good interpersonal skills.*
- *Someone who loves working with people*
- *needs to be a people-person.*
- *must also listen to what their employee has to say*
- *very fair in dealing with people.*
- *I'm quite open and available to anyone who needs assistance.*
- *Someone who my employee can feel comfortable approaching. Someone who can accept them as they are.*
- *my role is to get the best out of others.*
- *Apply fairness principles everywhere with everything*
- *need to be passionate*
- *need to be passionate about that goal that we've set.*
- *hold their hands for certain decisions when I feel that they are not equipped to make them.*

5.6.2 Team builder

A question was asked on how respondents encourage team cohesion in the business.

Respondents indicated that they hold team building in high regard and believe that they play a crucial role in encouraging their employees to work together.

- *I spend most of my time motivating employee, trying to make sure that they all work towards the goal we have.*
- *Someone who can encourage and grow people.*
- *I understand that my role is to get the best out of others.*
- *It's key to find the right people, to build a team, to motivate those people,*
- *the main focus is; getting the best out of people.*
- *delivering on it and not letting the team down*
- *need to encourage the team and ensure that they get the best out of them.*
- *understand and bear with the team dynamics*
- *bring out enthusiasm and inspire people a little bit.*
- *be able to drive the team forward.*

A few respondents mentioned the use of formal annual and quarterly team building events while the majority said they relied on informal weekly and monthly events.

- *Every quarter we have a teambuilding event.*
- *we often have suppers, lunches and get-togethers where we go for drink to try and foster the team spirit.*

5.6.3 Leader flexibility

Respondents were asked whether they varied their leadership style for each employee and whether they discussed this with their employees.

The results showed that most of the respondents ensured that they analysed each of their employees' needs to understand them and how they needed to be treated to get the most out of them.

- *Some people prefer face to face, some people you can email, other people are overwhelmed if you don't call them.*
- *depending on the individual and their issues, their personality and where they are,*
- *There are certain people with different needs and you need to understand those and work within personalities to get the best out of people. But you must be consistent.*
- *You have to monitor and make decisions accordingly.*
- *You evolve and change the way you lead accordingly.*
- *You can't take a blanket approach. Every situation demands a different leadership style.*
- *Sometimes you have to be democratic and other times autocratic*
- *Different strokes for different people.*
- *calm down first before addressing employee.*
- *I have learnt to manage my emotions*
- *I have to speak to them differently depending on the person and situation.*

- *I have taken time to understand each individual in a team.*
- *I've also had people complete psychometric profiling tests and the only reason is that I appreciate that everyone is an individual.*
- *You can never employ one leadership style that works with one person to the next person.*
- *I've got to be very careful with her on specific instructions... As opposed to the other guys*
- *You have to understand the people, learn their children's names, and understand the dynamics at home at the end.*

One respondents highlighted that although they had to vary their leadership style for each of their employees, consistency was a non negotiable in his business.

- *Each person needs to be treated differently but the management style needs to be consistent.*

5.6.4 Leader's approach to less experienced employees

A series of questions were posed to the respondents regarding their leadership approach to employees at various developmental stages: less experienced, gaining experience, competent but cautious and self-reliant.

There were varying responses on how the respondents approached less experienced employees in the businesses with training being the most frequently mentioned term.

- *I would give them non core projects like something that is outside of strategy not supercritical to the business*
- *I certainly don't tell people what to do.*
- *give him actual training on processes. Explained to him the whole chain of events*
- *Practical training*
- *theoretical training which is done in-house.*
- *there is an induction for 2 days.*
- *We then have our rewards where if a guy has done well.*

Some respondents believed that practical training involving shadowing of more experienced employees was the best approach.

- *We put the less experienced with more experienced employee and they shadow them.*
- *shadow the more mature guys.*
- *new employees shadow more experienced employees.*
- *I will take a more experienced employee member and team them up with someone who is less experienced*
- *mostly involved in developmental work and we will always team people up.*

Other respondents said they believed in placing new recruits in a position where they could fully immerse themselves into the organisation and figure things out for themselves.

- *You've got to throw them into the deep end*

- *throw people in the deep end and help them once they've shown the initiative of trying to figure it out themselves...give one-on-one time.*
- *give them as much exposure as possible to as bigger part of the business*

5.6.5 Leader's approach to experienced employee

The responses were highly varied with commonality noted on the frequent use of the phrase "give employees more responsibility" by some of the respondents.

- *We encourage them*
- *Give them more responsibility and try and make it interesting for them to stick around*
- *I always like to pull from the bottom up.*
- *employees will have less supervision and be given more responsibility.*
- *The person will get more responsibilities.*
- *working closely with the supervisors and learn to be able to do part of the supervisor's job when he is on leave.*
- *start giving him more responsibilities*
- *from the time they join three months later they get their first performance appraisals.*
- *I obviously need to change my style to allow him to make his own decision.*
- *allow him to start spreading his wings.*
- *pushing them very hard to educate themselves.*
- *Reward is...monetary and education, training and responsibility.*

There was limited mention of the display of soft skills by the leader in leading employees as they gain experience.

- *It's mainly about inspiration, trust and reward.*

5.6.6 Leader's approach to competent but cautious employee

Most of the respondents mentioned an example of how they handled similar cases in their business and felt strongly about the challenges of leading competent but cautious employees.

Apart from three respondents, the theme that came out was that employees in this situation should be assisted by the leader.

- *It's about giving them the room to do what they needed to do and the support.*
- *give a lot of moral support – constant feedback and try and do exercises with them to build their confidence.*
- *Time is the only way you deal with lack of confidence. Give the person more responsibility*
- *when they do something wow it's always a matter of applauding and telling them well done.*
- *try to identify what aspect is lacking and then address it.*
- *encourage them frequently and give them responsibilities with a safety net*
- *give them smaller tasks that they can accomplish first.*

- *Work with them and give them more feedback and start giving the bigger tasks.*
- *we emphasize that if you have a problem speak out.*
- *giving them very specific tasks where you know that they are going to excel.*
- *I would then publicly recognize them in a team with a client.*

Three respondents had a more tough approach for this type of employee.

- *If it doesn't correct itself over time, in our experience we've found that it's because it is true and you actually can't do it.*
- *try and not give anyone special focus or treatment.*
- *You follow a process and at the end of that process the person is either grown and adapted and they start contributing - sooner than later you have to make a call*
- *I don't like people who are not confident because they never speak up.*

5.6.7 Leader's approach to self reliant achiever employee

There was consensus among the respondents on how best to look after self reliant achievers. The main responses were around allowing self reliant achievers to flourish in their own space.

- *Try to get them to learn what they want to get out and what job satisfaction means for them.*
- *they want to be flexible in their working times*

- *You let them do their jobs and you support them.*
- *Just let them be.*
- *Just let them have fun.*
- *I created new positions so that I could pay the high performers more.*
- *give these people tasks that require very little supervision*
- *ask them for ideas on how to do things better.*
- *self-reliant employee would get feedback on what their objectives were and they track their performance*
- *give them an opportunity to do what they have to and excel.*

Some respondents mentioned the use of rewards: financial and non-financial.

- *Do some form of share option scheme or give them a lot of freedom*
- *started a program of recognizing those achievers and giving awards and vouchers at our year end function.*
- *encourage them or reward them either financial rewards or reward them with awards.*

Two of the respondents had some words of caution on how to handle the negative aspects of having self reliant achievers in an organisation.

- *If they are flourishing and they see someone who isn't, it's up to them to assist and share their knowledge.*
- *You can't let them get away with breaking the values of the company just because they are performing well.*

- *burst their bubble a little bit.*

5.6.8 Leader's preferred employee type

Respondents were asked to say if they had a preference between the four types of employees for their business at the growth phase.

It was found that about 60% of the respondents preferred the self-reliant employee. The respondents mentioned that such an employee was invaluable at the growth phase especially in the technology sector.

- *the one that's self-reliant*
- *I prefer the self-reliant and less experienced employee with potential as they are easy to work with.*
- *I would choose the self-reliant one - to be able to spend less time on the soft issues*
- *The self-reliant.*
- *Self-reliant definitely on management team.*
- *I would choose the less experienced one who has a lot of potential.*
- *I'd prefer people with potential*
- *I like to take someone with no experience, teach him what I know is right and develop him into something.*
- *You need different types of people; people who are good in certain areas but not so good in others.*

5.6.9 Leader skills and education

Respondents were asked whether they had any specific skill and education requirements for a leader in the growth phase.

Responses to this question varied based on the industry sector of the respondent's business.

- *Very analytical mind.*
- *Can take in large information very fast, re-arrange it, re-connect it, and re-distribute it to the people that need it.*
- *need to be intelligent*
- *Conciseness and consistency and having to be the person with all the answers*
- *keep myself informed of what the competition is doing and what I'm doing better than the competition*
- *must have problem-solving skills.*
- *must be able to be innovative and not expect someone else to give them answers.*
- *travel to the East and to trade shows to get ideas.*
- *Someone who is willing to learn*

A few respondents mentioned the need for good business acumen.

- *focus on business development almost entirely.*
- *sales acumen and key knowledge of the areas in which we practice*
- *I've learned on the business / financial side of my business*

- *Speak the language of corporate and understand that you are dealing with professionals.*
- *Needs good business acumen especially marketing and finance.*
- *Need to be able to engage and liaise with shareholders especially foreign investors.*
- *Need management skills to move the management team forward.*
- *A relatively strong financial background will be key either MBA or BComm.*

Others felt strongly about the need for technical skills

- *We need someone who understands and appreciates the technology*
- *The person also needs a strong food technology background.*
- *To be able to manage a team of technical people.*
- *Some technical skills; let me say consumer internet experience.*

The results also showed that there was limited mention of specific educational qualifications as prerequisite for a leader of a SME in a growth phase with one respondent specifically mentioning that education was not required.

- *When you come out of university... you are smart people*
- *I've sat in all the lectures and listened to them.*
- *Someone who knows how to network well.*
- *Education is not a prerequisite.*

5.7 Theme for the ideal SME leader in the growth phase

From the interviews, it became clear that there were themes and attributes that kept surfacing. It was eventually obvious that these phrases and themes needed to be singled out as absolute essential attributes of a SME leader in the growth phase.

Frequently used phrases by the respondents were summarized and have been listed below:

- *Talk less, listen more*
- *You have to have passion*
- *Focus is key*
- *Real empowerment*
- *You have to be adaptable*
- *You have to listen to employee*
- *You have to delegate to be free*
- *Specialise early – don't just chase money*
- *You have to be a chameleon*
- *You have to be ahead*

5.8 Results for research question 3

Research Question 3

What follower characteristics are desirable in the growth phase of small and medium-sized businesses?

5.8.1 Follower attributes

Respondents were asked to share their ideas on desirable characteristics of employees in the growth phase.

A substantial number of respondents highlighted the need for followers who were passionate and keen to be part of their business.

- *you want people with strong values that are passionate about what they do and what the company does*
- *People who are loyal to the business and highly intelligent people.*
- *People who use their initiative and who are self-starters*
- *I expect them to be passionate.*
- *I also expect them to be dedicated.*
- *someone whose culture is aligned with the company's.*
- *Energy, personality, tenacity,*
- *They've got to be passionate about the internet, passionate about working with people*
- *someone who is keen to join the company.*
- *Someone who's keen to make a difference.*
- *Sincerity – that's the bottom line.*

The ability of their followers to be able to function well in a team environment was also frequently mentioned.

- *Takes someone with a good relationship or network.*
- *being able to listen and to work together as a team*

- *You need people who can work well with others in a team environment.*
- *Warm, friendly people*
- *Also, people who are willing to go the extra mile and who are willing to compromise.*
- *Willingness to learn, change, ability to accept criticism and being sincere.*
- *You want to know that people are going to get on.*

A few respondents mentioned the need for followers who had integrity.

- *it's people with integrity, people I can trust.*
- *Honesty is a big thing in my business.*

5.8.2 Follower skills

Respondents were also asked list skills they found valuable in their employees at the current stage.

The type of industry the respondent was in played a role in the type of follower skills needed for a SME in the growth phase although it was noted that intelligence and the ability to learn fast were highly sought after skills.

- *we need guys who are fairly smart who are very clever*
- *good market intelligence.*
- *People who are fast learners.*
- *learn fast and be able to apply your learning*
- *A lot of the skills you actually learn in the job*
- *A component of technical skill is important.*

- *only hire people with a lot of experience or graduates straight out of varsity*
- *You need a very sound set of skills*
- *it's important to be physically strong*
- *be flexible and be willing to face tough working conditions*
- *It's about delivery*
- *A strong marketing background.*

5.8.3 Environment and culture

Respondents were asked to describe their environment and culture in the businesses.

Several respondents mentioned the need to create a certain type of environment to be able to meet the requirements of the growth phase.

- *we offer them a good environment.*
- *offer a non-corporate environment where it's pretty casual*
- *a passive environment which is not high pressured but everyone works hard still.*
- *questions don't get asked unless you have a dynamic environment.*
- *The environment I've created for them makes them committed.*
- *I also stay out of their way when they work.*
- *we are trying to create is a comfortable, safe environment.*

It was noted that most of the respondents who spoke about culture were quite proud of their culture and felt that it was ideal for what they wanted to achieve.

- *It's quite an interesting, learning field*
- *It's easier to get employee commitment because if I'm showing them commitment then they show me commitment.*
- *It's also the relationship I have with them. It's very easy for me to get the most out of them.*
- *They are committed and they take pride in what they are doing.*
- *I have great people and the commitment is there.*
- *Where they can have fun and play but at the same token make sure they are delivering.*
- *We strike a balance between work hard and play hard.*
- *People are passionate about what they do*
- *It's more like a family atmosphere as well.*
- *The culture is quite relaxed.*
- *The culture is one of helping each other, enabling each other.*
- *We absolutely celebrate successes.*
- *I actually spend a lot of time with the people especially when they start with the company,*
- *It's young and funky and progressive and Web, Generation Y orientated.*
- *in the branches there's sort of a lag with getting them up to speed with the newest thing.*
- *we have to work hard to ensure we disperse the culture.*

5.8.4 Lessons learnt during the transition from start-up to growth

A question was posed to the respondents asking them to share lessons learnt over the past few years and what things they would change if they had to start over.

A few issues were raised by the respondents at the end of the interview which were not initially part of the scope of the interview but were nevertheless were found to be valuable. Many of the respondents highlighted their learnings over the last few years of running their businesses.

- *I've learnt to speak less.*
- *I don't assume what the problem is anymore so I ask 'what are you thinking?', 'why do you think that is a problem?'*
- *hire more high level people earlier on*
- *It's key to find the right people*
- *Try to find the right people by giving them share options in the business to make sure that you get long-term loyalty from them.*
- *I've definitely learnt to be more patient.*
- *when you expect people to do certain things you must have that expectation on yourself.*
- *Being able to identify people who are strong in the areas where I am weak.*
- *Being on the pulse of the business.*
- *Picking up all the subtle cues in your company and doing something.*

- *it takes 12 months for an employee to be part of the culture, to be able to operate on their own.*
- *Never underestimate people. Never make too many assumptions.*
- *Need to modulate your response to who you are dealing with.*
- *You can't have a blanket approach to all your employee.*
- *You've got to be a chameleon and suit your style to who you are working it.*
- *You've got to be careful not to change too quickly.*
- *You can't just give a speech and think people are just going to go and do as you say.*
- *If you don't live that passion and you don't demonstrate it in everything that you do then it's not going to go down to your employee.*
- *I've definitely got more confidence and probably have more conviction*
- *Probably in the past I was far too passive. I've become a little more stronger.*
- *I'm now comfortable and confident about my leadership style.*

Although the study specifically focused on the factors that affect leadership, some respondents felt that it was important to briefly mention the financial aspects of growth.

- *I've learnt that you always need more money than you think.*
- *It always takes you longer to reach the projections that you have*

- *there's always going to be some unforeseen circumstances that are going to make it hard to reach those projections.*
- *Growth is great but you need to make sure that it doesn't kill your business*
- *People must analyse their business models and keep them as flexible as possible.*

5.9 Conclusion

Similar responses from the interviews were grouped together and placed under the corresponding research questions. This method of analysis resulted in the researcher being able to identify powerful statements as revealed by the respondents.

6. CHAPTER 6 ANALYSIS OF RESULTS

6.1 Introduction

This study looked at salient attributes for effective leadership in the growth phase of SMEs. The research indicated multiple themes and categories. The themes identified and mentioned in Chapter 5 will be compared against each of the research questions.

6.2 Key Attributes

Research Question 1

What are the developmental characteristics of small and medium-sized businesses in the growth phase that require a specific leadership intervention?

6.2.1 Formal Organisational Structure

The results showed that all the respondents had introduced formal organisational structures within their businesses. The respondents started their businesses with between one and four people and had increased the number of employees up to 25 people. This increase in employment is said to be one of the most common indicators for growth (Hakkert, Kempp and Zoetermeer, 2006).

The respondents for the study were at the top of their organisations and in very few instances had at least one level of employee between themselves and their lower level employees. These findings were consistent with the literature

especially that of Greiner (1972) who argues that growth through direction in phase two is characterised by an introduction of a functional organisational structure.

A flat organisation was preferred by leaders in the growth phase. Leaders at this stage preferred this type of type of organisational structure as to it prevents delays in response time and increases the speed of decision making. It was concluded that keeping a flat organisational structure even when employee numbers passed 20 was necessary in the growth phase of SMEs. Some respondents frequently mentioned their intentions of hiring more senior level in the next year. It would be interesting to go back to those SMEs to determine if this action impacts the flatness of the organisational structure.

6.2.2 Administrative focus

There was consensus from the respondents that their roles had evolved significantly from being operationally focused to being mainly administratively focused. Only a few of the respondents admitted to not enjoying their evolved administration-focused role with most agreeing that this was a necessary part of their position as leaders at the growth phase. Leaders at this stage perform this administrative role in order to ensure that all employees were able to get on with their work and were not bothered by administrative issues. Of equal importance is the ability of leaders to keep in touch with what is happening inside the company through managing the finance side closely.

The change in role for the respondents was found to be consistent with what was characterised by Adizes (1979) in the go-go and adolescent stages. According to Adizes (1979), in these stages more time was spent on planning, coordinating meetings, training programs and implementing labour policies. A good indicator of a SME in a growth phase is the evolution of the leader's role from one that is operationally-focused to mainly administratively-focused. It is up to the leader to embrace this change and see it as an opportunity to enable employees to perform better by focusing on their jobs.

6.2.3 Seeking new opportunities vs. Focus on core business

According to the respondents, the growth phase required them to aggressively look for new opportunities unless they were mainly contacted to only one client. In cases where the respondents were in a partnership, only one of them would be responsible for seeking new business to allow the other partner to focus on running the core business. The results showed that the split between time spent on seeking new opportunities and focusing on core business varied greatly between the respondents depending on what stage of growth they were in.

This was in line with literature from Dodge and Robbins (1992) where they propose that the dual responsibility of seeking out the best growth opportunities while concurrently keeping the core business successful, was an important characteristic of later growth as opposed to early growth. This was when growth

began to slow due to entry of direct competitors and the narrowing of the gap between active market and the total potential market, (Dodge and Robbins 1992).

The stage of growth than a SME is in and the presence or absence of a partner in senior management has an impact on whether the SME focuses on seeking new business opportunities or focuses on ensuring the smooth running of business.

6.2.4 Delegation

Delegation was seen as an important attribute for effective leadership in the growth phase with most of the respondents agreeing to comfortably delegating to their employees. However, the respondents raised competence and trustworthiness of employees as conditions that had to be present before a key delegation decision could be made.

In Churchill *et al.* (1983), delegation for transfer of responsibilities and controls from entrepreneur to others, is highlighted in growth stage four as a necessary step in order to improve managerial effectiveness. This was echoed by the respondents who said that they had learnt over the years that they couldn't be everything to everyone and that delegation had improved their effectiveness without a doubt.

However, not all leaders at this stage felt comfortable delegating to their employees, even senior management. They raised two reasons: as leaders they were not fully competent on certain aspects of their own jobs and they felt that it was better to do things themselves as it would take longer to explain to employees. A very important component of delegation that is often overlooked is that of follow up. Ensuring consistent follow up with action could reduce apprehension and disappointment that comes with poor delegation and would be able to give leaders at the growth stage piece of mind when delegating.

6.2.5 Initiative

The persuasion of employees to take initiative was a point that was well supported by majority of the respondents who agreed that this was a practice that they greatly encouraged in their businesses. Some encouraged it more than others because they believed that as their roles as leaders in the business had evolved, they were now far removed from operations and had to rely on their employees to improve operations and do as they saw fit.

This tied in well with the work of Greiner (1972), where in phase two of organisational growth, lower level employees found themselves restricted by a cumbersome and centralised hierarchy. At this stage the lower level employees possessed more direct knowledge about their operations than leaders at the top and consequently felt torn between following procedures and taking initiative on their own (Greiner, 1972). This challenge is not only the employee's problem but

also the leaders as they have to ensure that they designed jobs that have room for employee initiative within boundaries.

In addition to designing jobs that encourage initiative, the introduction of financial and non financial rewards to encourage employee to take initiative appears to be an important factor in taking the organisation to another level. SME leaders in the growth phase need to be willing to introduce financial rewards and other ways of recognising employees to be able to maximise employee skills and knowledge of their operational areas.

6.2.6 Evolution of the vision

It was found that all the respondents could say with passion and enthusiasm what their vision was in less than three lines. When asked if their vision had changed when compared to the start-up phase many of the respondents said they had remained true to their original vision. It was interesting to see how some of the visions had evolved from being purely revenue focused to strategic, niche and globally focused visions.

Even with the minor deviations made to the visions as the respondents' businesses grew, the lesson for them was the importance of avoiding being tempted to fully convert the vision, hence the business into something totally new but being able to adapt the products and services to fit into the current vision or choosing not to pursue them. At the second growth stage (Dobbs and Robbins, 1992) this is a difficult thing to do because the SME leader is chasing new

business and may end up only focusing on making revenue even if it takes him or her away from the original vision.

6.2.7 Communication of the vision

A mix of both formal and informal communication channels were used by the respondents when communicating the business's vision. The respondents mainly held regular meetings with employees and also had annual events like strategy sessions. Some leaders mentioned that they continuously reiterate the vision and chance they get to communicate with employees and even conduct assessments to determine if employees fully understand the vision.

In this growth stage leaders found that regardless of how frequently they communicated the vision employees would still not necessarily get the message. Leaders have to repeat the vision every chance they get until they themselves are tired of saying the same thing repeatedly and even then at that point they can't stop. The use of informal platforms, for example one respondent has introduced a facebook for employees, is another way of getting through to technology employees using a channel they frequently use. In order for leaders to not get tired of saying the same message they need to consider use of other communication channels.

6.3 Leadership

Research Question 2

What leadership style is dominant in the growth phase of small and medium-sized businesses?

As previously mentioned in Section 2.5.1 Leadership can be defined as the nature of the influencing process that occurs between a leader and a follower and how its influencing process is explained by the leader's dispositional characteristics as well as attributions of the leader (Antonakis, Cianciolo and Sternberg, 2004). In the growth phase the nature of the leadership dynamics in the business changes significantly when compared to start-up phase. The ability of the leader to display certain characteristics is a core enabling factor for the business to make meaningful strides in the growth phase. These characteristics are discussed in the section below.

6.3.1 Leadership style

Churchill and Lewis (1983) state that a small business owner contemplating a growth strategy must understand the change required in personal activities and what such a decision entails. The results showed that most SME leaders were aware of the changes they had to make as leaders when the number of employees started increasing in the business. Some had to learn through experience and had to quickly adapt to be relevant to the business and the employees.

The type of leadership style that is desirable in the growth phase is collaborative. Leaders felt that the most productive type of leadership style that they had to follow in order to get the best out of their employees was one where every employee was a big part of the decision-making process. This is in line with the recommended leadership style by Greiner (1972) for phase two – growth through direction – where initially directive leadership successfully brings the organisation to a growth phase but has to be adjusted as things change. At this stage the organisational structure has grown and become complicated and employees at the bottom have more direct knowledge of the operation than the leaders (Greiner, 1972).

Use of traditional, authoritarian and dictatorial leadership is not ideal for this stage. The general conclusion made is that based on the literature and results that a more consultative approach needs to be taken by the leader at this stage.

6.3.2 Leader attributes

A strong emphasis was made on the display and use of soft skills. Leaders at the growth stage need to display compassion. These leaders need to have integrity, honesty and be humble. They need to live by the organisational values that they set for the organisation before expecting employees to follow in their footsteps. They need to enjoy working with people because at this stage people are their greatest asset. Whilst employees rely on their leaders to be firm as well as all the

answers, they also expect them to be approachable. Leaders need to ensure that they show their employees that they care and are supportive to them to be able to get the best out of their employees.

6.3.3 Team builder

During the interview process the theme of team building by the SME leader emerged strongly. The respondents felt that team building was an important part of their portfolio and required them to be able to understand, motivate and encourage employees to be able to get the best out of them. Respondents mentioned the carrying out of formal team building events as well as informal team building events to encourage better performance.

However, according to Hughes *et al.* (1999), team building interventions do not always achieve their objectives, if nothing else in the organisational environment doesn't change. SME leaders in the growth phase need to be mindful that team building interventions, at the team level, may help team members understand why they are having so much difficulty in achieving team objectives but they are not likely to remove the root cause of the problem (Hughes *et al.* 1999).

Having a small number of employees made it ideal for the respondents to be able to get to know all their employees and their families.

6.3.4 Leader Flexibility

In getting to know their employees intimately, the respondents gained an advantage in that they were able to vary their leadership approach to each employee when faced with differing situations. From the responses it was evident that for leaders to get the best out of their employees they had to be cognizant of how best to handle each employee while being consistent. According to a model developed by Hersey and Blanchard (1982) as cited by Hughes *et al.* (1999), leaders need to select the most appropriate behaviour given the current level of job and psychological maturity.

6.3.5 Leader's approach to less experienced employees

Seeing how perceptive the respondents were at knowing when to vary their leadership approach to employee it was interesting to discover that they also varied their approach to employees depending at what developmental stage they were at. The approach taken when dealing with new recruits was that of mainly giving them practical training by shadowing more experienced employees and giving them very light work which wouldn't have a major impact on the business. A few respondents also felt that throwing people in the deep end was the best way to bring employees on board as this would allow employees to learn everything about the business they were in.

The use of soft skills was not mentioned as it appeared that there was no place for it at this stage. This is in line with what Hughes *et al.* (1999) propose when

citing Hersey and Blanchard (1982) on handling new recruits. The authors say the leader should use a high level of task behaviour and a low level of relationship behaviours when initially dealing with this type of employee has low job and psychological maturity.

6.3.6 Leader's approach to employees as they gain experience

It was discovered that when employees started to gain experience, the respondents became comfortable allocating more work to them and allowing them to shadow their immediate supervisors. This was in line with Hughes *et al.* (1999) who proposed that once employees started developing skills, knowledge and experience necessary to make wise decisions, leaders needed to systematically increase the degree of latitude and autonomy employees were given to make decision.

The use of soft skills when leading employees in the process of gaining experience is not as important in the growth phase as applying hard skills. In handling this type of employee a leader needs to have a balance between increasing the work load while also increasing autonomy.

6.3.7 Leader's approach to competent but cautious employees

Most respondents had a recent example of a similar case in their organisation and could relate to this issue. Their insights revealed that the use of soft skills was the way to deal with these types of employees by giving employees a lot of

moral support and building their confidence by publicly acknowledging their successes. It was apparent that some respondents believed that use of a tough approach would be required if the soft approach didn't work. This would mean not giving the affected employee and special treatment and evaluating whether to keep the employee in the business or not.

6.3.8 Leader's approach to self-reliant employees

Self-reliant employees were by far the most preferred by respondents with the consensus being that they were the type of employees who were easier to work with. The leadership approach for self-reliant meant employees was that of allowing them to thrive in their job by creating a flexible working and environment and giving them an opportunity to do what they wanted to do. Self-reliant employees were said to require more recognition in the form of financial rewards.

6.3.9 Leader skills and education

According to Churchill & Lewis (1983) and Greiner (1972) a small business owner needs to examine the managerial needs over the various stages of growth as his or her role changes dramatically requiring a different type of skills set to take the business forward. Of high value to the respondents with regard to leader skills was good business acumen especially on the areas of finance and marketing. This was in line with the entrepreneur's focus on seeking new opportunities in the growth phase as competition increases, (Dodge and Robbins, 1992).

Other skills required by a leader in the growth phase of SMEs are problem-solving skills and the ability to be analytical and systematic at the same time. Technical skills were frequently mentioned as a requirement for respondents operating in the information technology sector. Surprisingly, there was limited mention of specific educational requirements for a leader in the growth phase.

6.4 Theme for SME leader

There was a strong emphasis on display of soft skills – more specific the fact that leaders in the growth phase needed to understand and fully engage with their employees to be able to vary their leadership approach to obtain maximum results from their employees. The other theme that also emerged was more business oriented and dealt with importance of specialising early in the business life cycle. The respondents felt that it was imperative to find a niche early on in the business life cycle and invest all resources in that niche instead of running a generalist business which stretches the resources.

6.5 Follower

Research Question 3

What follower characteristics are desirable in the growth phase of small and medium-sized businesses?

6.5.1 Follower Attributes

Passionate is the key attribute for employees in the growth phase of a SME. Leaders want employees who are passionate about the business, who have energy, dedication, integrity and are aligned with the company's values. Over and above that, employees need to be able to function well with others in a team and be keen to make a difference.

6.5.2 Follower skills

The ability to learn fast and being intelligent were said to be highly valued skills for followers at the stage of growth. Leaders in the growth stage are willing to recruit potential employees with limited work experience as long as they are capable of learning fast and applying their new found skills to any situation. It appears that industry sector and specific job requirements inform whether leaders are willing to hire for potential or employees with the required skills.

6.6 Other factors: environment and culture

The work environment was found to play an important role in making employees more productive and committed. SME leaders were very proud of offering their employees a good, comfortable, non-corporate and safe environment which met the requirements of a growth phase of a SME. The culture created by the entrepreneurs also encouraged commitment and loyalty from employees. There was emphasis on relaxed nature of the culture and also how the culture was one of helping each other out.

6.7 Lessons learnt

The respondents highlighted key insights from lessons they had learnt from the progression of their business from start-up to growth. The ability to recruit the right people early on in the business was cited as the biggest learning. This was said to be something not always financially possible because the business often doesn't make a profit for a long time and would be impossible to keep those employees without reasonable pay.

Linked to that was the total cost of growth, which was said to be very high and if not managed well could kill business. During growth the leaders had to make sure that they didn't expect their employees to change overnight. Employees were said to take up to 12 months to be part of the culture and be able to operate on their own.

7. CONCLUSION

7.1 General

The purpose of this research project was to employ qualitative methodology to determine the salient attributes for effective leadership in the growth phase of SMEs in the South African context. Based on a literature review three propositions (growth phase changes, leader characteristics, follower attributes) were put forward. In order to assess the propositions in-depth interviews with SME leaders in the growth phase were conducted. Transcripts were made from the recordings and analysed in order to identify the main themes relating to the propositions. The data obtained was consistent across all themes and matched with the literature.

From the evidence presented in Chapter 5 and 6 it is evident that in the growth phase of a SME there are developmental characteristics that require specific leadership intervention. The reasons for this requirement are that at the growth stage a formal organisational structure is introduced in order for the SME to be able to meet the requirements of this resource-demanding stage. At the same time it is important to maintain a flat structure within the business to be able to maintain a high speed of decision-making and to prevent delays in response time.

Leaders in the growth phase have to eagerly accept the transition of their role from being operationally-focused to being administratively-focused as a sign of

the progression of their business from a start-up stage to a growing business. This is an opportunity for the leader to focus on ensuring that there are formal systems in place to free employees to get on with their technical and specialist roles. The leader also gets a chance to step back and make sure that everything in the business is working according to the set strategy.

The business strategy could involve making a decision on whether the business should seek new opportunities or focus on improving operational effectiveness within the business. The stage of growth in the business informs the leader which activity to concentrate his / her resources on. Later growth as described by Dodge and Robbins (1992) is when growth begins to slow due to the entry of direct competition and the narrowing of the gap between the active market and the total potential market.

In seeking new opportunities the leader can focus his energy in deciding who will look for new opportunities, where to look for the new opportunities, what to look for and how they will arrange resources in order to take advantage of new opportunities found. Where there is a partnership at the top of the organisational structure, the leaders have an advantage as they can split the role with one partner focusing on seeking new opportunities while the other partner focuses on the core business.

SME leaders of businesses in a growth phase are required to lead responsibly by ensuring that they delegate to competent employees in order to reap the full benefits of delegation. Over and above that leaders need to follow up on the tasks delegated to ensure that they are done as they are still accountable for the results whether the employee delivers or not. At the growth phase not all leaders are comfortable delegating to their employees and this is due to a lack of trust between leader and employee as well as the leader not ready to let go of certain functions. This behaviour is a hindrance in allowing the business to move forward as the leader spends time working on non-value tasks instead of focusing on strategic tasks that only he or she can deliver on for the growing business.

In phase two of Greiner's (1972) growth phase model, employees find that they possess more direct knowledge about the business operations than the leaders on top and struggle between following procedures and taking their own initiative, This is a good time for leaders to allow employees to take initiative as at this stage they are deemed highly knowledgeable and competent regarding their functions.

A modern approach needs to be taken by SME leaders in a growth phase when communicating the vision. The problem of leaders discovering that employees are not heeding the organisational vision is not just a corporate phenomenon. SMEs also experience this challenge and leaders have to find non-conventional ways of communicating with their employees and encouraging the vision to

resonate with their employees. Leaders have to consider the use of social networks and other informal communication channels to catch their employee's attention and try to make the vision resonate within employees.

The SME growth phase leader is one that learns and adapts his or her leadership approach according to what the situation calls for. It is important for leader to be cognizant of the most effective way to lead employees at the four different stages of development: when they are new recruits, as they gain experience, when they are competent but cautious and when there are self-reliant employees.

Apart from what has been already mentioned in Chapter 7, the essential leader attributes that must form part of the SME leader in a growth phase as identified in this research are:

- A leader who is a visionary and who can communicate vision clearly
- A leader whose leadership style is collaborative
- A leader who offers a non-dictatorial, safe environment
- A leader who can delegate and encourage employees to take own initiative.
- A leader with impeccable interpersonal skills
- A leader who is a team builder
- A leader who knows how to vary his approach for each employee and for each situation
- A leader who have well developed analytical and systematic skills

The above-mentioned characteristics have all been validated by findings in the literature. Lessons learnt that were highlighted in the interviews but were not substantiated by literature and have not been already mentioned in this section are:

- Recruiting higher level people early on in the business
- Choosing a niche and focusing the business model early on
- Patience - Understanding that it takes up to a year before an employee is able to fully contribute to the business
- Being realistic about the financial implications of growth and having contingency plans.

7.2 Recommendations

Small and medium-sized owners are faced with endless challenges, starting from the time they choose to pursue their dreams, ditching the traditional corporate career idea to taking the first step of risking everything to open their own business. Their challenges include acquiring finance, getting business, producing products or services and consistently competing in tough economic conditions as small operators in the economy. Soft skills are often not a significant priority when the business is small with one or two people in it, but dynamics change considerably when the business grows both financially and in the number of employees in it. It is at this growth phase where the knowledge and ability to use soft skills becomes pertinent.

Based on the findings in this study it is recommended that SME leaders strongly consider investing time in improving their knowledge on leadership in small businesses to avoid making many mistakes in their businesses. Many of the respondents in this study felt that they could have handled things differently had they had adequate skills knowledge. SME leaders need to adjust their leadership approach according to the type of employee and requirements of the situation. They also need to employ a consultative and democratic leadership style in the growth phase in order to be effective leaders. Being compassionate and being a team builder were themes that came through very strongly on the soft skills which SME leaders need to display at this stage. This stage is also a stage of growth for the leader as he learns to let go of certain tasks and embraces the next step in his life as a leader taking the business to new heights.

Stakeholders in the public sector, financial services and entrepreneur support organisations need to dedicate the same amount of time engaging SME leaders in soft skills discussions as they would for finance discussions. They need to determine and understand the leadership style of the SME leaders they engage to be able to anticipate the type of results they may receive due to the type of leader behaviour in the business. The existence of partnerships in SMEs should be encouraged as results showed that the leaders achieved more results when they complemented each other.

7.3 Future Research

In the South African context the researcher had anticipated to interview a significant number of black South Africans who were successfully running their businesses and in the growth stage as 15 years into democracy black people now have access to funding and other entrepreneurship service that they previously didn't have. Unfortunately it was found that there were a limited number of black entrepreneurs that met the researcher's sample criteria in the entrepreneurship association selected for the study.

This study therefore has not been as representative as was expected by the researcher but it is still relevant as it highlights a new dimension that should be explored. A study should be conducted to determine why there is limited black participation in South Africa SMEs that are in the growth phase using criteria and literature as described in the preceding sections.

As mentioned in Chapter 1, leadership has been extensively researched in the context of large corporate and not as much in small and medium-sized businesses and yet there is a dire need for it as small and medium-sized business owners do not always have access (and time) to vast amounts of knowledge on soft skills. SME owners are busy running the businesses themselves, leaving very little time for acquiring knowledge on soft skills. Scholars are encouraged to delve deep into the area of leadership and SMEs to determine practical SME specific, relevant frameworks that can advance SME

leader knowledge. This may translate into a lower number of SMEs failing because of inappropriate leadership behaviour that could have been corrected.

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9. APPENDICES

APPENDIX 1: LIST OF INTERVIEWEES

Name	Title
Josh	CEO
Justinus	CEO
Rapelang	CEO
Andy	MD
Yossi	MD
Phillip	MD
Claire	GM
Maningi	GM
Sizile	Main Member
Lorenzo	Main Member



APPENDIX 2: INTERVIEWEE INFORMATION

	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10
Gender	Female	Male	Male	Male	Female	Female	Female	Male	Male	Male
Race	Black	White	White	White	White	Black	Black	White	White	White
Are you the founder of the business?	Co-founder	Founder	Co-founder	Founder	Not founder	Co-founder	Co-founder	Founder	Founder	Not founder
Are you the owner?	Co-owner	Co-owner	Co-owner	Co-owner	Co-owner	Co-owner	Co-owner	Owner	Owner	Co-owner
Shareholding by owner (%)	12%	20%	50%	51%	50%	20%	49%	25%	100%	10%
Current position in the business	CEO	MD	CEO	Main Member	GM	GM	Main Member	MD	MD	CEO
Industry sector	Telecom	IT	IT	Hospitality	Printing	Manufacturing	Hospitality	IT	IT	Internet
Number of years business has been in operation	3.5	10	6	5	8	7	5	5	3.3	10
Number of years respondent has been actively involved in the business	3.5	10	6	5	8	7	5	5	3.3	8
Number of current full time employees	10	20	15	8	8	15	10	19	12	25
Number of full time employees at the start of the business	3	1	2	4	3	5	3	2	1	4
Revenue last financial year was more than R 2 000 000	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Average percent sales increase last financial year was a minimum of 10%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

APPENDIX 3: INTERVIEWEE CONSENT LETTER

Dear Respondent



I am conducting research to determine what key attributes are required for effective leadership for small to medium enterprises in a growth phase. Our interview is expected to last about an hour, and will help us understand how South Africa SME owners can improve their leadership style during the growth phase of the business in order to be more effective. Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential. By participating in the interview, you indicate that you voluntarily participate in this research.

If you have any concerns, please contact my supervisor. His details are provided below mine.

Researcher name: Sibongile Zulu
Email: sibongilezulu@gmail.com
Phone: 083 438 1711

Research Supervisor Name: Dr Mandla Adonisi
Email: adonisim@gibs.co.za
Phone: 011 771 4000

Name:

Signature:

APPENDIX 4: INTERVIEW SCHEDULE

Part A: Company Information

Company Number	
Business location (i.e. Sandton, Irene)	
Industry sector (i.e. manufacturing, retail, tourism)	
Number of years business has been in operation	
Number of current full time employees	
Number of full time employees at the start of the business	
Average percent sales increase last financial year was a minimum of 10%	
Annual Turnover for 2008 minimum R 2 0 000 000	

Part B: Interviewee Information

Are you the founder of the business?	
Are you the owner?	
Shareholding by owner (i.e. 100%, 80%)	
Are you actively involved in running the business (i.e. spend at least 20 hours a week at the business location)?	
Number of years you have been actively involved in the business	
Current position in the business	

Can you briefly explain your business model?

Have you introduced a functional organisational structure?
What does your organogram look like?

Is the current organogram / structure effective for what the business wants to achieve?

What was your vision when you started the business?

Has your vision changed?

How do you communicate your current vision as compared to when the business started?

In your current role do you find that you are making more administrative decisions than when the business first opened i.e. planning and coordinating meetings, implementing training programs and labour policies?

Are lower level employees allowed to take initiative or do they still have to check everything with you?

What has worked for your business at this stage of growth?

Is management allowed to take initiative or do they have to check with you before making decisions?

What has worked for your business at this stage of growth?

How do you manage delegation to your managers and employee?

Are you comfortable delegating to them?

Has delegation improved your effectiveness and added value to the business?

Where do you currently spend most of your time: seeking new opportunities or keeping the core business successful?

How have you changed the way you lead at this growth phase when compared to when the business started?

Do you find that you have to vary your leadership approach for each of your employees or do you use the same approach for all as the business grows than when you started it?

Do you discuss with each of your employees your leadership approach to them?

What type of skills and knowledge have you found to be important for your employees to have as the business grows?

How do you handle less experienced employees as your business is growing?

How do you handle the same employees as they gain experience in this growing phase?

How do you handle capable but cautious employees with self doubt?

How do you handle self-reliant achievers as your business is growing?

At this stage of growth do you have a certain preferred type of employee out of the four mentioned previously?

How has employee commitment been affected by the business growth?

What attributes would you look for in a leader if you were to decide to let someone else run the business at this stage?

Are you and your managers involved in strategic planning for the business at this stage?

Is hiring of future employees dependent on attaining talent in line with the business's future strategy?

Do you find that the business goals at this stage match your personal goals?

APPENDIX 5: INTERVIEW DATA ANALYSIS

Category or Theme		R1	R2	R3	R4	R5	R6	R7	R8	R9	R10
THEME	THEME FOR EACH SMME LEADER	<i>Talk less, listen more</i>	<i>You have to have compassion</i>	<i>focus is key</i>	<i>Real empowerment</i>	<i>you have to be adaptable</i>	<i>You have to listen to employee</i>	<i>You have to delegate to be free</i>	<i>Specialize early – don't just chase money</i>	<i>You have to be a chameleon</i>	<i>You have to be ahead</i>
VISION	EVOLUTION OF VISION	Probably when we started we wanted to focus exclusively on the software side and we wanted to become the platform company that provides mobile applications	It was to become the most successful online market place in SA	Our first vision was to build anything legal for cash.	a good financial situation I also wanted to make a difference in my personal life.	To grow and to be employed.	To be a recognized sushi manufacturer supplying major retailers	Our vision when we started was just to make some money hiring out equipment to people in the townships and suburbs.	provide a professional and reliable alternative to the proprietary or Microsoft system in the market	It was to specialize in implementing a niche component of the SAP software that specializes in the managing of properties.	the aim from the beginning was to get an internet platform for property
		We wanted to be a business level solution and cross that barrier from a nice software business to play with to something that people take more seriously.	We deviated a little bit in some ways along the way but we've always gone back to our core	We will be the biggest suppliers of subject to the magazine sector in SA.	I could give a 5 star product at a price of a 2 star.	over the last two years we have managed to develop our printing company,	To dominate in retail and to enter other markets like airlines and to also introduce other Japanese products.	work towards being a service provider of choice for events whether corporate, government or home.	become a leading service provider in the country.	We haven't changed - we've stuck to our core.	the only way to go bigger was to go back to the original way which was to listing estate agents.
				it is to become the bulk messaging of choice.	Everything that comes out of my place has to be of the best quality.	it has changed from a normal black and white to litho printing and other things.					
	COMMUNICATION OF VISION	We use more collaborative internally and have a	We sit with every employee in the company	I talk a lot.	If you don't live that passion and you don't	We have regular meeting. I have appraisals with	We hold regular meetings where I give	We are very old fashioned and usually call ad hoc	We have a monthly employee meeting.	It's mainly done in person.	we've built a whole internal campaign



		Friday lunch meeting every week but essentially the Wiki's is where everything goes.	on a quarterly basis.		demonstrate it in everything that you do then it's not going to go down to your employee.	them. Everyone understands their roles and duties.	them feedback and updates on what is currently happening in the business and where the business is going.	meetings to inform employee of our plans.			
		Everything important must be written down for everyone to see and edit and play around with so you can't rely on sending emails to each other or sitting in the same space.		We have regular meetings					we try to reiterate the vision - there is an assessment done on that basis.	Everyone is involved in the day-to-day determining the direction of the business.	We've got a facebook group... We've got videos and pictures. I'm doing a road show.
				we have an annual employee retreat for two days							
LEADERSHIP	ORGANISATIONAL STRUCTURE EVOLUTION	Just three, me and my 2 co-founders.	have a pretty flat structure	It's Sam and I at the top with a board and then we a management team of four which includes Sam and I and then everyone else is underneath us.	I own 51%. There are two junior partners who own 9.5% each and a member who runs the kitchen who owns 30%.	At the top is the big boss, my husband then me under him and then everyone else.	I'm at the top overseeing the entire unit. I then have a production manager reporting to me. Under her there is a supervisor and then the rest of the employee. I also have a driver and a bookkeeper reporting to me.	I am the main member with majority shareholding. My brother in law and my sister in law are the other members of the cc.	It's a really flat structure.	I sit at the head of the organisation. We have three departments under that.	We've got a management team – IT, Sales, Finance and Ops.
		It's very, very flat. There's the CEO there, R&D and	In our management team we complement each other	We need more middle management capacity		In the past we've tried to give people supervisory roles and it	need a quality person who is a Food Technologist by training.	The current structure is actually fine for now but we do need a full	We have four directors in the company.	I'm happy with the way it's structured.	The structure is too hierarchical... I will definitely break it down a bit more, get



		Operations.	very well			pretty much didn't change how things were running.		time financial person as we are not very good with finance.			more people reporting to me.
		one of the other founders is the CTO and I would manage Operations as there isn't another head for that.	management team consists of very high achievers						It's an open door policy and it's a really small company there's not much levels between them.	the problem is matching the supply of your skill with the demand in the market.	I think it delays the response and it makes decision making slower which is unnecessary.
			We will probably need to get some sort of a CTO of some sort and maybe a Marketing Director	It's not about the structure it's more about how it operates							
	LEADERSHIP TRANSITION	Initially when we started the company we didn't necessarily want to come and manage people.	At the beginning of the business I was a lot more hands on and since we have grown it has become a lot more administrative.	We've outsourced a lot	The thing is if you don't look after the admin side it can run away from you.	I used to focus on production but now I do more admin and HR	When I started I was more involved in production but noticed that systems were needed in administration and HR.	I have to plan leave, ensure everyone is trained and geared to go	I have long external meetings with clients and suppliers.	we have to look after employee, we need to look after accounts.	I hate administrative decisions so I try not to push to rest of management team
		I would still prefer to get to my desk and do what I need to do and everyone does the same thing but it doesn't quite work like that.				As you start getting bigger... You start becoming more focused and systems-oriented and more centralized		I find myself caught up in putting together documentation for when I meet with clients.	internal meeting to ensure that the guys are delivering		
		Lots of more time is spent on assisting other people in company				need to understand how the business works as a whole.			I'm not actively involved in the technical side of things.		



		get going and up to speed.									
	LEADERSHIP FOCUS: SEEKING OPPORTUNITIES	I would probably say I always have enough stuff to think about but never enough hands to do.		I focus on seeking new opportunities	I'm going to go for opportunities that are worth my while.	The sister company handles new opportunities.	my business partner ensures that he looks for new opportunities.	I see that I need to actively pursue new opportunities	We want to grow the business quicker.	I've had to take on more of a step back and look after functions that enable the business and look after our pipeline.	I try to spend researching and looking at other stuff that we can do... 30% sort of Business Development
										Probably half of my time is spent with clients. 20% is spent looking after our sales pipeline	My passion is in developing new strategies for the business and I spend a lot of time doing that.
	LEADERSHIP FOCUS: CORE BUSINESS		We are just growing our core business and trying to concentrate just so that it grows organically on its own, without us being actively involved.	my business partner on keeping the core business successful, operations and ensuring a quality product.	If you look after the core business then everything else will come.	be ready to deliver on that service.	My role is to ensure that the business runs smoothly		I've spend 60 – 70% of the time on internal, on the core business.	the 30% is spent on looking after the day-to-day operations; the debtors, creditors, employee, contracts, legal.	I spend 20% on Finance, 20% Operational, and 30% Administrative.
	LEADERSHIP ATTRIBUTES: PERSONAL	I couldn't follow a traditional authoritarian leadership style at all precisely because the difference between me and them is quite limited.	offer a non-dictatorial, non-authorial environment where every human being is taken into account	my role is to get the best out of others.	you need to be hard-headed at times. You need to be tenacious. You need to be able to say horrible things and give credit where due. Apply fairness principles everywhere with everything	be natural with the people and be on the same level; people respond well to that.	someone who has very good interpersonal skills. Someone who loves working with people	Someone who is willing to learn	leadership style is very relaxed.	my leadership style is pretty collaborative	I have a fairly decentralized democratic style.
		A person who has a balance between	It boils down to trust, integrity	the biggest job is HR	Honesty, willingness to learn, change, ability to	The guys know that I'm compassionate and they can	I'm very approachable	understand and bear with the team dynamics	I'm quite open and available to anyone who needs	I definitely don't command and control	I spend quite a bit of time engraining the overall direction



		confidence and humility.			accept criticism and being sincere.	come and speak to me about anything in confidence			assistance.	because that will never work.	of the business into them and then allow them to make the necessary decisions.
			I'm a very analytical person, very logical ... don't get too emotional involved in decisions	It would be determination		You have to understand the people, learn their children's names, and understand the dynamics at home at the end.	must also listen to what their employee has to say	needs to be a people-person.	need to be a visionary	be someone who can interface with the team at the right level.	need to be passionate about that goal that we've set.
			make an effort to listen to people to understand where they are coming from.			You take an interest in what is going on around you.	The person also has to be able to have good relations with other stakeholders like suppliers and customers.	I'm now comfortable and confident about my leadership style.	having integrity and being honest and being reliable, these are things that I hold to high value	be able to drive the team forward.	
			had compassion			Someone who my employee can feel comfortable approaching. Someone who can accept them as they.	I'm compassionate to the employee.		need to be passionate	Someone who can win the business and inspire confidence with our clients.	hold their hands for certain decisions when I feel that they are not equipped to make them.
			learnt to be more patient and learn to deal with emotions, especially women			They really need to be people orientated and compassionate.			bring out enthusiasm and inspire people a little bit.	It's about the people - I'm not a technology company.	
			I've definitely got more confidence and probably have more conviction						To be able to manage a team of technical people.	Everyone looks up to me to set the direction and to set the mood; and to set the values of the organisation	
			Probably in the past I was far too passive. I've become a little								



			more stronger.								
			very fair in dealing with people.			They need to encourage the team and ensure that they get the best out of them.					
	LEADERSHIP ATTRIBUTES: SKILLS AND EDUCATION	Very analytical mind.	need to be intelligent	sales acumen and key knowledge of the areas in which we practice	I've learned on the business / financial side of my business		must have problem-solving skills.	Someone who knows how to network well.	needs to have a technical understanding as this is a technical business		Some technical skills; let me say consumer internet experience.
		Can take in large information very fast, re-arrange it, re-connect it, and re-distribute it to the people that need it.		Conciseness and consistency and having to be the person with all the answers	also keeping my eyes and ears open.		must be able to be innovative and not expect someone else to give them answers.	Speak the language of corporates and understand that you are dealing with professionals.	able to handle chaos of a small business on a daily basis		need to be able to engage and liaise with shareholders especially foreign investors.
		focus on business development almost entirely.	we need someone who understands and appreciates the technology		keep myself informed of what the competition is doing and what I'm doing better than the competition		travelled more as well to the East and to trade shows to get ideas.	needs good business acumen especially marketing and finance.	Being strong with numbers is important.		need management skills to move the management team forward.
				When you come out of university... you are smart people	I've sat in all the lectures and listened to them.		The person also needs a strong food technology background.			Education is not a prerequisite.	A relatively strong financial background will be key either MBA or BComm.
	ENCOURAGING EMPLOYEE TO TAKE INITIATIVE	Generally when people want to do something I say it's ok you run with it and give them latitude to do what they want to do	even though they are given opportunity they don't necessarily do it.	We have a saying here: "Ask for forgiveness, not for permission".	I encourage it.	I always incentivize the guys to take initiative and to change things	Most of the time they come up with a lot of suggestions especially since I'm not deeply involved in operations.	My employees are all allowed to improve on what we do.	they are encouraged to take initiative	nature of the problems we encounter daily with our clients is people do need to take initiative constantly.	I really enjoy it when people take initiative and they suggest things and they want to give it a go.

					There are times when I don't agree with it naturally but I would never reprimand them for getting it wrong.		I always give them a chance to try to do things differently.	they know that they need to first try things out for themselves and then contact me if they are not successful.	they've taken that initiative we reward both financially and give recognition.	There's always room for more initiative	I give them a lot of leeway as long as it is within those boundaries
	TEAM BUILDING (MOTIVATION)		It's key to find the right people, to build a team, to motivate those people,	Someone who can encourage and grow people.		the main focus is; getting the best out of people.			Every quarter we have a teambuilding event.	we often have suppers, lunches and get-togethers where we go for drink to try and foster the team spirit.	I spend most of my time motivating employee, trying to make sure that they all work towards the goal we have.
				I understand that my role is to get the best out of others.					delivering on it and not letting the team down		
	DELEGATION	I haven't managed to teach anyone because it's still too tricky for me.	spend a bit more to get that high calibre person to join you as part of your team so that you feel comfortable delegating and sharing tasks with them	I'm comfortable doing it for most things and every day I learn to delegate more and more. So, we used to hold onto stuff a lot but the more we delegate the more people rise to the challenge	I'm very comfortable about delegation. My guys are empowered to make decisions.	Delegation is vitally important and it moves the ball from one department to the other	I do delegate but I have things where I prefer to do them myself.	I have to delegate.	in the beginning I had a challenge letting go of tasks and letting people run with them.	you need to realize that you can't do everything yourself anymore and if you try you would be holding the business back.	I'm definitely guilty of not delegating enough.
		I am delegating some things.	When you hire people who are sub-standard- you don't necessarily trust them or believe they would do as well as you would, then		You can only delegate to competent people and you can only have competent people if you have employed them	Delegation is a big part of any company you are in.	due to some of them only having a matric I am limited in what I can delegate.	I still closely manage the finance side myself because they are not as competent and they feel they are too old to learn.	we've gotten used to delegating responsibilities to the other managers	The most important component of delegation is follow up.	It almost feels like it's going to take me longer to explain to them what to do than to do it myself.



			it's much more difficult		appropriately						
		You learn along the way that you can't do everything yourself, you need more and more capacity	– there is a lot of follow up and a lot of micro management involved.		you can't be everything to everyone.			people need guidance and training before you can fully delegate to them and I ensure that this is in place.		I really rely on my team members to manage themselves	
	LEADER FLEXIBILITY	Some people prefer face to face, some people you can email, other people are overwhelmed if you don't call them.	depending on the individual and their issues, their personality and where they are,	There are certain people with different needs and you need to understand those and work within personalities to get the best out of people. But you must be consistent.	You can't take a blanket approach. Every situation demands a different leadership style. Sometimes you have to be democratic and other times autocratic	Each person needs to be treated differently but the management style needs to be consistent.	Different strokes for different people.	I have to speak to them differently depending on the person and situation.		I have taken time to understand each individual in a team.	I've got to be very careful with her on specific instructions... As opposed to the other guys
				You have to monitor and make decisions accordingly.	People must analyse their business models and keep them as flexible as possible.		calm down first before addressing employee.			I've also had people complete psychometric profiling tests and the only reason is that I appreciate that everyone is an individual.	
				I've learnt a lot from my wife, my father, my sister, the people I work with. You evolve and change the way you lead accordingly.			I have learnt to manage my emotions			You can never employ one leadership style that works with one person to the next person.	
	LEADER'S APPROACH TO: LESS	I certainly don't tell people what	I would give them noncore projects like	You've got to throw them into the deep	We put the less experienced	give him actual training on processes.	Practical training	new employees shadow more	We get people who are going to fit within the	mostly involved in developmental	throw people in the deep end and help them once



	EXPERIENCED EMPLOYEE	to do.	something that is outside of strategy not supercritical to the business	end	with more experienced employee and they shadow them.	Explained to him the whole chain of events		experienced employees.	culture of the business and are passionate about where we want to go as a business.	work and we will always team people up.	they've shown the initiative of trying to figure it out themselves...give one-on-one time.
					We then have our rewards where if a guy has done well.	shadow the more mature guys.	theoretical training which is done in-house.		there is an induction for 2 days.	I will take a more experienced employee member and team them up with someone who is less experienced	give them as much exposure as possible to as bigger part of the business
	LEADER'S APPROACH TO: EXPERIENCED EMPLOYEE	We encourage them and tell them exactly what they are getting themselves into	Give them more responsibility and try and make it interesting for them to stick around	It's mainly about inspiration, trust and reward.	I always like to pull from the bottom up.	employee will have less supervision and be given more responsibility.	The person will get more responsibilities.	start giving him more responsibilities	from the time they join three months later they get their first performance appraisals.	I obviously need to change my style to allow him to make his own decision.	pushing them very hard to educate themselves.
					Reward is...monetary and education, training and responsibility.			working closely with the supervisors and learn to be able to do part of the supervisor's job when he is on leave.		allow him to start spreading his wings.	
	LEADER'S APPROACH TO: COMPETENT BUT CAUTIOUS EMPLOYEE	It's about giving them the room to do what they needed to do and the support.	give a lot of moral support – constant feedback and try and do exercises with them to build their confidence.	You just have to create an environment that allows for that.	Time is the only way you deal with lack of confidence. Give the person more responsibility	when they do something wow it's always a matter of applauding and telling them well done.	try to identify what aspect is lacking and then address it.	encourage them frequently and give them responsibilities with a safety net	give them smaller tasks that they can accomplish first.	giving them very specific tasks where you know that they are going to excel.	You follow a process and at the end of that process the person is either grown and adapted and they start contributing.
									Work with them and give them more feedback and start giving the bigger tasks.	I would then publicly recognize them in a team with a client.	Sooner than later you have to make a call
									try and not give anyone special focus or treatment.		I don't like people who are not confident because they never speak up.



	LEADER'S APPROACH TO: SELF-RELIANT ACHIEVERS	we emphasize that if you have a problem speak out.	Do some form of share option scheme or give them a lot of freedom	You let them do their jobs and you support them.	Just let them be.	burst their bubble a little bit.	started a program of recognizing those achievers and giving awards and vouchers at our year end function.	give these people tasks that require very little supervision	self-reliant employee would get feedback on what their objectives were and they track their performance	encourage them or reward them either financial rewards or reward them with awards.	give them an opportunity to do what they have to and excel.
		If it doesn't correct itself over time, in our experience we've found that it's because it is true and you actually can't do it.	Try to get them to learn what they want to get out and what job satisfaction means for them.		Just let them have fun.	If they are flourishing and they see someone who isn't, it's up to them to assist and share their knowledge.	I created new positions so that I could pay the high performers more.	ask them for ideas on how to do things better.			You can't let them get away with breaking the values of the company just because they are performing well.
				they want to be flexible in their working times							
	LEADER'S PREFERRED EMPLOYEE TYPE		the one that's self-reliant	I'd prefer people with potential	I like to take someone with no experience, teach him what I know is right and develop him into something.	You need different types of people; people who are good in certain areas but not so good in others.	I would choose the less experienced one who has a lot of potential.	I prefer the self-reliant and less experienced employee with potential as they are easy to work with.	I would choose the self-reliant one - to be able to spend less time on the soft issues	The self-reliant.	Self-reliant definitely on management team.
FOLLOWER	FOLLOWER ATTRIBUTES	Takes someone with a good relationship or network.	it's people with integrity, people I can trust.	you want people with strong values that are passionate about what they do and what the company does	Honesty is a big thing in my business.	being able to listen and to work together as a team	You need people who can work well with others in a team environment.		I expect them to be passionate.	someone whose culture is aligned with the company's.	They've got to be passionate about the internet, passionate about working with people
			People who are loyal to the business and highly intelligent people.			Willingness to learn, change, ability to accept criticism and being sincere.		People who are fast learners.	Warm, friendly people	Energy, personality, tenacity,	someone who is keen to join the company.



			People who use their initiative and who are self-starters				Also, people who are willing to go the extra mile and who are willing to compromise.		I also expect them to be dedicated.	You want to know that people are going to get on.	Someone who's keen to make a difference.	
	FOLLOWER SKILLS	good market intelligence.		only hire people with a lot of experience or graduates straight out of varsity	You need a very sound set of skills			it's important to be physically strong	we need guys who are fairly smart who are very clever	A component of technical skill is important.	A lot of the skills you actually learn in the job	
								be flexible and be willing to face tough working conditions	It's about delivery			
									learn fast and be able to apply your learning	A strong marketing background.		
ENABLING FACTORS	ENVIRONMENT AND CULTURE		we offer them a good environment.		Sincerity – that's the bottom line.	questions don't get asked unless you have a dynamic environment.	The environment I've created for them makes them committed.	I have great people and the commitment is there.	Where they can have fun and play but at the same token make sure they are delivering.	It's more like a family atmosphere as well.	I actually spend a lot of time with the people especially when they start with the company,	
			It's quite an interesting, learning field		It's easier to get employee commitment because if I'm showing them commitment then they show me commitment.		I also stay out of their way when they work.		we are trying to create is a comfortable, safe environment.	The culture is quite relaxed.	It's young and funky and progressive and Web, Generation Y orientated.	
			offer a non-corporate environment where it's pretty casual					It's also the relationship I have with them. It's very easy for me to get the most out of them.		We strike a balance between work hard and play hard.	The culture is one of helping each other, enabling each other.	in the branches there's sort of a lag with getting them up to speed with the newest thing.
			a passive environment which is not high pressured but everyone works hard					They are committed and they take pride in what they are doing.		People are passionate about what they do	We absolutely celebrate successes.	we have to work hard to ensure we disperse the culture.



			still.								
LESSONS LEARNT		I've definitely learnt to be more patient.	hire more high level people earlier on						when you expect people to do certain things you must have that expectation on yourself.	Never underestimate people. Never make too many assumptions.	. I've learnt that you always need more money than you think.
		I've learnt to speak less.	It's key to find the right people						Being able to identify people who are strong in the areas where I am weak.	Need to modulate your response to who you are dealing with.	It always takes you longer to reach the projections that you have
		I don't assume what the problem is anymore so I ask 'what are you thinking?', 'why do you think that is a problem?'	Try to find the right people by giving them share options in the business to make sure that you get long-term loyalty from them.						Being on the pulse of the business.	You can't have a blanket approach to all your employee.	there's always going to be some unforeseen circumstances that are going to make it hard to reach those projections.
									Picking up all the subtle cues in your company and doing something.	You've got to be a chameleon and suit your style to who you are working it.	You've got to be careful not to change too quickly.
									it takes 12 months for an employee to be part of the culture, to be able to operate on their own.		You can't just give a speech and think people are just going to go and do as you say.
									Growth is great but you need to make sure that it doesn't kill your business		