

**The Role of Leadership Style and Organisational Structure in
Organisational Effectiveness:
A Case Study**

A thesis submitted in the fulfilment of the requirements for the degree of

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ABSTRACT

This research explores the role leadership style and organisational structure play in organisational effectiveness. Organisational effectiveness is one of the more complex terms to define although essential to understand in order for an organisation to grow and develop.

A small to medium wine sales and distribution organisation, its leadership style and organisational structure were chosen as a focus of this case study. Organisational effectiveness in this study is understood by the terms growth and development using the Greiner Theory of Evolution and Revolution (1983). The literature explores the role of leadership style in organisational effectiveness by exploring various theories and focusing on The Full Range Leadership Model by Bass and Avolio (1994). In order to analyse the role of organisational structure in organisational effectiveness, the different forms of organisational structure and the role they have on the organisation's ability to grow and develop are explored.

The primary purpose of this study is to investigate the role leadership style and organisational structure play in organisational effectiveness. A qualitative content analysis paradigm was used with a Case Study method. The data was gathered using structured interviews conducted on all 39 permanent staff members, day to day observation and the Multifactor Leadership Questionnaire (MLQ). The MLQ is used as a supporting tool to verify the leadership findings in the interviews. The data was analysed using NVivo10 and STATISTICA to gain insight into the leadership style and organisational structure of the organisation. The findings reflected that certain themes were repeatedly mentioned in the interviews and the definition of organisational effectiveness: structured leadership, more active leadership, lack of communication, staff motivation, staff training and development and organisational culture. As regards organisational structure, the following themes arose: The need for regular meetings, increased team work and more structured job descriptions. Through the analysis of all the components, leadership style and organisational structure were identified as having a significant role in organisational effectiveness which will be further analysed in this study.



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TABLE OF CONTENTS

	<i>Page</i>
ABSTRACT.....	ii
ACKNOWLEDGMENTS	v
TABLE OF CONTENTS.....	vi
LIST OF TABLES.....	xi
CHAPTER 1: INTRODUCTION.....	1
1.1 Introduction	1
1.2 History of the Focal Firm	2
1.3 Method of Study.....	5
1.3.1 Research Population.....	5
1.3.2 Data Gathering	5
1.3.3 Data Analysis	5
1.3.4 Data Validity and Reliability	6
1.3.5 Aims and Objectives	6
1.4 Summary.....	7
CHAPTER 2: ORGANISATIONAL EFFECTIVENESS.....	8
2.1 Introduction	8
2.2 Defining Organisational Effectiveness.....	8
2.3 Organisational Growth and Development	9
2.3.1 Understanding Organisational Growth and Development	10
2.3.2 Models of Organisational Growth and Development.....	13
2.3.3 The Greiner Theory of Evolution and Revolution	13
The Different Stages of Evolution and Revolution and Phases of Growth.....	17

2.4	Summary.....	21
CHAPTER 3: LEADERSHIP AND LEADERSHIP STYLE		22
3.1	Introduction	22
3.2	The Concept of Leadership and its Components.....	22
3.2.1	Defining Leadership.....	23
3.2.2	The Role of Leadership.....	24
3.2.3	The Functions of Leadership.....	25
3.2.4	Leadership Style.....	25
3.3	Leadership Theories	26
3.3.1	The Trait Approach.....	27
3.3.2	Behavioural Models of Leadership	27
3.3.3	The Contingency Approach	28
3.3.4	Critical Theory Analysis	29
3.4	Full Range Leadership Theory and its Role in Organisational Effectiveness	29
3.5	History of Leadership in the Focus Firm.....	35
3.6	Summary.....	36
CHAPTER 4: ORGANISATIONAL STRUCTURE		37
4.1	Introduction	37
4.2	Definition of Organisational Structure	37
4.3	Different Forms of Organisational Structure.....	38
4.4	Leadership in Organisational Structure	43
4.5	The Role of Organisational Structure in the Effectiveness of the Organisation	44
4.6	The Organisational Structure of the Focus Firm	46
4.7	Summary.....	50
CHAPTER 5: RESEARCH METHODOLOGY		51

5.1	Introduction	51
5.2	Research Aims and Objectives	51
5.3	Research Paradigm	52
5.4	Research Method	54
5.5	Population Size	56
5.6	Data Gathering Techniques	57
5.7	Data Analysis.....	61
5.8	Data Validity and Reliability.....	62
5.9	Ethical Considerations.....	63
5.10	Summary.....	63
CHAPTER 6: FINDINGS, DISCUSSION AND RECOMMENDATIONS.....		65
6.1	Introduction	65
6.2	Reliability and Validity	66
6.3	Research Aims and Objectives	67
6.3.1	Describe the Current Leadership Style.....	67
6.3.2	Description of the Current Organisational Structure.....	69
6.3.3	The Role of Leadership Style in Organisational Effectiveness.....	69
6.3.3.1	Theme 1: Structured Hierarchy	70
6.3.3.2	Theme 2: Active Leadership.....	71
6.3.3.3	Theme 3: Lack of Communication.....	73
6.3.3.4	Theme 4: Staff Motivation	74
6.3.3.5	Theme 5: Staff Training and Development	77
6.3.4	The Role of Organisational Structure in Organisational Effectiveness.....	80
6.3.4.1	Theme 1: Meetings	81
6.3.4.2	Theme 2: Teamwork.....	82

6.3.4.3 Theme 3: Structured Job Descriptions.....	84
6.3.5 The Ability of the Focus Firm to Evolve.....	85
6.4 Does the Organisation have Potential?	86
6.5 Survival of the Organisation.....	87
6.6 Recommendations.....	88
6.6.1 Leadership Recommendations.....	88
6.6.2 Organisational Structure Recommendations	91
6.6.3 Organisational Effectiveness	93
6.7 Summary.....	94
CHAPTER 7: CONCLUSION	95
APPENDICES	112
Appendix 1: Leadership Questionnaire:.....	112
THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND ORGANISATIONAL STRUCTURE IN ORGANISATIONAL DEVELOPMENT.....	112
Section A: Demographic Information.....	112
Section B: Multifactor Leadership Questionnaire (Leader)	112
Appendix 2: Follower Questionnaires	115
THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND ORGANISATIONAL STRUCTURE IN ORGANISATIONAL DEVELOPMENT.....	115
Section A: Demographic Information.....	115
Section B: Multifactor Leadership Questionnaire (Rater)	115
Appendix 3: Interview Questions.....	118
Appendix 4: MLQ Statistics.....	119

LIST OF FIGURES

	<i>Page</i>
Figure 1: Components of Organisational Development.....	11
Figure 2: The Change Cycle of an Organisation to Achieve Effectiveness.....	12
Figure 3: Greiner's Model of Organisational Development.....	14
Figure 4: Different Stages of Evolution and Revolution and the Five Phases of Growth	17
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Figure 5: Leadership Theories.....	26
Figure 6: Full Range Leadership Model.....	30
Figure 7: The Components of Transactional and Transformational Leadership.....	31
<hr/>	
Figure 8: Functional Organisational Structure.....	39
Figure 9: Product/Market Structure.....	40
Figure 10: Product/Matrix Organisational Structure.....	42
Figure 11: Organisational Structure of Focus Firm.....	46
<hr/>	
Figure 12: The Comparison between Leader and Follower Responses to the Leadership style ..	67
Figure 13: Respondent views on Management Structure.....	70
Figure 14: Lack of Communication in the Organisation.....	73
Figure 15: Comparison between the Different Departments and Organisation with Regards to Problems with Communication.....	73
Figure 16: Need for Structured Targets: Leader/Followers Comparison	76
Figure 17: Training for Staff.....	77

Figure 18: Comparison between Frequency of Positive and Negative Organisational Traits Mentioned by Leaders and Followers.....	79
Figure 19: Follower/Leader Comparison of the Organisation Structure Components.....	81
Figure 20: Leader and Follower Comparison of the Need for Meetings.....	82
Figure 21: Staff Reaction to the Teamwork in the Organisation.....	83
Figure 22: Employees' Need for Structured Job Descriptions in Each Organisation.....	84
Figure 23: Staff Reaction as to whether this Organisation has Potential.....	86
Figure 24: Staff Predictions as to Whether the Organisation will Survive if the Organisation does not Change.....	87

LIST OF TABLES

	<i>Page</i>
Table 1: Current Leadership Style.....	68
Table 2: The Findings from the MLQ: Active Leadership.....	72
Table 3: The Findings from the MLQ: Staff Motivation.....	75
Table 4: Comparison of the Frequency of Mentioning of Teamwork by Leaders and Followers.....	83
Table 5: Findings from the MLQ: Ability of the Focus Firm to Evolve.....	86
Table 6: Meeting Structure.....	89

CHAPTER 1: INTRODUCTION

1.1 Introduction

Our modern life is increasingly reliant on businesses, many of which have taken over the tasks that historically used to be performed by individuals and families. Due to this fact, organisational effectiveness and its ability to evolve is vital for the stable functioning of our society (Kinne, 2002). Furthermore, the business world is evolving at such a fast pace that effectiveness and productivity are more critical than ever (Ashkenas, 2010).

Organisational effectiveness is one of the more complex terms to define, as effective aspects are unique to certain organisations. “Many difficulties arise when attempting to define the concept of effectiveness effectively” (Georgopoulos and Tannenbaum, 2012: 1). The concept of organisational effectiveness can be seen in terms of organisational “success” and organisational “worth”; all these concepts fundamentally have the same meaning: goal attainment (Ashkenas, 2010; Georgopoulos and Tannenbaum, 2012).

As workloads increase exponentially, approaches which have worked well in the past start failing, teams and people get overwhelmed with work, previously effective managers start making mistakes as their span of control expands (Gregg, 2013; Hanna, 1988). Due to this situation, growth and change are vital for the effectiveness of an organisation and organisations need to embrace this change (Richards, 2013). Change is important for any organisation. Without effective adaptation businesses would lose their competitive edge and fail to meet the needs of what most hope to be a growing base of loyal customers (Miller, 2011; Richards, 2013).

Higgins (2005) in his 8S’s’ Model of Successful Strategy Execution, states how in modern society, which is complex and ever changing, there is a great need to reformulate strategy and adjust elements in order to be effective. Higgins (2005) believes that the organisation must align various cross functional factors when a new strategy arises in order for it to be effective.

This dissertation specifically focuses on the factors of organisational structure and leadership style, and their role in organisational effectiveness. It does not ignore the interconnectedness of these eight factors which will be more fully described, and their inter-dependability, and a number of these factors are referred to throughout the study where relevant.

In order to understand the role of leadership style and organisational structure in organisational effectiveness this study uses The Greiner Theory of Evolution and Revolution (1983) to explore different stages of growth and development, as well as the First Range Leadership Model to explore leadership style. Greiner believes that as an organisation grows, the founders find themselves with unwanted management responsibilities, and conflicts between leaders lead to a crisis of leadership which cause the onset of the first revolution (Hackman, Lawler and Porter, 1983). The term Evolution is used to describe prolonged periods of growth, with little or no major upheaval occurring in organisations. The term Revolution is used to describe periods of substantial turmoil in the organisation (Hackman, *et al*, 1983). “As an organisation progresses through developmental phases, each evolutionary period creates its own revolution” (Hackman *et al*, 1983: 461).

A case study method, with a wine sales and distribution organisation as the focus firm, was used in this dissertation in order to better understand the role leadership style and organisational structure play in organisational effectiveness. South Africa has a rich history of wine production starting in the year 1659 when the first grapes were pressed for wine in the Cape (Remenyi, 2013, WOSA, 2012). South Africa is currently the ninth biggest producer of wine in the world and the local wine industry contributes R163 billion to the country’s gross domestic product (GDP), in addition wine tourism contirbutes R4.2 billion to South Africa’s GDP (WOSA, 2012). The success of this industry has led to the formation of many organisations to deal with the sales and distribution of the over 600 wine producers in South Africa (WOSA, 2012).

1.2 History of the Focal Firm

The wine sales and distribution firm, which is the focus of this study, consists of three organisations. They commenced trading in March 2005, as the a result of an approach for assistance from a sales representative of a wine farm.

The first sales organisation traded successfully for the first year of trading, after which time the shareholders began to question the reliability of the sub-contractors who they were using for the receiving and distribution of the orders.

At this point a decision was taken that sales could not work without efficient fulfilment of orders. Consequently, the shareholders built a small warehouse in Johannesburg and the second organisation in the group was established. The logistics organisation was created

purely to do logistics for the sales organisation that had been started the previous year. The logistics organisation commenced trading on the 1st March 2006.

It soon became obvious that the logistics organisation would require a much bigger customer base in order to be viable. In order to solve this problem, new customers were immediately sought through the second sales organisation, a similar organisation to the first sales organisation, with the task of also looking for efficient logistics and being an importer of international wines.

This adjustment brought the organisation to a break even position financially. The next step was to find a business which would see the logistics organisation become more profitable within the confines of the 400 sq m warehouse the organisation was occupying. It seemed logical to become involved in logistics for small high value items which could be delivered in the same vehicles the organisation already had in its fleet.

This search led to the birth of the third organisation in the group. This group was to be a sales and marketing organisation for luxury brands not necessarily in the wine industry. It commenced trading in March 2007. The organisation started by importing cosmetics and shaving products from London, and taking on some selling of glassware, screw pull corkscrews and the like on behalf of an organisation called Reciprocal.

All three organisations are managed by the same director, function autonomously, and work together very closely. The organisation currently has a staff of 39, with branches in the Western Cape and Gauteng. Their annual turnover is approximately R4, 8 million. After many adjustments of shareholding in this initial period, the shareholdings were finally equalized. This would see the companies through the remainder of the start-up stage.

Due to its complicated structure it is important to know the history of the organisation. However, for the clarity of the study the three organisations are furthermore addressed as the organisation or the focus firm.

At this point the founders realised that they needed to increase both turnover and revenue for this organisation to reach a profitable position. In order to solve this, the founders decided to take two luxury wines on board to boost turnover.

At a directors' meeting in November 2007 a decision was taken to consolidate the locations of the three companies (located in Rivonia, Linbro Business Park and Parkmore respectively)

and to relocate the logistics organisation to bigger premises as the original warehouse had now become too small.

This decision to relocate required the recapitalization of the organisation of a further R400 000, at which time the shareholders' loans were balanced with this capital injection. This development resulted in the firm moving to new premises in Midrand.

In September 2009 the group purchased the second sales organisation, including a branch office in Cape Town, giving the group its current structure. At this point it was decided to abandon the other activities of the group (the distribution of small high value items) in favour of the organisation's core activity (wine sales and distribution).

The leadership style within the organisation has not changed from start-up until the present apart from the number of shareholders. The original shareholders all had full-time occupations other than in this organisation, therefore were absent from the organisation for the majority of the time. Over time two of the shareholders sold their shares to the one remaining shareholder who is currently the director of the organisation. This shareholder still maintains the original leadership style due to the commitment of a permanent job elsewhere.

All organisations go through different phases of growth where new challenges need to be faced. An organisation's effectiveness is determined by its ability to cope with these challenges, to evolve so as to meet these challenges and thus to grow and develop (Hackman *et al*, 1983: 461).

As previously mentioned, an important factor in the analysis of this organisation is that the focus firm was created as a secondary business, a part-time project, by the founders. This means that all previous and current leaders of the organisation have other occupations which currently occupy their time and therefore they are frequently absent from the focus firm and unable to deal adequately with management issues. The history of the focus firm has also brought to light the complicated organisational structure of the firm. Due to this history of leadership style and the formation of the firm's structure, leadership style and organisational structure is the main focus of this study as it is a component of effectiveness.

This chapter will briefly explore: The method of the study, the research participants, the data gathering method, data analysis, data validity, and aims and objectives.

1.3 Method of Study

1.3.1 Research Population

The managing director and all thirty nine permanent staff comprise the participants in this study.

1.3.2 Data Gathering

This research was undertaken as a qualitative paradigm but using the quantitative paradigm in a supporting method. Within this paradigm a Case Study Method is used (Becker, 1970; Fox, 1958). The data was collected using structured interviews, document analysis, day to day observation and the Multi-factor Leadership Questionnaire (Remenyi, 1996). This is a supporting tool used to validate the qualitative data. The primary data gathering tools of this study are the structured interviews and researcher's observation.

Structured interviews were conducted on a one-on-one basis in a private location with the 39 permanent staff. The questions were structured and pre-planned, and informed by the relevant literature, day to day observation and document analysis to eliminate all forms of bias (Remenyi, 1996).

The Multi-factor Leadership Questionnaire (MLQ) was used as a supporting tool in the qualitative data collection process. This is a supporting tool used to validate the qualitative data and not the primary data gathering tool. The primary data gathering tools of this dissertation are the structured interviews and the researcher's observation

1.3.3 Data Analysis

The data analysis is a combination of qualitative and quantitative methodology (Remenyi, 1996). Qualitative analysis is the interpretation of interviews and observations; this research is done to discover underlying meanings and patterns (Fidel, 1984). "This involves repeatedly going through the collected data such as the observation notes and breaking it down into themes and categories, to understand the data and then provide a solution" (Babbie, 2007: 378; Marshall and Rossman, 1999: 150 TerreBlanche, Durrheim and Painter, 2006: 322).

The tools used for the data analysis in this dissertation are: Hermeneutics, NVivo and STATISTICA as a validation tool. Radnitzky (1970: 20) stated: "Hermeneutics is primarily concerned with the meaning of a text or text-analogue". This dissertation uses this method as

a mode of qualitative data analysis in the interviews. ¹NVivo10 is a qualitative tool used to analyse the interviews. STATISTICA, which is a quantitative tool for data analysis, was also used to analyse the MLQ questionnaire.

Finally, the research data was analysed by comparing the respondents' data to that of the literature in order to identify patterns, inconsistencies, and other possible interpretations of the data, so as to understand whether leadership style and organisational structure do play a role in organisational effectiveness (Babbie, 2007: 378; Marshall and Rossman, 1999:150TerreBlanche, Durrheim and Painter, 2006: 322).

1.3.4 Data Validity and Reliability

“Triangulation will be used to determine whether the data gathered is “true” and “certain” and “confirmable” (Thurmond, 2001: 254), and “involves using different sources of information in order to increase the validity of a study” (Thurmond, 2001: 254). Benefits of triangulation include: Validating research data, revealing unique findings, providing a clearer understanding of the problem (Thurmond, 2001). These benefits largely result from the diversity and quantity of data that can be used for analysis.

The MLQ was used to validate the information revealed in the interviews. The findings of both of these data collection processes indicate the leadership style that is currently in the organisation. These are reliable tools for leadership analysis.

The researcher has been employed by the focus firm since 2011 and this personal experience gives this research a unique first-hand perspective which will be used to direct and support the research process and recommendations.

1.3.5 Aims and Objectives

The aim of this dissertation is to explore the role leadership style and organisational structure have in organisational effectiveness.

The objectives of this dissertation are:

1. (a) To outline and describe the current leadership style.

NVivo is a qualitative data capturing software package providing analysis, data management and data visualization procedures.

STATISTICA is a statistics and analytics software package developed by StatSoft. STATISTICA provides data analysis, data management, statistics, data mining, and data visualization procedures.

- (b) To outline and describe the current organisational structure.
- 2. (a) To explore the role of leadership style in organisational effectiveness.
(b) To explore the role of organisational structure in organisational effectiveness.
- 3. To recommend an appropriate leadership style and organisational structure that should be implemented in order for the organisation to evolve and be more effective.

These objectives will be analysed with reference to the following themes: The need for a structured hierarchy, more active leadership, lack of communication, staff motivation, staff training and development and challenges in organisational culture.

1.4 Summary

In summary, Chapter 1 is an introductory chapter summarising all the aspects of this dissertation that will be expanded upon. The aspects which will be expanded upon include: The history of the focus firm, methods of study, research population, data gathering, data analysis, data validity and reliability, and aims and objectives.

The next chapter will give further insight into organisational effectiveness and examine in depth the main theories relevant to this.

CHAPTER 2: ORGANISATIONAL EFFECTIVENESS

2.1 Introduction

“Global pressure on organisations to stay competitive initiates the demand for fundamental changes to take place in organisations. On the one hand suppliers are demanding quality and cost effective products and on the other hand competitors are demanding level playing fields across cultures, globally” (du Plessis, 2007: 1).

Organisational effectiveness provides a way of dealing with this global pressure, although in order to be effective an organisation must be able to grow and develop. Growth and development is what encourages organisations to reshape and rethink the nature of their structure in order to maintain a level of effectiveness and keep up with this demand (Ashkenas, 2010; Richards, 2013).

Greiner’s (1983) theory of Evolution and Revolution is applied in this dissertation to understand growth and development and ultimately organisational effectiveness. The theory states that all organisations experience different phases in their growth and development cycle which need to be adapted in order for them to be effective and to develop. “The difference between effective organisations and those that fail is in their ability to adapt and respond to the pace of change” (Ashkenas, 2010; du Plessis, 2007: 3).

Organisational growth and development necessitate changes in leadership style and organisational structure such as: the decision making process, the shape and nature of groups, work procedures, job descriptions and roles (Elwyn and Hocking, 2000; Galbraith, 2007). Furthermore there are fundamental factors that contribute to the growth and development of an organisation such as culture, habits and tradition. (Cacioppe and Edwards, 2004; Tischler, 2003). The imperative is to change, in order to improve quality and effectiveness.

This chapter will be divided into the following sections: Defining organisational effectiveness and why it is important; Organisational growth and development; The different theories of growth and development; and The Greiner (1983) theory of Evolution and Revolution.

2.2 Defining Organisational Effectiveness

“Organisational effectiveness is one of the most complex and least tackled problems in the study of social organisations” (Ashkenas, 2010; Georgopoulos and Tannenbaum, 1957: 1). In

effect, specific criteria which may have worked for one organisation, fail to work for another organisation. The concept of organisational effectiveness or organisational success is normally referred to as goal attainment. It is a functional rather than a structural concept (Georgopoulos and Tannenbaum, 1957; Lambe, 2007; Nee, 2003).

The definition of organisational effectiveness is: “The extent to which a social system, given certain resources and means, fulfils its objective without incapacitating its means and resources, and without placing undue strain upon its members” (Van Seter and Field, 2000: 30).

The definition of organisational success is: “To produce net profit and the extent to which the organisation accomplishes its various missions and the success of the organisation in maintaining or expanding itself” (Ristow, 1997: 73). In order to be successful an organisation needs to be efficient in the way it evolves its “morale, commitment to organisation, personnel turnover and limits the amount of absenteeism” (Nee, 2003; Ristow, 1997: 73).

This definition of effectiveness was developed around the following criteria: organisational productivity, organisational flexibility in the form of successful adjustment to internal organisational changes, successful adaptation to externally induced change, absence of internal organisational strain or tension and conflict between organisational sub groups (Burke, 1997; Georgopoulos and Tannenbaum, 1957). In other words the ability to grow, develop and change is essential for an organisation to be effective.

Alderfer’s (1997: 200) definition of organisational effectiveness is the most appropriate for this dissertation: “Moral commitment to the organisation, an active leadership style, clear organisational structure, effective communication, positive organisational culture, positive team work, high levels of motivation, low level absenteeism and member satisfaction are extremely important”.

All these criteria affect “organisational productivity, the extent to which the organisation accomplishes its various missions, the success of the organisation to maintaining or expanding itself, an active leadership style and a clear organisational structure” (Georgopoulos and Tannenbaum, 1957: 11; Nee, 2003).

2.3 Organisational Growth and Development

Organisational growth and development has been defined in many ways. Cummings and Worley (1997: 87) defined the term as “the planned development and reinforcement of

organisational strategies, structures and processes for improving an organisation's effectiveness".

"Organisational growth and development is a long-range effort to improve an organisation's problem-solving and renewal processes, particularly through a more effective and collaborative management of organisational culture, with specific emphasis on the leadership style, organisational structure and culture of formal work teams and with the assistance of a change agent, or catalyst, and the use of the theory and technology of applied behavioral science" (DuBrin, 2012: 447).

The Higgins Eight 'S's' Model is a cross-functional way of considering how to execute a growth strategy and implement change across an organisation. This model maps out eight factors which contribute to the effectiveness of an organisation when implementing change (Berner, 2003; Higgins, 2005). With significant changes appearing so frequently in the business environment, strategies are changed more often than they have been in the past, and thus the alignment process has become an even greater challenge (Ashkenas, 2010; Berner, 2003; Higgins, 2005). "Effective leaders spend a great deal of their time on strategy execution. They realise that executing strategy for growth is just as important as formulating a growth strategy" (Higgins, 2005: 1). The Eight 'S's' include: "Strategy and Purpose; Organisational Structure; Systems and Processes; Leadership Style; Staff; Resources; Shared Values; Strategic Performance" (Higgins, 2005: 6). Higgins (2005: 7) states that "each of the components is reliant on each other and depends on each component's success to create an effective organisation".

2.3.1 Understanding Organisational Growth and Development

Organisational growth and development includes changes in the decision making process, shape and nature of groups, work procedures, job descriptions and roles that take place to achieve effectiveness (Lambe, 2007). It is imperative for an organisation to change in order to improve quality and effectiveness, but the management of this process is not a 'neat sequential process' (Hanna, 1998). It typically involves a dynamic complex interaction between those who are wedded to the present state, despite frustrations, and those who share a vision of a future better state (Berner, 2003; Higgins, 2005). Collaboration and movement are more likely to happen if the vision is shared and congruent with the organisation's existing cultural and values (Cacioppe and Edwards, 2004).

Figure 1: Components of Organisational Development

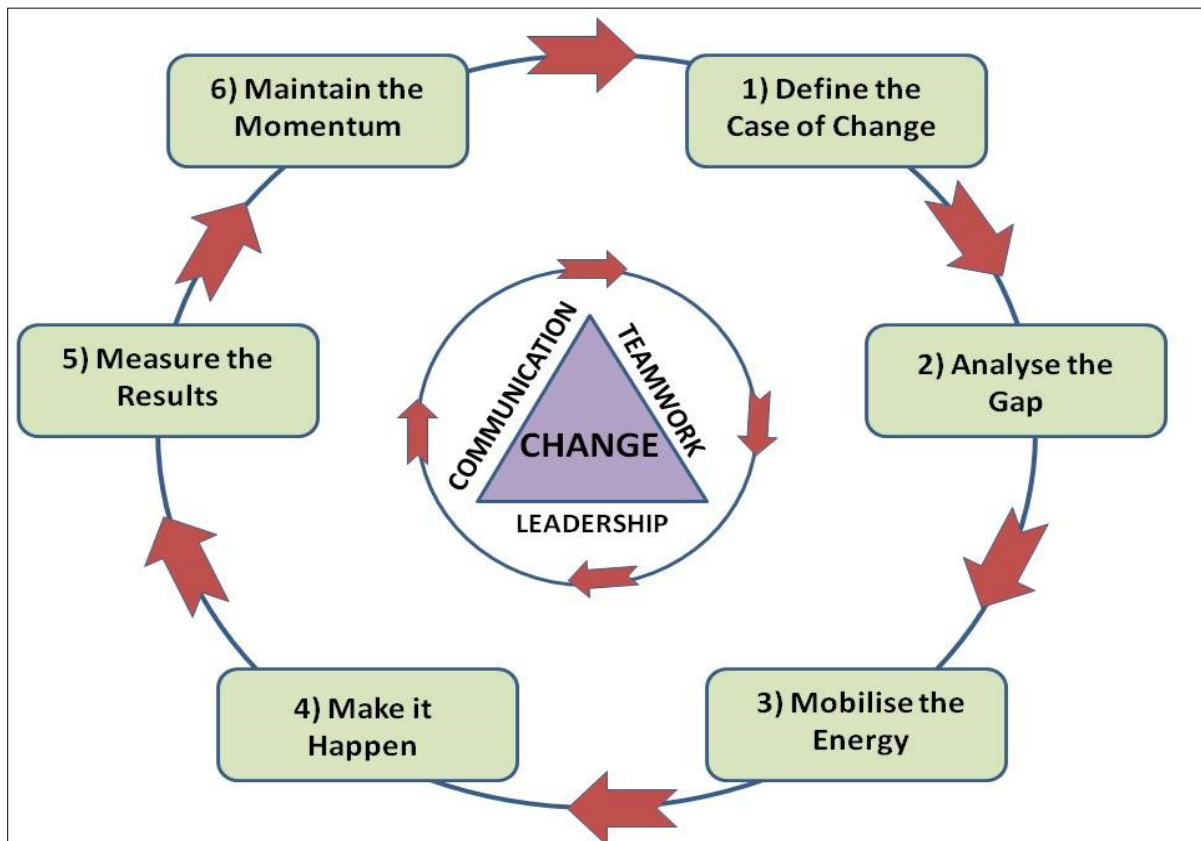


Source: Gibson, Ivancevich and Donnelly, 1991: 336

Figure 1 describes the components of an organisation which if structured correctly and lead effectively would enable an organisation to grow and develop (Galbraith, 2007; Gibson *et al*, 1991). These components include: “Align, integrate, continuously improve, support, develop, manage and promote” (Gibson *et al*, 1991: 336). All these components are interconnected and rely on each other to function effectively in order for the organisation to grow and develop (Higgins, 2005; Miller, 2011).

Growth and development are less likely to take place without a level of change. Change is considered to be any variation which impacts effectiveness (Richards, 2013; Trautlein, 2013). When dealing with change, six aspects need to be considered, as shown in the following figure: “1. Define the case for change; 2. Analyse the gap between teamwork, leadership and communication; 3. Mobilise the energy to make the change; 4. Make it happen; 5. Measure the results; 6. Maintain the momentum” (Cacioppe and Edwards, 2004: 22).

Figure 2: The Change Cycle of an Organisation to Achieve Effectiveness



Source: Cacioppe and Edwards, 2004: 22

Change is important in organisations to allow employees to learn new skills, explore new opportunities and exercise their creativity in ways that ultimately benefit the organisation through new ideas and increased commitment which creates growth and development and ultimately organisational effectiveness (Galbraith, 2007; Richards, 2013).

Organisational growth and development involves change that impacts on the entire organisational system (Berner, 2003; Trautlein, 2013). “It is a shift that impacts on the fundamental activities, systems, culture, from one functional state to another and it may not have changed its value systems, leadership, structure, or ethical behaviour in a truly transformational way” (Blunt and Jones, 1992: 34).

Culture, change, organisational growth and development involve guiding, directing, influencing and then initiating the action. The leader must have the vision and judgment to have these changes smoothly implemented (Eagar, 1999; Miller, 2011). Leadership is the key to create and sustain a successful organisation and organisational growth and development. According to Kotter (1996) it can be said that poor leadership leads to failed businesses, job losses, damage to customer relations and financial interests and careers being derailed.

Organisational culture is: The behaviour of humans who are part of an organisation and the meanings that the people attach to their actions (du Plessis, 2007; Lambe, 2007).

Change is common in most organisations and while it can be disruptive at first, ultimately the change tends to increase productivity and service (Richards, 2013; Trautlein, 2013). If an organisation does not grow and develop through an active leadership style and organisational structure, in theory it will fail to move past the point it currently is at, and will eventually fail (Galbraith, 2007; Richards, 2013).

In order to explore organisational effectiveness through growth and development, models of growth and development need to be understood.

2.3.2 Models of Organisational Growth and Development

Models of organisational growth and development include: Ken Wilber's integral theory; the Spiral Dynamics model of Don Beck and Chris Cowan. It is important to note these theories in order to fully understand that for an organisation to be effective it must grow and develop and to understand why the Greiner theory was chosen for this study.

~~The Integral Theory is~~ An over-arching model of human and social development that attempts to incorporate as many approaches to development as possible in order to achieve effectiveness into its explanatory framework is the Integral Theory (Miller, 2011; Wilber, 1999). This model points out the need for over-arching frameworks that can both recognise the insights of more focused models and integrate these into a theoretical structure (Galbraith, 2007; Tischler, 2003; Wilber, 1999).

~~While~~ The Spiral Dynamics Model is based on research into the worldviews and values systems that people possess through their lifespan (Beck and Cowan, 1996). As such, Spiral Dynamics is a model of growth in subjective personal and cultural world views rather than a comprehensive model of human development. It uses this worldview analysis to evaluate why and how events occur in social situations for both individuals and groups in order to achieve effectiveness (Beck and Cowan, 1996; Trautlein, 2013).

2.3.3 The Greiner Theory of Evolution and Revolution

The Greiner (1983) theory of organisational growth and development describes the crises that an organisation may encounter during the course of its lifetime and is the most appropriate

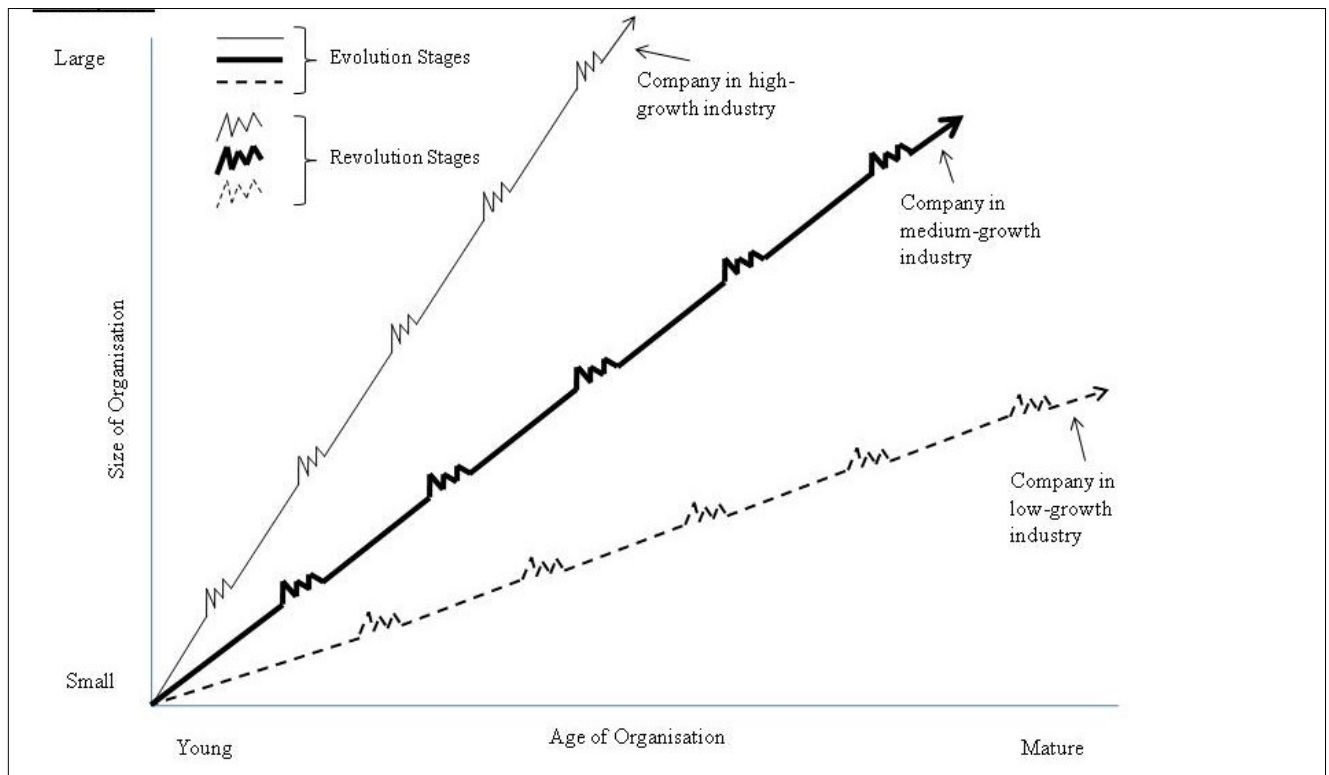
model for this study to tackle components of effectiveness such as leadership style and organisational structure.

Greiner's Theory is built on two provisions: Evolution and Revolution. This theory has been applied in this dissertation (Berner, 2003; Milliman, Von Glinow and Nathan, 1991). Evolution is used to describe "prolonged periods of growth where no major upheaval occurs in organisation practices" (Milliman, Von Gilnow and Nathan, 1991: 321). Revolution is used to describe those "periods of substantial turmoil in an organisation's life" (Milliman, Von Gilnow and Nathan, 1991: 321). Each developmental phase begins with a period of evolution, with steady growth and stability and ends in a revolutionary period of substantial turmoil and change. It must be emphasised that the resolution to each revolutionary period determines whether an organisation will develop further and ultimately be effective (Greiner, 1998).

The Greiner Theory of Evolution and Revolution (Greiner, 1983:2) "explores the different stages of organisational growth and the role these stages play in organisational effectiveness".

On the whole, the organisational growth and development model presents an ideology of gradualism. Effective change proceeds by small, incremental adjustments (Beckhard and Shein, 1992; Miller, 2011).

Figure 3: Greiner's Model of Organisational Growth and Development



Source: Greiner, 1998: 4

Leaders' haste to grow often overlooks critical developmental questions such as: Where has our organisation been? Where is it now? And what do the answers to these questions mean for where it is going? Instead leadership fixes its gaze outwards on the environment and towards the future, as if more precise market projections will provide the organisation with a new identity (Greiner, 1998).

“Companies fail to see that many clues to their future effectiveness lie within their own organisations and their evolving states of development. Moreover the inability of an organisation to accept development problems can result in failure” (Hackman *et al*, 1983: 461; Trautlein, 2013). Due to this, Greiner's theory states that an organisation's future may be less determined by outside forces than it is by its own history. An individual's development contributes to the development of the organisation (Macpherson, Jones and Zhang, 2004; van Der Ven and Poole, 1995)

Greiner proposes that an organisation will go through five key stages of organisational development as detailed below: First, the Age of the Organisation; Second, the Size of the Organisation; Third, the Stages of Evolution; Fourth, the Stages of Revolution; Fifth, the Growth Rate of the Industry. Each dimension possesses its own evolution and revolution (Miller, 2011; Milliman, Von Gilnow and Nathan, 1991). These stages emerge as essential for building a model of organisational growth and development (Gibson *et al*, 1991: 336; Stoner *et al*, 1995).

Age of the organisation: “The most obvious and essential dimension for any model of growth and development is the lifespan of an organisation” (Abrahamson, 2002: 2). Through this one can see that management problems and principles are rooted in time. “The passage of time also contributes to the institutionalization of managerial attitudes. As a result, employee behaviour becomes not only more predictable but also more difficult to change when attitudes are outdated” (Abrahamson, 2002: 2; Miller, 2011).

Size of the organisation: “An organisation's problems and solutions change as the number of employees and sales volumes increase. Organisations that do not grow in size can retain many of the same management issues and practices over lengthy periods” (Blake, Mouton, Barnes and Greiner, 1991:2).

Stages of Evolution: “As both size and age increase, another phenomenon becomes evident: the prolonged growth that has been termed the evolutionary period” (Hackman *et al*, 1983: 461). This will be described in greater detail further on in this chapter.

Stages of Revolution: Smooth evolution is not inevitable and it cannot be assumed that an organisation's growth is linear (Burke, 1997; Trautlein, 2013). This will be described in greater detail further on in this chapter.

Growth rate of the industry: "The speed at which an organisation experiences phases of evolution is closely related to the market environment of its industry. Evolution can also be prolonged, and revolutions delayed, when profits come easily" (Gibson *et al*, 1991: 640). Greiner (1983) uses the example that companies that make grievous errors in a rewarding industry can still look good on their profit and loss statements; thus they can avoid a change in management practices for a longer period.

Greiner offers guidelines for managers who work in growing organisations to bear in mind when dealing with growth and development (Berner, 2003; Cacioppe and Edwards, 2004; Galbraith, 2007). "Top leaders should be ready to work with the flow of the tide rather than against it; yet they should be cautious, since it is tempting to skip phases out of impatience" (Greiner, 1983: 468). Each phase provides lessons to be learnt. These lessons are essential to learn in order for the organisation to survive subsequent phases. Importantly Greiner mentions that it is imperative that managers not act to avoid revolutions. He states that it is these "periods of tension" (Greiner, 1998: 59) that stimulate the pressure for new ideas and awareness that provides the platforms for organisations to develop (Greiner, 1998).

These lessons include: "Know where you are in the developmental sequence" (Cacioppe and Edwards, 2004: 87). It is top management's duty to be aware of these developmental stages or else management may not notice when the opportunity for change has come, or may offer the incorrect action to be taken on an individual or department which will affect effectiveness (Cacioppe and Edwards, 2004; Miller, 2011).

"Recognise the limited range of solutions" (Gibson *et al*, 1991: 65): When facing a revolutionary stage it is evident that in order to grow and develop, certain solutions need to be reached. These solutions are different to those that were applied preceding the revolution (Gibson *et al*, 1998). Sometimes this involves dismantling existing managerial structures as top management realises that their management style is no longer appropriate. "Evolution is not an automatic affair; it is a contest for survival" (Greiner, 1998: 61). In order to move ahead structures need to be put in place that are appropriate for the current phase but also for the next phase of growth (Gibson *et al*, 1991: 65).

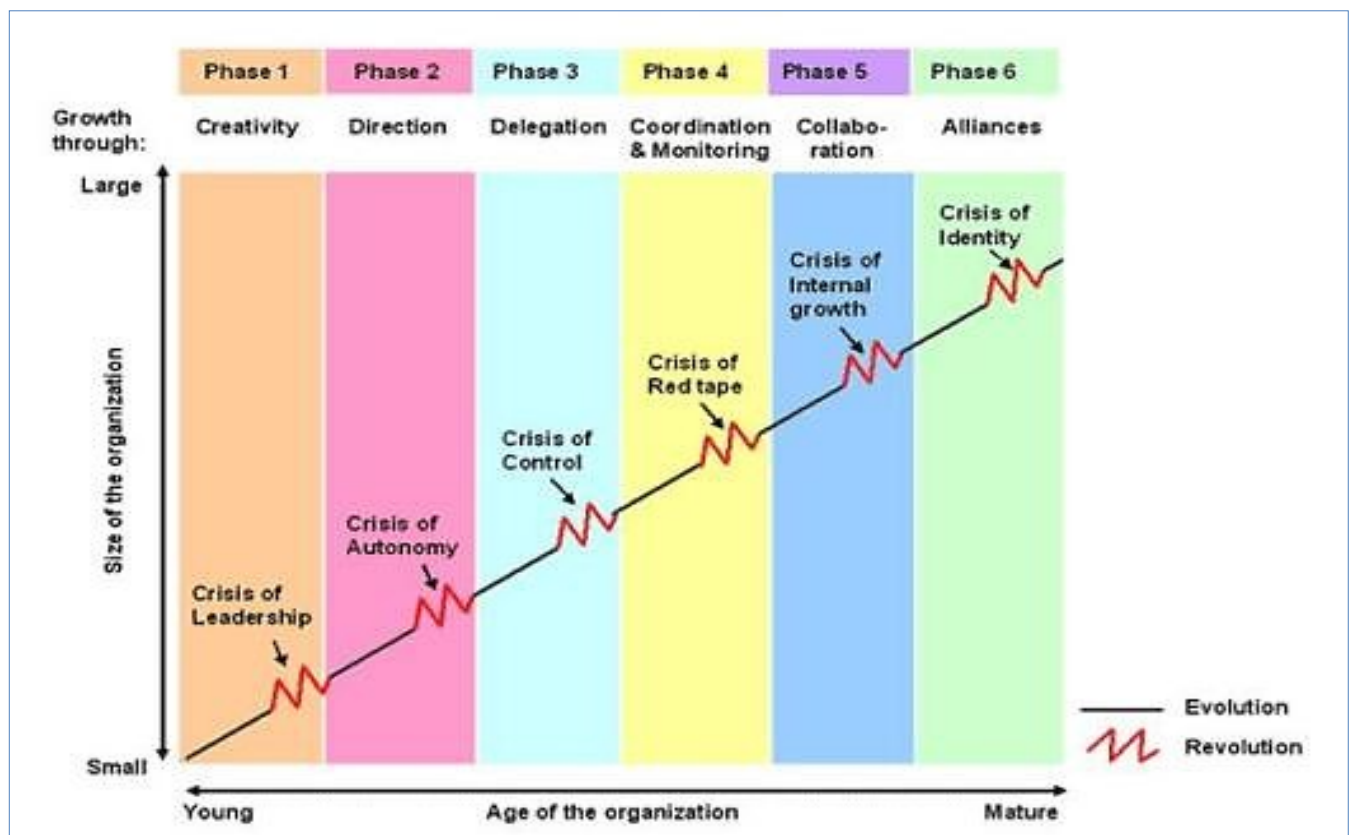
“Realise that solutions breed new problems”: “Managers often fail to realise that organisational solutions create problems for the future” (Greiner, 1983: 469). The history of the organisation and how it coped with past problems is a significant indication of how the organisation will function at a later date (Miller, 1982). This awareness should help managers evaluate present and future problems.

When training managers, one should not wait for conclusive evidence of ways to think and act from a developmental perspective. The five stages are only approximations and are still being adjusted and changed (Greiner, 1983).

The Different Stages of Evolution and Revolution and Phases of Growth

All organisations experience phases of evolution and revolution. It is the manner in which the organisation faces these phases that will determine if the organisation will be effective. “As both age and size increase, another phenomenon becomes evident: the prolonged growth that I have termed the evolutionary period” (Ristow, 1997: 73; Tischler, 2003).

Figure 4: Different Stages of Evolution and Revolution and the Five Phases of Growth



Source: Greiner, 1998: 5

Most growing organisations tend to stay static for two years and then retreat for one year, and those organisations that survive such an organisational crisis may have four to eight years of continuous growth without many disruptions (Flederman, 1997; Galbraith, 2007). The term for this type of growth is Evolution, as in these periods only minor adjustments have to be made to an organisation to maintain a thriving position under the same overall pattern of management (Flederman, 1997; Miller, 2011; Tischler, 2003).

It is not inevitable that an organisation will always experience stages of Evolution in a linear manner. Revolutionary times “typically exhibit a serious upheaval of management practices. Traditional management practices, which were appropriate for a smaller size and earlier time, are brought under scrutiny by frustrated top managers and disillusioned lower-levels managers” (Greiner, 1998: 62). In times of Revolution it is those organisations that fail to change and improve that tend to fail.

In order to become effective it is highly important for management, when facing a revolutionary period, to find new and improved practices for the organisation to adapt and to move out of the period of revolution to one of evolution (Macpherson *et al*, 2004). These new practices over time eventually suffer the same fate as those previously, and new systems need to be devised.

Due to the progression an organisation follows, it is important to understand the phases of growth that it goes through (Galbraith, 2007; Hage and Finsterbush, 1987). When exploring these different phases it is important to note that each evolutionary period is characterised by the dominant leadership style used to achieve growth. Each revolutionary period is characterised by the leadership problem that must be solved so that growth becomes possible to create effectiveness (Gibson *et al*, 1991; Tischler, 2003). Evidence has shown that organisations in faster growing industries tend to face all five stages much faster than those in small industries.

“It is important to note that each phase is both an effect of the previous phase and a cause for the next phase” (Greiner, 1998: 65). This is vital as “the principle implication of each phase is that leadership’s actions are narrowly prescribed if growth is to occur” (Blake *et al*, 1991:2; Greiner, 1998: 66).

Phase 1: Creativity

When an organisation is initially formed, the emphasis is on what you are creating and the market you are targeting (Beckhard, 1969; Miller, 2011). This phase is composed of the

following different characteristics: The founders are normally technically or entrepreneurially orientated, and they are entirely absorbed in the making and selling of their product. Communication is frequent and informal between employees (Beckhard, 1969). Hard work is honoured by modest salaries and promise of ownership benefits. Controlling activities come from market feedback; management acts due to the way the customers react (Beckhard, 1969; Lambe, 2007).

A leadership crisis often occurs at this stage and a clear leadership structure and active leader are important at this time (Greiner, 1985). As an organisation grows and develops to produce more goods, it needs to understand the improved efficiencies of manufacturing (Hanson and Lubin, 1995). With new employees constantly joining the organisation, leadership cannot manage by informal communication as new employees do not have the same intense dedication to the product that the founders do (Greiner, 1985). Thus additional capital is needed and new accounting procedures are needed for financial control (Hanson and Lubin, 1995; Miller, 2011).

This initial leadership crisis creates unwanted leadership tasks for the founders, and conflicts arise (Berner, 2003; Greiner, 1985). This is known as a Crisis of Leadership. This leads to the first revolutionary stage. A strong leader, with the necessary knowledge and skill to introduce new management techniques, is needed to lead the organisation out of this phase (Hanna, 1998; Van Seters and Field, 2000). At this stage founders find it hard to step aside, even when they are not best suited to run the organisation. This creates the first proper business choice needed to be made in order for the organisation to be effective: Locate and install a strong business manager who is acceptable to the founders, and create an effective organisation (Van Seters and Field, 2000).

An appropriate leadership style and organisational structure enables an organisation to develop and determines whether an organisation will move forward into the next stage of evolution, thus becoming more efficient and able to develop (Heskett, Jones, Loveman, Sasser, and Schlesinger, 2008: 120).

Phase 2: Direction

At this stage the autonomy crisis becomes a problem (Greiner, 1998). “Although the new directive techniques channel employee energy more efficiently into growth, they eventually become inappropriate for controlling a larger, more diverse and complex organisation” (Greiner, 1998: 60). At this stage it becomes restrictive for lower level employees due to the

new hierarchical structure which is required to be introduced (Heskett *et al*, 2008). This is due to them knowing more about the direct markets and the machinery than the current leaders. Thus the second revolution is imminent as a crisis develops from demands for greater autonomy on the part of lower-level managers (Hanna, 1998; Lawrence and Lorch, 1998). “Most organisations at this stage proceed to greater delegation. This creates the problem of top management not wanting to relinquish power and lower level managers not being used in decision making” (Greiner, 1998: 61). Due to this many organisations struggle in this revolutionary phase.

Phase 3: Delegation

At this stage a new revolution occurs, the Control Crisis (van Der Ven and Poole, 1995). The founders or executive members feel as though they are losing control over a highly diversified field operation (Hanna, 1998; van Der Ven and Poole, 1995). Many field managers prefer to run their own departments without really coordinating plans, money and technology with the rest of the organisation (Greiner, 1998).

“Phase three is represented by management seeking to regain control of the organisation” (Greiner, 1998: 57). This is often done by attempting to return to centralised control, an action which normally fails. An organisation which succeeds this revolution will look for new special coordinated techniques to move the organisation forward to become more effective (Rock, 2006; Smither, Houston and McIntire, 1996).

Phase 4: Coordination

This phase is characterised by the creation of formal systems for achieving greater coordination and by top executives taking responsibility for the initiation and administration of these new systems (Ashkenas, 2010; Smither *et al*, 1996).

All these changes prove to be beneficial in achieving growth through more efficient allocation of resources (Hackman *et al*, 1983). They promote outward vision so that leaders focus not only on their local unit. At the same time managers still have the power of decision-making to justify these decisions to top management (Ashkenas, 2010; Smither *et al*, 1996).

The lack of confidence which develops between the staff and headquarters leads to what is known as the Red-Tape Crisis (Hackman *et al*, 1983; Galbraith, 2007). Line managers resent heavy staff direction from those who are not familiar with their department (Ashkenas, 2010; Hackman *et al*, 1983). Both parties criticise the paper trail that is involved in the new system which results in procedures over precedence and over problem solving. “The organisation has

become too large and complex to be managed through formal programmes and rigid systems” (Greiner, 1983: 467).

Phase 5: Collaboration

This is the last observable phase and emphasises strong interpersonal collaboration in an attempt to overcome the Red-Tape Crisis (Greiner, 1983). This phase emphasises greater spontaneity in management which is done through teams and the skilful coordination of interpersonal differences (Ashkenas, 2010; Eagar, 1999). Self-discipline, social control and collaboration replace formal control (Eagar, 1999). This transition is difficult for those experts who created the old systems as well as for those line managers who relied on formal methods for answers (Eagar, 1999; Hanna, 1998).

At this stage the crisis that develops is known as “Psychological Saturation” (Greiner, 1983: 4) which occurs when employees grow emotionally and physically tired of the intensity of teamwork and the pressure to deliver innovative solutions.

This crisis will more than likely be solved by programmes and structures that allow employees to rest, reflect and revitalize themselves (Eagar, 1999; Hanna, 1998).

2.4 Summary

In summary, this chapter explored organisational effectiveness and defined the concept of organisational effectiveness. The concept of organisational effectiveness was noted in Higgins Eight “S’s” to comprise of many components including leadership style and organisational structure. The relationship between these components was discussed and leadership style and organisational structure as the focus of this study were noted. The importance of other components was noted as they are all interdependent on each other’s effectiveness.

This chapter further emphasised the importance of growth and development in order for an organisation to be effective. Greiner’s (1983) theory of Evolution and Revolution was used to understand the phases of growth and development that an organisation encounters and the role these have on organisational effectiveness.

The next chapter explores leadership style in order to understand the role it plays in organisational effectiveness.

CHAPTER 3: LEADERSHIP AND LEADERSHIP STYLE

3.1 Introduction

This chapter consists of four sections: The first section explores the concept of leadership and the different components of leadership. The second section looks at different leadership theories as well as the literature of Bass and Avolio (1994), examining transformational, transactional and laissez-faire leadership theories through the Full Range Leadership Model. The role the full Range Model plays in organisational effectiveness and the history of leadership in the focus firm are examined in the last two sections.

3.2 The Concept of Leadership and its Components

The concept of leadership permeates and structures the theory and practices of an organisation, and hence the way we shape and understand the nature of organised action and its possibilities (Smircich and Morgan, 1982). Many organisations are rendered immobile by situations in which people appeal for direction, feeling immobilized, confused and disorganised by the sense that they are not being led (Rock, 2006; Smircich and Morgan, 1982). Leadership, being socially constructed through interaction, emerges as a result of the construction and actions of both leaders and followers. It involves a process of negotiation within which certain individuals, willingly or unwillingly, surrender their power to others (Daft, 2011; Smircich and Morgan, 1982).

“Leadership is regarded as a sustaining factor within any industry” (Alimo-Metcalf and Alban-Metcalf, 2008: 22). Hackman *et al* (1983: 46) believe that “in order for an organisation to be efficient and to continue to grow and develop, it has to have engaged leadership that develops internal excellence within the organisation”.

Leaders cannot solve problems alone. In today’s complex world, problems call for the combined expertise of multiple resources and assistance (Galbraith, 2007; Rock, 2006). Effective leadership is central to change and, in particular, to the ability to produce “constructive or adaptive change” (Bedeian and Hunt, 2005: 103). Leadership requires the development of vision, communication of that vision, and the ability to set purpose or direction (Bedeian and Hunt, 2005). Leadership has been used in organisations as a tool to inspire, motivate, support and intellectually stimulate subordinates to create an effective organisation (Hater and Bass, 1988).

3.2.1 Defining Leadership

One of the earliest records of effective leadership was in 200BC in “The Art of War” by Sun Tzu, an influential ancient Chinese military strategist (Healey, 2013). Due to leadership having been an ever-present influence in human society it is an important topic of analysis and definition in the social and management sciences (Hartog, van Muijen and Koopman, 1997).

Ralph and Stogdill (1997: 13) pointed out that “there are as many different definitions of leadership as there are persons who have attempted to define the concept”. Various theorists have defined leadership as follows:

“The process of directing and influencing the task-related activities of group members” (Stoner, Freeman and Gilbert, 1995: 400).

Rowe (2006: 11) defined leadership as: “A process of individual and organisational engagement involving time, culture and change”. Rowe (2006) then describes leadership as an interactive process that provides needed guidance and direction. Leadership involves three interacting dynamic elements: a leader, a follower(s) and a situation.

When attempting to define leadership as a term, four important components must be understood. These four components are the building blocks of leadership and the leadership process would not exist without them. They include: working with people, unequal distribution of power, leadership style, and values (Hater and Bass, 1988).

The first component is working with people: “Leadership does not only involve working alone, it has to involve other people, these being the employees and the customers” (Gerber, 1996: 363). The willingness of group members or employees to accept directions from the leader helps define the leader’s status and makes the leadership process possible; without people to lead, the whole leadership process would not exist (Hater and Bass, 1988).

The second component is the unequal distribution of power between leaders and group members (Goffee, 1996). Group members are not at all powerless; they are able to shape group activities in many ways although the leader will always have the ultimate power to determine direction (Daft, 2011).

The third component is that of leadership style. The leader’s ability to use different forms of power influences followers’ behaviour in a variety of ways (McCauley, 1987). As mentioned in the previous chapter the effectiveness of an organisation can be influenced by the leader’s style

and can be the key to maintaining employee engagement. Leaders need to motivate employees to accomplish great things, thus creating an effective organisation (Vroom and Jago, 2007).

The fourth component combines all three of the above and acknowledges that leadership is about values (Gerber, 1996). Moral leadership concerns values and requires that followers be given the knowledge of alternatives available to make intelligent and informed choices when it comes to responding to their leaders.

Leadership and management are different in that the manager's job is to plan, organise and coordinate, the leader's job is to inspire and motivate, yet they must go hand in hand as they are necessarily linked and complementary (Murray, 2013). In business today these role can become blurred and employees often look to managers to motivate and inspire with managers often taking on leadership roles (Murray, 2013).

3.2.2 The Role of Leadership

The role of leadership in an organisation is to effectively “envision a desired future for an organisation and to move the organisation into that future” (Hartog *et al*, 1997: 194). The leader's role is to influence and provide direction to his/her followers and provide them needed support for their and the organisation's effectiveness (Ackerman, 2006). Having the correct procedures and people in place will allow an organisation and leader to accomplish this (Ivancevich and Matteson, 1993).

The leader's role is to offer each of the employees an opportunity where, within the organisation, they can move onto the next level where more responsibility is given to them if they choose to accept it (Burke, 1991). For this to be achieved the leader's role is to guide, mentor, consult, direct and correct while sharing pertinent departmental and organisational job information, to train and develop each employee to the best of his/her ability so that he/she can gain more responsibility (Sosik and Godshalk, 2000). The goal in this situation is to allow each employee to learn and to prove that he/she can make responsible, sound decisions (Skowenek, 2005).

Finally the leader's role would be to fully empower those employees that have proven their decision-making acumen; they are now entitled to make their decisions within the agreed boundaries (Selznick, 1984).

Organisational culture which is mentioned in Higgin's (1998) Eight “S's” of effectiveness, adopts an important role in leadership as the effectiveness of the organisational culture reflects on the effectiveness of the leadership. Organisational culture can be defined as: “The

co-ordinating function that refers to creating a competitive edge, making sense of the environment in terms of acceptable behaviour and social system stability (the social glue that binds the organisation together)” as well as “as the deeply seated values and beliefs shared by personnel in an organisation” (Martins and Terre Blanche, 2003: 65). Organisational culture is an important aspect of the role of leadership, as the values and beliefs of management and leadership are reflected in the effectiveness of the staff.

3.2.3 The Functions of Leadership

The difference between the function of leadership and the role of leadership is that the function is implementing the correct procedures and people, the actual tasks to be performed, while the role of leadership involves more of the unspoken behaviour such as support, guidance, example and inspiration (Rock, 2006; Yukl, 1999).

The function of a leader is “the group-maintenance and task-related activities that must be performed by the leader, or someone else, for a group to perform effectively” (Stoner *et al*, 1995: 400). The function of leadership is visible in the recruitment, selection and the maintenance of employees, meaning the everyday practical tasks that are required for an organisation to function effectively (Bresnahan, 1997). A formal organisation is broken down into different formal roles for different people, resulting in different levels of authority and different authority relationships that institutionalise the function of leadership (Ackerman, 2006; Rock, 2006).

3.2.4 Leadership Style

Leadership style is also an important component to explore when understanding the role of leadership. Leadership style is said to be: “The various patterns of behaviour favoured by leaders during the process of directing and influencing workers” (Hartog *et al*, 1997: 194). There are many different leadership styles such as transformational, transactional and laissez-faire. Effective leadership style is vital for an organisation to succeed and as it can transform an organisation from failure into success. Implementing the correct leadership style encourages employees to become more involved and motivated (Bass and Avolio, 1994; Heinitz, Liepmann and Felfe, 2005).

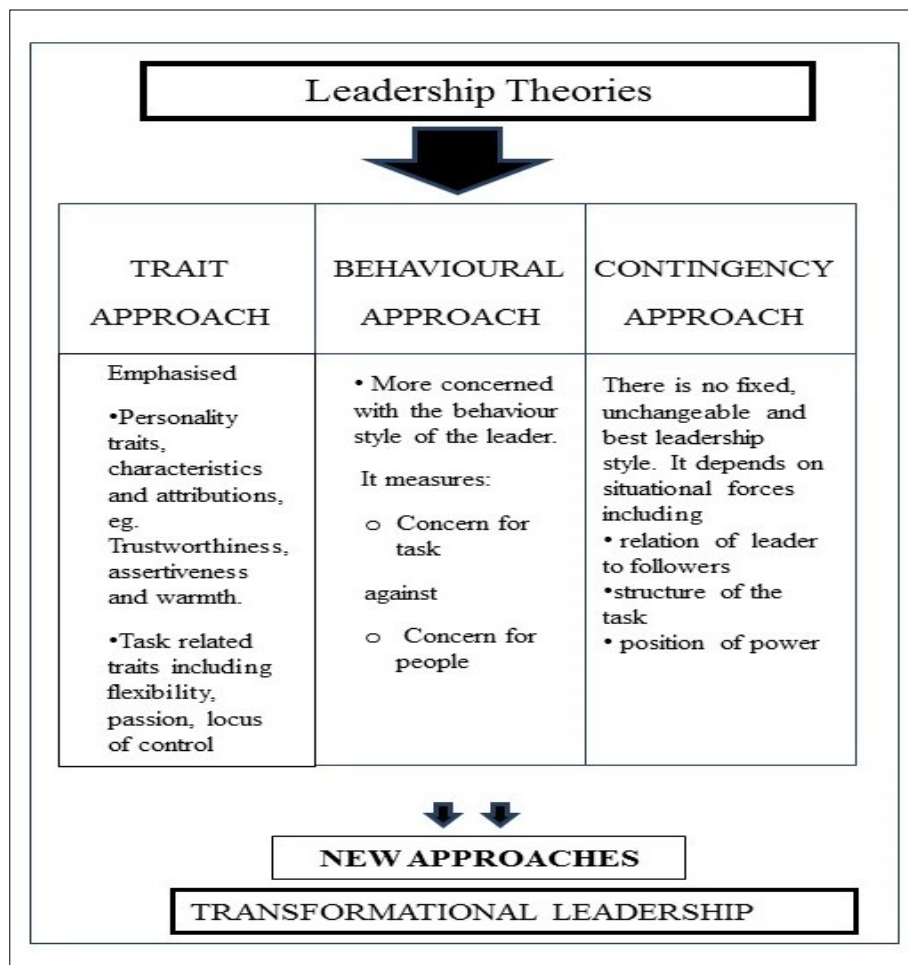
As mentioned in the previous chapter the effectiveness of an organisation can be influenced by the leader’s style and can be the key to maintaining employee engagement. Leaders need to motivate employees to accomplish great things thus creating an effective organisation (Vroom and Jago, 2007).

3.3 Leadership Theories

Leadership theories attempt to explain the factors involved either in the emergence of leadership style or in the nature of leadership style and its consequences (Bass, 1990). These theories attempt to simulate reality and thereby show the interrelationship of the various factors that are perceived to be involved in the leadership process which takes place between leaders and followers (Bass, 1990; Rock, 2006). Various theories and leadership models have been developed but this study will only explore a select number of these: The Trait Approach, The Behavioural Model, The Contingency Approach, Critical Theory Analysis and the Full Range Leadership Theory which is the focus of this dissertation.

Figure 5 represents the basic framework of the founding leadership theories underlying leadership style. It demonstrates the basis for understanding the concept of leadership and also the move to new approaches in leadership theory.

Figure 5: Leadership Theories



Source: Gerber *et al*, 1996: 342.

3.3.1 The Trait Approach

“The Trait Approach is the earliest model of leadership style. It is based on the assumption that certain physical, social and personal characteristics are inherent in leaders” (Hellriegel and Slocum, 1996: 450). These personal traits differentiate leaders from followers. The main contribution of this approach provides evidence that certain character traits inherent in individuals result in effective leadership. It views leadership solely from the perspective of the individual leader (Rock, 2006).

Leaders tended to be slightly higher on traits such as: height, intelligence, extraversion, adjustment, dominance, and self-confidence as compared with non-leaders (Fleenor, 2006). Many early trait researchers had assumed that, no matter what the situation, there was a set of characteristics that made a leader successful (Fleenor, 2006). These researchers believed that the same leadership traits would be effective, for example, in both the boardroom and on the battlefield. However, the differences between leaders and followers were found to vary widely across different situations—researchers had underestimated the impact of situational variables on leadership effectiveness (Fleenor, 2006).

The strength of this approach is that it provides evidence that certain character traits inherent in individuals result in effective leadership (Yukl, 1999). The weakness of this theory is that it focuses entirely on physical and personality characteristics which are insufficient to judge effective leadership (Rock, 2006; Yukl, 1999).

3.3.2 Behavioural Models of Leadership

Behavioural models of leadership are described as those that analyse the different actions and behaviour of effective and ineffective leaders (Ivancevich and Matteson, 1993). This theory describes how leaders’ behaviour will determine how well tasks are accomplished by followers. There are various behavioural models such as: McGregor’s theory, Theory of Lippitt and White, Ohio State and University of Michigan Models and Managerial Grid. They all examine the behaviour of effective and ineffective leaders, how they delegate tasks to subordinates, where and when they communicate with others and how they perform their roles (Lewin, Lippitt and White, 1939).

The strength of this theory is that it examines the actions of effective and ineffective leaders (Lewin, Lippitt and White, 1939; Nahavandi, 2006). These behaviour models have made a notable contribution as they have shifted the understanding and the analysis of leaders from

who they are to what they do (Ivancevich and Matteson, 1993; Nahavandi, 2006). The weaknesses of the behavioural models is their failure to take situational characteristics into account (Ivancevich and Matteson, 1993).

Researchers have concluded that successful leadership is the result of the interaction between the traits of the leader and the situation itself (i.e. the contingency approach to leadership). They have realized that the interaction between the leader and the situation is key to understanding leadership, along with the specification of important trait and situational variables.

3.3.3 The Contingency Approach

The Contingency approach states that “Leadership is specific and always relative to the particular situation in which it occurs” (Gerber, 1996: 363). In other words, appropriate and effective leadership traits or behaviour are contingent or dependent on relative situational characteristics. The individual who becomes a leader, or who is the leader of a particular activity, is a function of the total situation. The situation includes not only the leader, the subordinates and other groups to which the leader is related, but also a myriad of other human, physical and time variables (Gerber, 1996; Ristow, 1997).

The theory states that task or relations motivations is contingent upon whether the manager is able to both control and effect the group's situation, or outcome (Gerber, 1996; Nahavandi, 2006). This can be assessed as follows:

1. Leader-member relations. This factor addresses the manager's perception of his cooperative relations with his subordinates.
2. Task structure. This factor relates to whether the structure of the work task is highly structured, subject to standard procedures and subject to adequate measures of assessment. Certain tasks are easy to structure, standardise and assess, such as the operation of an assembly line.
3. Position power. This factor asks if the manager's level of authority is based on punishing or rewarding behaviour.

The main strength of the contingency approach is to demonstrate the importance of situational factors which result in more systemic leadership research (Gerber, 1996; Nahavandi, 2006). The main weakness of this approach is that it suggests that leadership is

contingent on the traits and situations resulting in exchange or transaction between leaders and followers (Daft, 2011; Gerber, 1996).

3.3.4 Critical Theory Analysis

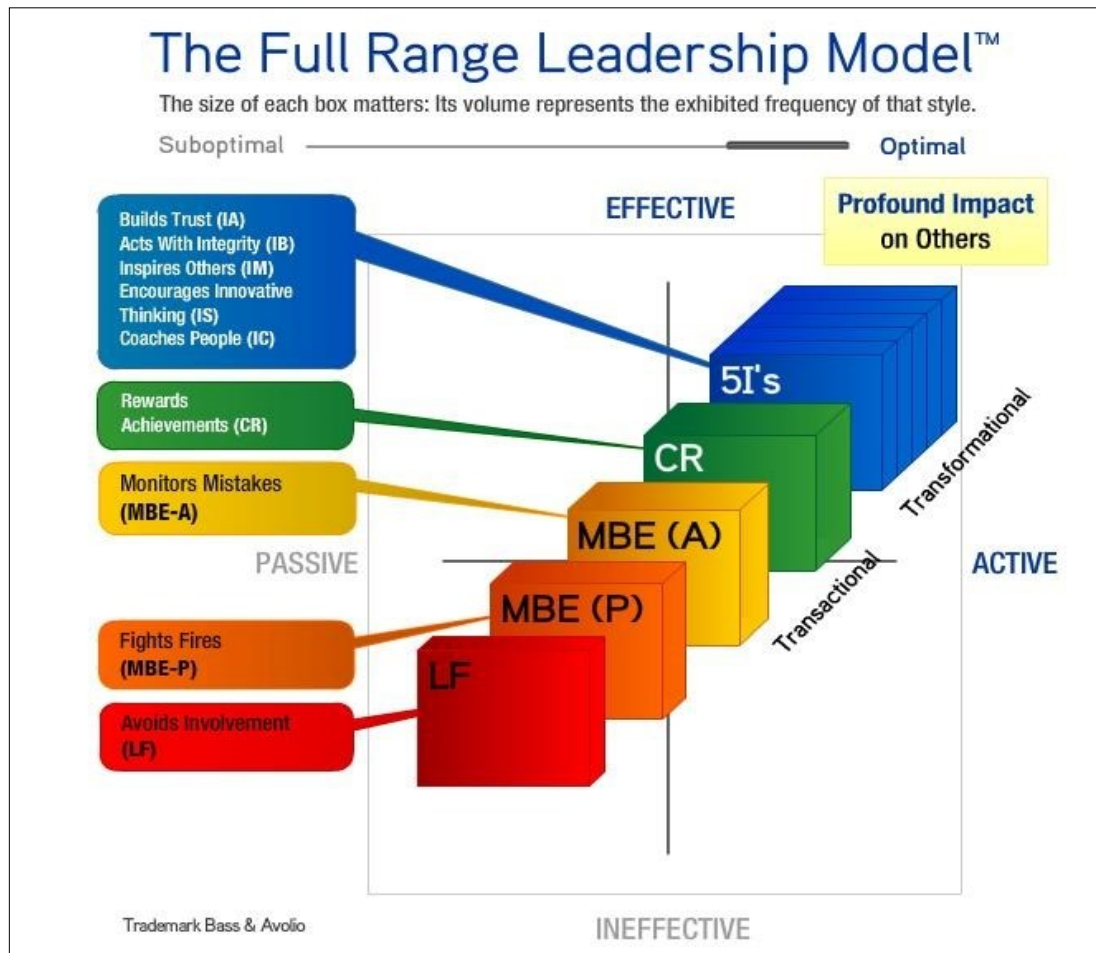
Due to these basic approaches lacking both rigour and the employment of standard measurements, an appropriate theory of leadership style which incorporates all the above models and better known as the Full Range Leadership Model has been identified (Bass, 1990; Ristow, 1997; Robbins, 1996). James MacGregor Burns (1978) first introduced the concept of transforming leadership in his descriptive research on political leaders, but this term is now also used in organisational psychology (Bass and Riggio, 2006).

This leadership theory is used in this study. The richness of the theory enables a full coverage of different leadership styles and explores the style of leadership the focus firm presently has as well as the role it plays in organisational effectiveness.

3.4 Full Range Leadership Theory and its Role in Organisational Effectiveness

As the global environment becomes more dynamic and competitive, so top management throughout the world has realised the need to adapt operational methods in order to thrive (Daft, 2011; Kotter, 1990). Much intensive research has taken place and a new theory of transformational and transactional leadership has been identified, the Full Range Leadership Theory. This leadership theory is regarded as the most effective style of leadership in contemporary organisations (Bass and Stodgill, 1990; Burns, 1978) “Bass was one of the first to argue for a new transformational style of leadership to replace transactional forms and used the Full Range Leadership Model” (Kirkbride, 2006: 5).

Figure 6: Full Range Leadership Model



Source: Bass and Avolio, 1995: 11

The above diagram plots out the Full Range Leadership Model with the degrees of leadership style for transformational, transactional and laissez-faire leadership (Bass and Avolio, 1995; Daft, 2011). Navigating down the y axis (top to bottom) one progresses from completely effective leadership to ineffective leadership. Navigating along the x axis (left to right) one progresses from passive leadership to active leadership. In this model the top right hand quadrant indicates transformational leadership style, the middle intercept of the axis demonstrates the transition towards transactional leadership, while the bottom left hand quadrant in laissez-faire leadership style. The five blocks on the landscape depict the different levels of leadership styles in the Full Range Leadership Model which fall into each of the transformational, transactional and laissez-faire quadrants. The five blocks of the diagram are interpreted thus: 5I's denote: idealised influence, inspirational motivation, intellectual stimulation, individual consideration and individual willingness. CR: contingent reward. MBE A: management-by-exception active. MBE P: management-by-exception passive. LF: laissez-faire (Bass and Avolio, 1995; Heinitz *et al*, 2005).

Figure 7: The Components of Transactional and Transformational Leadership

Laissez-faire Leadership	Transactional Leadership	Transformational Leadership
1. Avoids any sort of involvement	2. Contingent Reward	1. Idealised Influence a) Idealised Attributions b) Idealised Behaviours
	3. Management-by-exception a) active b) passive	2. Inspirational Motivation
		3. Intellectual Stimulation
		4. Individualised Consideration

Source: Bass, 1990: 5

Transformational leaders work most effectively in a stable and predictable environment. They operate effectively within existing structures and systems (Nahavandi, 2006; Stodgill, 1990).

Transformational leaders are themselves more challenge orientated and proactive. This results in them acting as role-models of proactive behaviour (Nahavandi, 2006; Shamir and Howell, 1999). These leaders positively encourage effective communication, which in turn encourages and enhances the development of the organisation's efficiency. An open-door communication policy, including open communication between individuals, teams and departments to gain new perspectives, is necessary to create a culture supportive of creativity and innovation (Filipczak, 1997; Rock, 2006). Leaders of today's organisations need to be able to inspire their employees to enact revolutionary change. These leaders create an organisational culture where employees are rewarded for reflecting the values, work ethic and goals of the organisation (Martins and Terre Blanche, 2003; Rock, 2006). Transformational leaders are those leaders who go the extra mile beyond mere initiation and consideration of the structure (Rock, 2006; Yang, 2006).

There are four components that leaders need to possess in order to qualify as a transformational leader: Idealised influence, Inspirational motivation, Intellectual stimulation and Individual consideration.

Idealised influence includes behaviours such as sacrificing for the benefit of the group, setting a personal example and possessing high ethical standards (Bass, 1990; Kark, Shamir and Chen, 2003).

Inspirational motivation is depicted as the creation and presentation of an attractive vision of the future, the use of symbols and emotional arguments, and the demonstration of optimism and enthusiasm (Bass, 1990; Kark *et al*, 2003).

Intellectual stimulation is the leader's intellectual ability to challenge followers to solve problems. By encouraging followers to look into problems in new ways and come up with new solutions, the leader will push them to achieve goals which they previously thought were impossible (Higgins, 1995; Rock, 2006).

The last component, individual consideration, is when the leader treats each employee differently as an individual but equitably, providing the adequate amount of individual attention. This results in followers feeling special, encouraged and motivated (Higgins, 1995).

A leader possessing all these qualities can often transform subordinates, motivating and improving unit performance beyond initial expectation (Rock, 2006; Yang, 2006). The attributes such as empowerment and a clear vision that transformational leaders possess are often seen as important elements for employee job satisfaction and commitment (Iverson and Roy, 1994).

The individual's willingness to remain in his/her organisation contributes to workforce stability and organisational effectiveness (Hamstra, Yperen, Wisse and Sassenberg, 2011). A transformational leader is one who inspires followers to do more than that which is originally expected. The dynamics of transformational leadership results in staff having a strong personal identification with the leader, joining in a strong vision of the future, and often going beyond the self-interest exchange of rewards for compliance. A good transformational leader will broaden and elevate the interests of his/her followers and generate awareness and acceptance among the followers (Daft, 2011; Yang, 2006).

Transformational leadership focuses on stimulating an idealistic, optimistic outlook of the future. It communicates high expectations and focuses followers. These leaders focus attention on the abstract long-term vision, they facilitate change, and encourage new ways of working (Bass, 1985; Bass and Avolio, 1995; House, 1997; Yukl, 1998). All these attributes mean that transformational leaders encourage the workers to approach their work in strategic

ways with optimism, positive expectations, eagerness, a long term plan and no fear of change (Higgins, 1995; Rock, 2006).

Transformational leadership is particularly relevant in this day and age as organisations are shifting downwards and require proactive employees who are willing to go beyond narrow task requirements and to take initiative (Hartog and Belschak, 2012). With leadership encouraging a proactive environment, followers anticipate problems more keenly and actively search for ways to enhance work situations (Frese, Kring, Soose, and Zepel, 1996). These leaders articulate an attractive and challenging vision of the future while implementing very high performance expectations of followers. They instil work with meaning, stimulate followers intellectually, and inspire them to transcend self-interest, which means followers become motivated and committed (Bass, 1985; Shamir, House, and Arthur, 1993).

Transactional leadership is different from transformational leadership in that “transactional leaders determine employees’ responsibilities and tasks in order to achieve their own organisational objectives, classify those requirements, and help employees become confident by reaching objectives and expanding their necessary efforts” (Burns, 1978).

Transactional leadership entails an exchange between leader and follower. Followers receive certain value outcomes when they act according to their leader’s wishes (Bass, 1985; Nahavandi, 2006). Transactional leadership theories are founded on the idea that leader-follower relationships are based on a series of exchanges or bargaining between that of the leader and the follower. In general it is seen that, when the job and the environment of the follower fail to provide the necessary motivation, satisfaction and direction to the follower, the leader, through his or her own behaviour, will have to compensate for the deficiencies (House, Woycke and Fodor, 1988). In other words the transactional leader motivates subordinates to perform as expected.

When looking at transactional leadership (Bass *et al*, 1995; Heinitz *et al*, 2005) the following applies:

Contingent Reward: This describes the positive and constructive exchange between leader and subordinate. The leader illustrates which goals have to be met and rewards their achievement (Hogrefe and Huber, 2005). The leader rewards the followers for attaining the specified performance level. The reward is based on the effort expended and the performance level achieved.

Management-by-Exception: This refers to a leader who only reacts if problems occur and standards are not met (Ristow, 1997). Leaders avoid giving directions if existing ways work and allow followers to continue doing their jobs as always if performance goals are met. Management-by-Exception Active characterises leaders who only take action after deviations and irregularities have occurred. This form of leader searches for deviations, whereas the Management-by-Exception Passive leader waits for problems to materialise (Ristow, 1997; Rock, 2006).

Laissez-Faire leadership is the description of an absent leader who avoids responsibility (Hogrefe and Huber, 2005). This is the most extreme form of passive leadership or even non-leadership (Bass, 1990). This type of leadership results in less concentration on work, poor quality of work and low levels of productivity, cohesiveness and satisfaction (Bass, 1990; Rock, 2011). These effects may be detrimental to the skill and career development of employees. In addition, laissez-faire behaviour strives to maintain the status quo (no change or growth) through delay, absence and indifference.

Hater and Bass (1998: 695) point out that although transactional and transformational leadership are contrasting, these styles of leadership are not unrelated. Bass (1985: 1) argues that “transformational leadership builds on transactional leadership but not vice versa.” They are viewed by Bass (1985) as separate dimensions; this means a leader can be both transformational and transactional. The styles differ according to the process by which the leader motivates subordinates and the type of goals set (Hater and Bass, 1988; Rock, 2011).

When looking at laissez-faire leadership, the role of the leader is one of indifference and non-involvement, hence this style could be called abdication of responsibility (Bass and Bass, 2003; Nahavandi, 2006). A leader such as this provides basic but minimal information and resources. There is virtually no participation, involvement, or communication within the workforce. Understanding of job requirements, policies, and procedures are generally exchanged from employee to employee. As a result many processes are out of control. No direction is given and a laissez-faire leader functions in a crisis in a reactive mode. If there are goals and objectives, employees’ agreement or commitment is just assumed. Even if goals and objectives are shared, rarely is there a defined plan to accomplish them (Bass and Bass, 2003; Nahavandi, 2006).

Laissez-Faire leadership style, involving avoidance or absence of leadership, provides no meaning or clarification of events for followers. Lack of leader communication undermines follower trust in the leader and may serve to intensify employee fear of the unknown and job-

related stress (McCauley, 1987). Given the importance of communication in both mentoring relationships and stress reduction, mentors who fail to communicate may be like laissez-faire leaders in both behaviour and in the impact of their behaviour on followers, thus increasing job related stress and decreasing effectiveness (Murray, 1991).

The Full Range Leadership model, as the name suggests, attempts to depict the whole range of leadership styles from laissez-faire to transformational leadership (Kirkbride, 2006). In order to measure the concept of transformational leadership and to verify its effectiveness, the Multifactor Leadership Questionnaire (MLQ) was developed by Bass (Bass and Avolio, 1989; Rock, 2011). The MLQ is the most prominent questionnaire used to assess the full range of leadership behaviours from non-leadership to transactional leadership (Bass and Avolio, 1995; Daft, 2011). The MLQ measures leadership styles and designates behaviours ranging from laissez-faire leadership to transactional to transformational leadership.

The MLQ has been extensively used and validated by various leadership experts, and is strongly predictive of leadership performance (Bass, 1990).

3.5 History of Leadership and Ownership in the Focus Firm

All the literature in this section was sourced from the “Group Bible” and contains no assumptions or perceived findings. The “Group Bible” is a document given to employees of the focus firm by management. It is important to note that for ethical reasons this document is not included as an appendix due to the need to maintain the anonymity of the organisation.

This organisation has experienced various structural and leadership changes in its development. (Refer item 1.3.) Although the firm’s structure has undergone many changes, its leadership remained fairly constant until recently. The three original founding leaders, after much deliberation, agreed on an initial capital input of R10,000.00 each and a shareholding arrangement whereby 40% would be owned by the sales representatives, 40% by the wine master who initially approached them, and 20% by the sales representative’s family lawyer. The “family” or close “family friend” dynamic of the organisation should be noted.

In 2013, two of the original shareholders sold their shares to the remaining shareholder, leaving the one remaining shareholder the sole director of the organisation.

3.6 Summary

In summary, this chapter examined various definitions of leadership and the role it has in organisational effectiveness. Leadership should be considered a process, as mentioned in the theory, as it is an ever-evolving and changing practice. In order to fully grasp the importance of leadership, this chapter highlighted the different leadership components: the concept of leadership, the role of leadership, the function of leadership and leadership style. Each leader and organisation is unique and in order to understand these differences, leadership theories have been created. This chapter explored different founding theories of leadership as well as the more modern theory of the Full Range Leadership Model. The Full Range Leadership Model was chosen for this study as it highlights the need for an active present leadership in an organisation in order for the organisation to be effective.

Leadership has been a topic of discussion for decades and trying to find the best leadership style to benefit an organisation is essential to its growth and effective functioning. For an organisation to survive in a rapidly changing environment, it is vital that both the individual and the organisation are capable of adaptation and this is where effective leadership steps in.

The following chapter will look at organisational structure, the different types of organisational structure, as well as the role organisational structure has in organisational effectiveness.

CHAPTER 4: ORGANISATIONAL STRUCTURE

4.1 Introduction

An organisation is a web of relationships - many interwoven and simultaneous relationships - through which people, under the direction of managers, pursue their common goal (Stoner *et al*, 1995). Managers attempt to ensure that their organisations are effective and successful and in order for this to take place they need a stable, understandable framework within which they can work together towards meeting goals. The importance of organisational structure is that it facilitates the effectiveness of an organisation (LeMeunier-FitzHugh and Piercy, 2009).

Managers undertake the following fundamental steps when they commence making organisational decisions (Galbraith, 2007; Sutherland and Canwell, 1997). Firstly, they divide the workload into tasks that can logically and comfortably be performed by individuals or groups. This is referred to as the division of work. Secondly, they combine tasks in a logical and efficient manner. The grouping of employees and tasks is generally referred to as departmentalisation. Thirdly, they specify who reports to whom in the organisation. This linking of departments results in an organisational hierarchy. Fourthly, they set up mechanisms for departmental activities to form a coherent whole and monitor the effectiveness of that integration. This process is called coordination.

This chapter will be divided into four sections: defining organisational structure; the different forms of organisational structure; the role of organisational structure in organisational effectiveness; the organisational structure of the focus firm.

4.2 Definition of Organisational Structure

Organisational structure can be defined as: “A framework that managers devise for dividing and coordinating the activities of members of an organisation. Because strategies and environmental circumstances differ from one organisation to the next, there are a variety of possible organisational structures” (Gibson *et al*, 1991; Miller, 2011).

Colvin and Slevin (1990: 279) define the structure of an organisation as “the arrangement of workflow, communication and authority relationships within an organisation” and argue that “all these can have a major impact on an organisation’s entrepreneurial activity”.

Implementing an appropriate organisational structure is a vital component of any entrepreneurial organisation in order for the organisation to be effective (Colvin and Slevin, 1990). “Organisational structure refers to the way in which an organisation hierarchically arranges personnel and tasks in the most efficient manner to meet its goals and maximise its effectiveness” (Distelzweig, 2012: 1). The structure created increases the effectiveness of the business operations (Lorette, 2012; Miller, 2011). The organisational structure depends on factors such as “(i) The role of the organisation, (ii) The number of employees, (iii) The revenue stream, (iv) Location and (v) The range of the business” (Ellis and Mayer, 2001: 183). All of these factors are essential for the organisation to evolve and be effective and will be discussed in greater detail throughout the chapter. The type of organisational structure that an organisation initiates is critical in enabling an organisation to develop (Heskett *et al*, 2008; Nahavandi, 2006).

4.3 Different Forms of Organisational Structure

Organisational structure refers to the way in which an organisation’s activities are divided, grouped, and coordinated into relationships between managers and employees (Meunier-Fitz Houg and Piercy, 2009; Nahavandi, 2006).

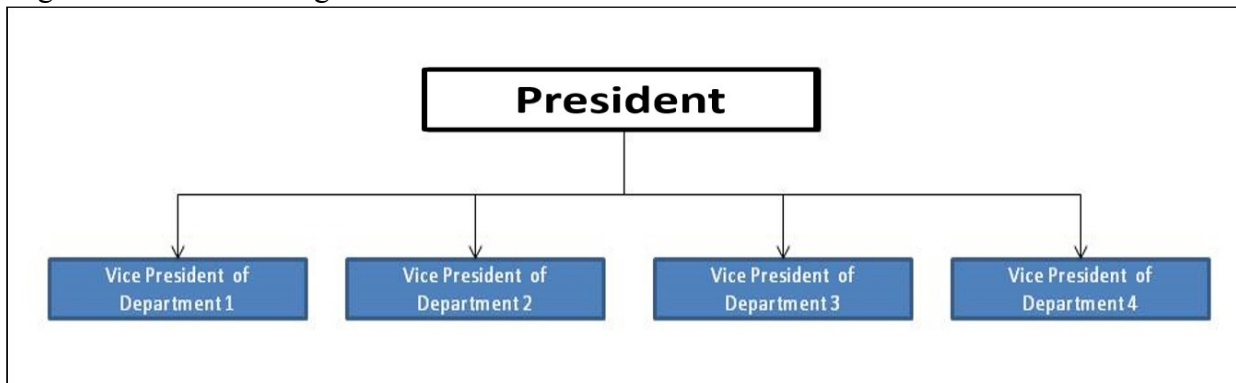
Numerous structural forms are commonly referenced in management literature. However, four major structural dimensions are prevalent.

- Formalisation: The extent to which an organisation uses rules and procedures to prescribe behaviour (Pleshko, 2006).
- Integration: The incorporation as equals into society or an organisation of individuals of different groups (LeMeunier-FitzHugh and Piercy, 2009).
- Centralisation: The degree to which the right to make decisions and control activities is concentrated (Ingham, 1994, Nahavandi, 2006).
- Complexity: Describes the level of interrelationships between parts of an organisation (Miller 2011; Pleshko, 2006).

An organisation can be formally structured in three major ways: 1. by Function Structure, 2. by Product/Market Structure, 3. in Matrix Form Structure (Ingham, 1994).

The first type of organisational structure is a Functional Organisation, illustrated in Figure 8 below. This basic organisational structure is perhaps the most logical and simple form of departmentalization. It is mostly used by smaller firms that offer only a limited variety of products or services as it makes efficient use of specialized resources (Nahavandi, 2006; Robbins and Coulter, 2009).

Figure 8: Functional Organisational Structure



Source: Robbins and Coulter, 2009^[AM1].

Significant advantages of this structure are:

- a) That it makes supervision easier, since each manager must be expert in only a narrow range of skills.
- b) That it facilitates the mobilization of specialized skills and the placing of them where they are most needed (Gibson, *et al* 1991).

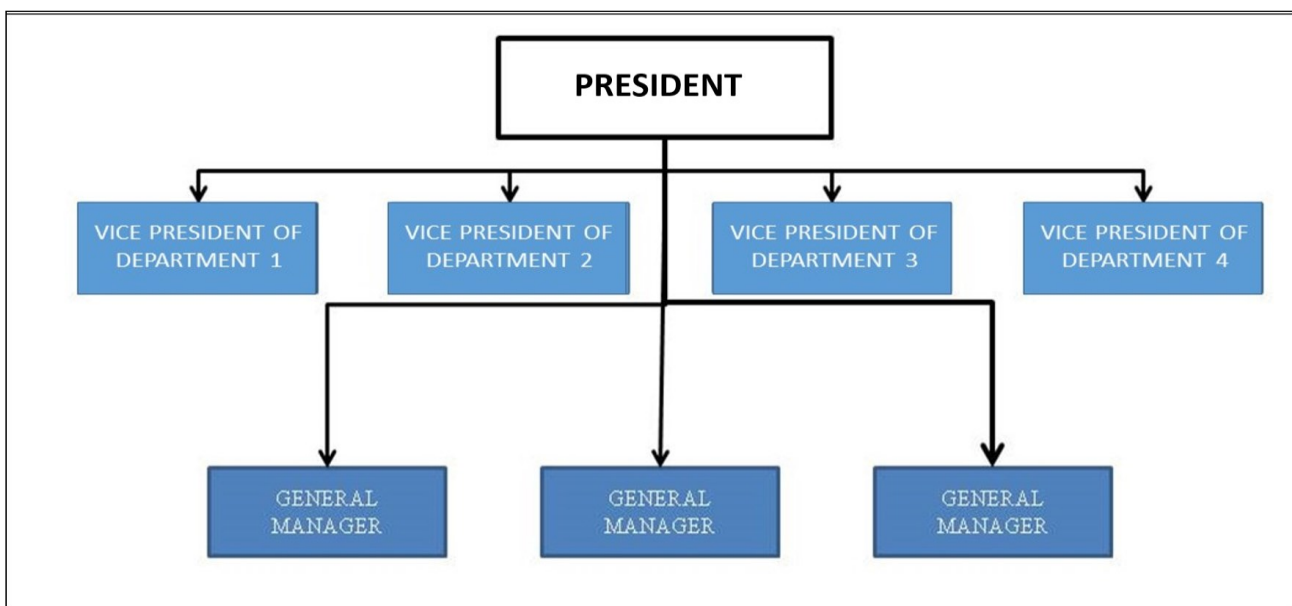
As an organisational structure expands, the disadvantages of Functional Structure begin to emerge:

- a) Due to functional managers having to report to central headquarters, it can be difficult to make quick decisions (Sutherland and Canwell, 1997).
- b) It is also harder to determine accountability and judge performance within the overall organisation due to this compartmentalised structure (Nahavandi, 2006; Sutherland and Canwell, 1997).
- c) Coordinating the functions of members of the entire organisation may become challenging for top managers, as members from each department may feel isolated from those of other departments and thus find it difficult to work to achieve a common organisational goal (Ashkenas, 2010; DuBrin, 2012).

Functional organisational structure thus uses hierarchy and leadership alone to create the organisation's structure, as it is normally applied to small firms with very clear divisions in leadership and power positions (Ingham, 1994; Miller, 2011).

The second structure is that of Product/Market Organisation, illustrated in Figure 9. This structure brings together in one work unit all those involved in the production and marketing of a product or a related group of products, all those in the same geographic area, and all those dealing with a certain customer profile (DuBrin, Ireland and Williams, 1989). Most large, multipurpose organisations have this structure. At a certain point in an organisation's growth the total size of the organisation makes the Functional Organisational Structure too unwieldy and the Product/Market structure is adopted.

Figure 9: Product/Market Structure



Source: Robbins and Coulter, 2009[AM2].

When an organisation's departmentalization becomes too complex for coordinating the functional structure, top management will normally create semi-autonomous divisions. In each division, managers and employees design, produce and market their own products. The division head's focus is primarily on the operation of his/her division, each division is accountable for profit or loss, and may even compete with other units of the same organisation (Nahavandi, 2006; Robbins and Coulter, 2009). However divisional managers still report to head office.

This structure may possess drawbacks: firstly the division by product; secondly, division by geography, where the organisation is in different areas; thirdly, division by customer, the organisation is divided according to the different customer product usage.

The advantages of this structure are:

- a) An entire job cycle can be easily coordinated and high work performance maintained.
- b) The quality and speed of decision making is faster.
- c) Accountability is clear.
- d) The burden of centralised management is eased because divisional managers have freedom to make quick decisions (Sutherland and Canwell, 1997).

There are a few disadvantages however:

- a) The interests of the divisions may be placed ahead of the goals of the organisation.
- b) Administrative expenses increase because each division has its own staff members, accounting and specialists specific to that division (Clegg, Hardy and Nord, 1999; Miller, 2011).

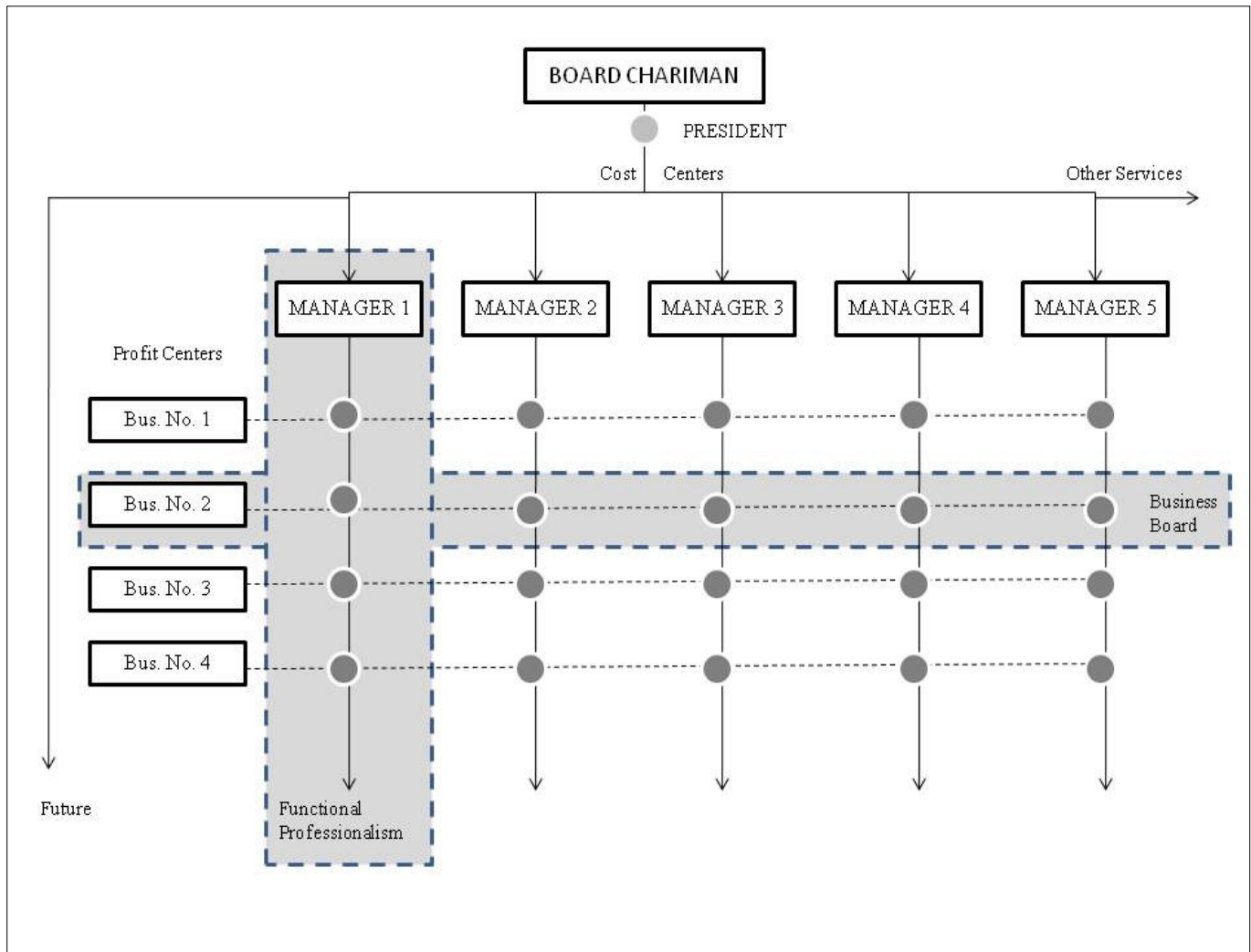
An example of an organisation that is structured in this way is IKEA. IKEA is a home fittings and furnishing store which has grown into a worldwide company. The IKEA Group is led by President and CEO, Peter Agnefjäll together with the management group in a structure similar to that indicated in Figure 9. The IKEA Group operates throughout the whole value chain from range strategy and product development to production, distribution and retail. This includes manufacturing units, trading offices, customer distribution centres and 303 stores in 26 countries (IKEA, 2014).

The third structure is the Product/ Matrix Structure illustrated in Figure 10. “Product Matrix Structure uses leadership to determine the organisational structure, as it brings together different work units with someone in charge of each unit” (Stoner *et al*, 1995: 330).

The Product Matrix Structure is a hybrid that attempts to combine the benefits of both types of structures, ie: Functional Structure and Product/Market Structure, while avoiding their drawbacks. Therefore has two types of structures existing simultaneously (Galbraith, 2007; Gibson *et al*, 1991). Employees in effect have two bosses due to the two chains of command. The one chain is the functional division (Functional Structure) while the other is a horizontal overlay that combines people from various divisions or functional departments into a project

team led by a project or group manager who is an expert in the relevant field (Product/Market Structure) (LeMeunier-FitzHugh and Piercy, 2009).

Figure 10: Product/Matrix Organisational Structure



Source: Robbins and Coulter, 2009.

The advantages of this structure are:

- a) It brings together the diverse specialized skills required to solve complex problems.
- b) Problems of coordination are minimized, as the most important personnel for a project work together as a group.
- c) Different disciplines working together create a better understanding of the demands that face them in different areas of responsibility. This gives the organisation a great deal of cost saving flexibility as there is no unnecessary duplication (DuBrin *et al*, 1989, Miller, 2011).

There are however a number of disadvantages:

- a) Some members of staff have difficulty adapting to the complexity of this system.
- b) Morale can be adversely affected when personnel are re-structured once projects are complete and new ones embarked upon.
- c) If hierarchies are not clearly defined, conflicting directives and ill-defined responsibility will limit management's flexibility (Gibson *et al*, 1991).

To overcome these disadvantages special training in new job skills or interpersonal relationships may be necessary.

The Product/Matrix Structure of an organisation is more independent of leadership determining the structure than the other structures described (Altinay and Altinay, 2004; Nahavandi, 2006). This is due to it being a hybrid structure which combines the two previous structures working simultaneously.

An organisation with this type of organisational structure is Philips. In the 1970s, Philips, a Dutch multinational electronics company, set up matrix management with its managers reporting to both a geographical manager and a product division manager (Gibson *et al*, 1991).

4.4 Leadership in Organisational Structure

Leadership is the primary component in determining an organisation's structure (Jarvis, Stader, Moore and Chung, 2010; Nahavandi, 2006). When conditions demand effective collective action, the hierarchy selected influences the organisation's effectiveness, consequently the organisational structure adopted is a direct result of this (Blaug, 2009).

The formal manner of determining leadership in an organisational structure is hierarchy (Ashton, 2004). The span of control is the term used to define the number of people a manager of a department can effectively manage (Ashton, 2004; Rock, 2006). This term refers to the number of people and departments that report directly to a certain manager. Once work is divided, departments created, and the span of control determined, managers can decide on a chain of command, i.e. a plan that specifies who reports to whom (Ellis and Mayer, 2001; Rock, 2006).

Choosing an appropriate span of control in an organisation's hierarchy is important for two reasons:

Firstly, the span of control can affect work relations in one particular department (Galbraith, 2007; Stoner *et al*, 1995). A span of control that is too widely spread amongst the staff results in managers being overextended and employees receiving insufficient guidance or control (Clegg *et al*, 1999).

Secondly, the span of control can affect the speed of decision-making in situations where multiple levels in the organisational hierarchy are necessarily involved. Narrow spans of control create tall hierarchies with many levels between the highest and the lowest managers (DuBrin, 2012; Rock, 2006). Wide spans of control create flat hierarchies with fewer management levels between top and bottom (Nahavandi, 2006; Robbins and Coulter, 2009).

Organisations are typically arranged into an organisational structure that defines the division of labour and communication channels, and that provides regulated co-operation between staff members (Jensen and Meckling, 1998). Leaders should develop techniques that support employees in making decisions about activities that require them to achieve a task, the execution order of those activities, and the specific agents that will perform each activity (Ashton, 2004). Collective action needs to be effective, and it is commonly assumed that coordination is best achieved by leadership and hierarchy (Altinay and Altinay, 2004; Rock, 2006).

As organisations become larger and more complex, they are challenged to find ways to nurture and empower innovative opportunity-seeking and entrepreneurial employees; all this whilst encouraging accountability. They therefore need to introduce innovative thinking and structure to the organisation (Hanna, 1998; Sutherland and Canwell, 1997). Research has shown that over-complexity of organisational structure is one of the most important and fundamental causes of poor management in the modern economic system (Covin and Slevin, 1990; Rock, 2006)

4.5 The Role of Organisational Structure in the Effectiveness of the Organisation

There is a broad understanding that achieving effectiveness within an organisation is a complex activity, both in experimental and service development contexts (DuBrin *et al*, 1989; Elwyn and Hocking, 2000).

It is always a challenge to engage organisations in organisational initiatives that involve organisational structural change, particularly where there is a tradition of autonomy and resistance to external management accountability (Elwyn and Hocking, 2000; Rock, 2006). In order for an organisation to be effective it must change and develop, and this involves changing the organisational structure when required. This includes changes in decision-

making, the shape of the organisation, work procedures, job descriptions and roles (Jesen and Meckling, 1998).

All organisations have formal and informal hierarchies and problems related to conflicts of power, status, inclusion and exclusion in decision making processes. In many situations these hierarchies are not open to challenge (Ingham, 1994; Miller, 2011). There are, however, instances where structures stifle useful contributions in the decision making process and it is a facilitator's role to generate open and creative communication channels to motivate change (DuBrin *et al*, 1989; Miller, 2011). Without a strong and confident hierarchy promoting the restructuring and adjustments necessary at the appropriate stage of development, an organisation may fail.

Organisational structure emphasises certain values which have an influence on the promotion or restriction of creativity and innovation in organisations (Martins and Terblanche, 2003; Miller, 2011). It is vitally important in determining the organisational structure that team members should be able to trust and respect one another, understand one another's perspectives and style of functioning, solve differences of opinion, communicate effectively, be open to new ideas and question new ideas (Ashkenas, 2010; Shattow, 1996).

An appropriate leadership style and organisational structure enables an organisation to evolve and determines whether an organisation will be able to grow and develop (Clegg *et al*, 1999).

To achieve organisational effectiveness an organisation travels through phases of development with each evolutionary phase facing a revolutionary phase (DuBrin, 2012; Miller, 2011). In order to survive these revolutionary phases and be effective, leadership needs to be able to adjust and change. Greiner (1983) mapped out guidelines for leadership to cope with these phases. These phases bring to light the important role that organisational structure has in organisational effectiveness.

An organisation needs to maintain a flexible attitude with regards to its organisational structure. It will go through many revolutionary phases where the current structure of the organisation will be questioned and made to change in order to develop and once again become effective (Ashkenas, 2011; Ingham, 1994).

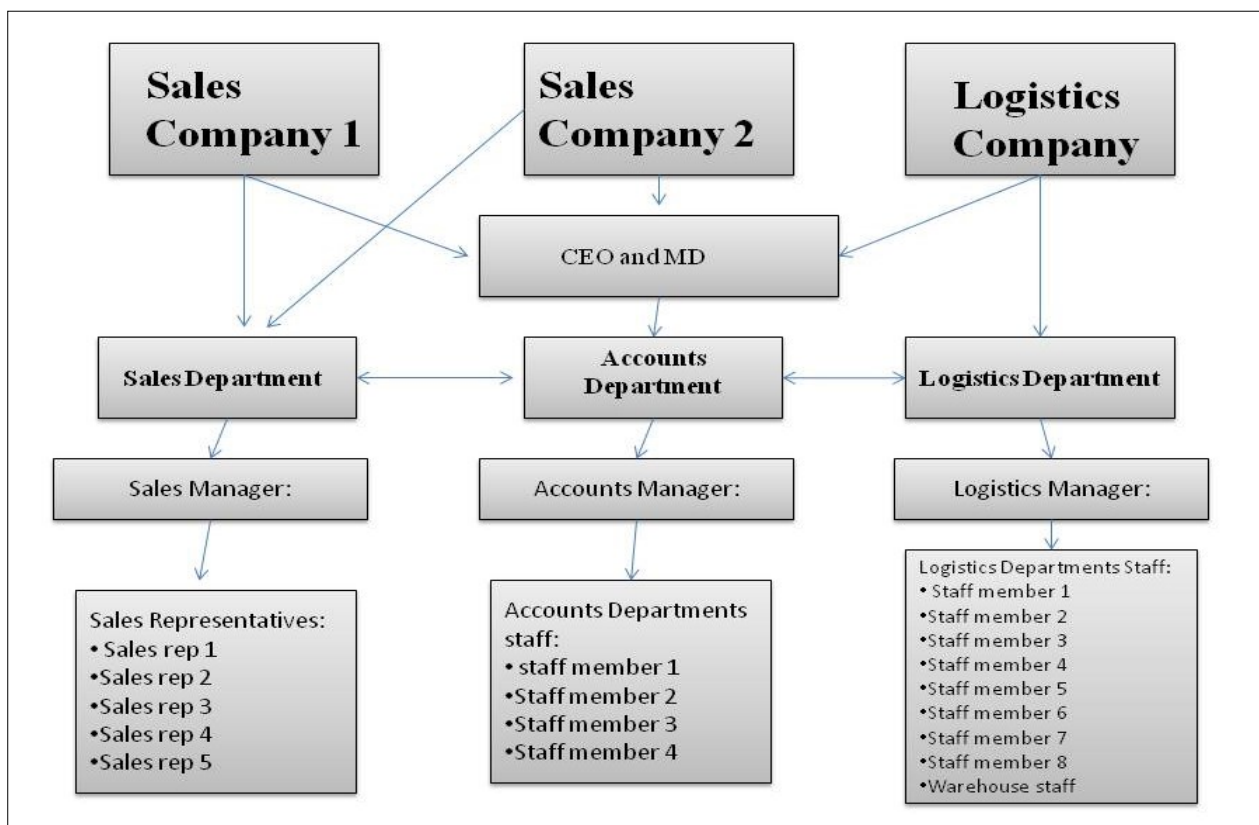
Change is a challenge constantly facing leaders. Leadership decisions in organisations can affect the organisation's structure and people's daily work environment. Organisational structures are constantly questioned by stakeholders. Leaders are the agents of change and they are tasked to maintain stability and at the same time provide creative adaptations to

changes in technology and the culture of organisations (Covin and Slevin, 1990). Therefore, the organisational structure plays a pivotal role in an organisation’s effectiveness as the organisation which will be negatively affected if this component is not functioning correctly (Higgins, 1998).

4.6 The Organisational Structure of the Focus Firm

The focus firm of this study is made up of three separate organisations that work independently yet function in parallel. All the information about the focus firm has been gathered in what is named “The Group Bible”, a document handed out to each new staff member. This document lays out the structure, history and day-to-day running of the organisation. This will not be included as an appendix due to confidentiality. The focus firm will remain anonymous and will only be referred to as the focus firm.

Figure 11: Organisational Structure of Focus Firm



Source: Researcher’s Observation

The focus firm consists of three independent organisations. The first sales and marketing organisation (Sales Company 1) represents a selection of Cape Wine Farms. Its objective is

wholesale marketing for a small portfolio of top-end Cape wine producers. The image it chooses to project is classy and sophisticated.

The business of the first sales organisation is that of sales and marketing on behalf of its portfolio of farms, deploying sales personnel, a sales manager and a marketing professional in order to achieve sales on behalf of its farms to the retail trade.

The first sales organisation has two forms of agreement with its suppliers:

- a) Consignment stock. (The stock is on consignment from the farm and remains the farm's stock until sold).
- b) Purchase stock. (The stock is purchased by the organisation, on terms, from the farm prior to reselling it).

The stock is sold on behalf of the farms, and the logistics is subcontracted to the logistics organisation, described later. The customers are the responsibility of the first sales organisation, as is the collection of the customers' debt. The agreement with the suppliers is exclusive, but area defined, and excludes "cellar door sales" from the farm, as well as National Chain Stores.

The second organisation is a second sales and marketing organisation (Sales Company 2) on behalf of the Cape wine industry. The portfolio of this sales organisation was taken over in September 2009 from the previous operators. The portfolio was set up to include wines from all regions of the Cape. The image this organisation chooses to project is exciting, funky and "out there".

The business of the second sales organisation, is sales and marketing on behalf of its portfolio of farms, and it therefore deploys sales personnel, a sales manager and a marketing professional in order to achieve sales on behalf of the farms. The organisational structure of the second sales organisation is effectively exactly the same as that of the first and they function concurrently.

The third organisation is purely a logistics organisation (Logistics Company). This organisation entered the market servicing the Cape Wine industry, as it currently does, as well as related products in this market such as olive oil and olives. The image it chooses to project is state of the art efficiency.

The business of the logistics organisation is the carrying out of logistics and supply chain management for the suppliers. The logistics organisation has two distinct supplier types: The

producer (the farm/ manufacturer) and/or agencies operating on behalf of several producers (which the focus firm owns).

The service offered by this logistics organisation includes collecting COD payments and banking them on behalf of the suppliers. This money is collected, kept and deposited in a trust on the suppliers' behalf. However this organisation is not responsible for the suppliers' debt collecting.

The logistic organisation's supply chain takes three forms:

- i. Primary logistics from the producer to the logistic organisation's warehouse. (This is now done by a subcontracted carrier, AM transport).
- ii. Secondary logistics from the organisation's warehouse to retail within a forty to fifty kilometres radius of the logistic organisation's depots. (This is done using their own fleet).
- iii. Logistics further afield (done by couriers or subcontractors).

The three organisations in the group are set up in such a way that, although each has its own identity, resources are shared between them. In order to achieve this, all the organisations' resources are held in the logistics organisation, including all staff, equipment, leases and the like. The remaining companies in the group then hire (rent) these resources from the logistics organisation.

This is done by the way of a "resource levy" calculated each month to include the portions of the various resources utilized by each organisation, including commissions due to the sales staff. This "resources levy" is calculated on a "resource levy schedule" each month, and updated from time to time during the year, to reflect the proportion of each resource pertaining to each organisation. The resources levy including Value Added Tax (VAT) is invoiced by the logistics organisation to the remaining companies monthly. This VAT transaction is purely on paper as in all three companies there is no added value.

Due to the nature of the group structure some of its resources are shared. This means that shared staff are required to "wear more than one hat" at a time. This sharing occurs in sales, accounts and administration.

In sales and management, a number of the consultants represent both of the sales companies. In accounts and admin, the functions of all three companies are represented by the same staff

and all marketing is handled by personnel from all three organisations. The two sales organisations consist fundamentally of debtors, creditors and stock in hand.

The structure of the focus firm has a family-run business dynamic, as a portion of the employees of the focus firm are either family members or very close family friends. In both developed and under-developed countries, family businesses are the most prevalent, best performing and resilient expressions of applied entrepreneurship (Venter, 2007). This may or may not be a positive aspect of the focus firm but literature states that family businesses seem to engender a “soul” into the functioning of such enterprises by means of service leadership in eight areas of operation. These are identified as: customer-care, social responsibility, culture, innovation, behaviour, leadership-by-example, passion for the business, and treatment of employees as if they are members of the family (Venter, 2007).

The family business element of the focus firm has an effect on the manner and success of the focus firm’s development. One of the dynamics of having a family business is that family businesses are more resilient than most non-family businesses (Church, 1993; Miller, 2011). The life-spans of family businesses are, on average, longer than those of non-family businesses and family businesses perform better in volatile and unstable environments (Heck *et al*, 1994; Nahavandi, 2006; Wall, 1998). However there are numerous negative aspects such as, rigidity in the management of the business leading to lack of innovation, the management of transitions proving a major challenge, conflicts of interests between the family and the enterprise as a whole, failure to meet market challenges because of rigidity, nepotism unchecked by objective assessment of meritorious performance, and the selection of leadership becoming more complex (Venter, 2007).

An example of a successful family business is Wal-Mart Stores. From a single store in Arkansas in 1962, founder Sam Walton and younger brother James L. built Wal-Mart into world’s largest retailer, with about 4,700 stores today bigger than Sears, Kmart and J.C. Penney combined (Walmart, 2014).

The three-part structure was chosen by the focus firm’s managers as past experience had shown that having a combined sales and distribution organisation was not profitable as other organisations were struggling with the traditional structure of separate firms. Other factors influencing their decisions were (i) the role of the organisation being a sales and distribution organisation, (ii) the fact that there were 39 employees, (iii) the revenue stream, (iv) the location and (v) the range of the business.

4.7 Summary

In summary, in this chapter organisational structure was defined and the different types of organisational structures explored. It was demonstrated that organisational structure is the core of an organisation. Without a formalised structure the organisation will have no boundaries within which to function and no one understands the tasks required of them and where they fit in the organisational structure.

The role of organisational structure in organisational effectiveness was explored. A structure creates a frame-work for employees and leaders alike to understand their job, position, title and their role in the organisation. It is commonly acknowledged that these roles and positions, as well as the structure of the firm, are not fixed and throughout the organisation's development these can evolve and change to become more effective. This evolution of an organisation has also been evident in the development of the focus firm.

The following chapter will examine in detail the research methodology of this dissertation.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 Introduction

This chapter outlines the research methodology followed in this project.

Research can be defined as: “The manipulation of things, concepts, or symbols for the purpose of generalising to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art” (Slesinger and Stephenson, 1930: 1).

The purpose of the study was to explore the role of leadership style and organisational structure in an organisation’s ability to evolve and ultimately to be more effective.

The researcher has been employed by the focus firm since 2011 and this gives this research a unique first-hand perspective which will be used to direct and support the research process and recommendations.

Due to the nature of this study, the research paradigm chosen is a qualitative Case Study Method and the data will be collected using a short questionnaire, structured interviews, document analysis and day to day observation. This approach was chosen due to the small size of the organisation (only 39 permanent staff members) and the role of the researcher in the organisation.

This chapter will comprise of the following sections: The Aims and Objectives of this dissertation; the research paradigm chosen and explained; the sample that has been used and why; The data gathering and analysis process used; The validity and reliability of the dissertation; The ethical consideration and limitations of this dissertation.

5.2 Research Aims and Objectives

“All progress is born of inquiry. Doubt is often better than overconfidence, for it leads to inquiry, and inquiry leads to invention” (Dubin, Irland and Williams, 1989). The aim of this research is to investigate the role of leadership style and organisational structure in organisational effectiveness.

The Research Objectives of this dissertation are:

1. (a) To outline and describe the current leadership style. This will be done through observation of the organisation, as well as structured interviews. The theoretical methodology from the previous chapters on transactional and transformational leadership will be applied.
(b) To outline and describe the current organisational structure. This will be done through observation and the theory that has been provided in the previous chapter on the different organisational structures, as well as the “Group Bible” that includes information about the theoretic current structure
2. (a) To explore the role of leadership style in organisational effectiveness. This will mainly be exacted through observation of the organisation while working there, interviews and also using the information gathered through the data collection process. All this information will then be analysed according to the theory explored in the previous chapters.
(b) To explore the role of organisational structure in organisational effectiveness. This shall be examined through the analysis of data gathered via the interviews and questionnaires. First-hand experience has been attained by the researcher being employed for two years by the firm. This experience will also be analysed. All the information will then be related to the theory in the previous chapters.
3. To recommend an appropriate leadership style and organisational structure that should be implemented in the organisation in order for it to evolve and be more effective. This shall be developed through analysing all the data that has been gathered through different processes, such as the examination of the scientific process and the subsequent analysis of the results. A careful explanation of the findings will be drawn up and thereafter recommendations will be made as to what needs to be done in order for the organisation to evolve and run efficiently. It is hoped these recommendations will be implemented.

5.3 Research Paradigm

A paradigm is essentially a world view, a whole framework of beliefs, values and methods within which research takes place. It is this world view within which researchers work (Denzin and Lincoln, 1994).

The paradigm used in this study is qualitative with a supporting quantitative component, which adds strength and validity to the qualitative findings. According to Cresswell (1994: 26) “a qualitative study is defined as an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting”. Qualitative research places emphasis on understanding through intimately studying people's words, actions and records (Denzin and Lincoln, 1994; Gummesson, 1991).

According to Denzin and Lincoln (1994: 2) “Qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter”. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. This research involves the studied use and collection of diverse empirical materials: personal experience, life story interview, observational, historical, interactional and visual texts that describe routine and problematic moments and meaning in individuals (Babbie, 2007; Marshall and Rossman, 1999; Terre Blanche, Durrheim and Painter, 2006).

For Cresswell (1994: 2) “qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem”. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting (Cresswell, 1994; Gummesson, 1991).

The goal of qualitative research therefore is to discover patterns which emerge after close observation, careful documentation, and thoughtful analysis of the research topic (Remenyi, 1996). What can be discovered by qualitative research is not sweeping generalizations but contextual findings. This process of discovery is basic to the philosophic underpinning of the qualitative approach.

A mixed method approach is the combination of qualitative and quantitative research and is a much debated form of research. This study uses the quantitative paradigm to a degree as a supportive component to the qualitative data the MLQ is simply used as a tool to verify the findings of the interview process and thus the MLQ is a tool to strengthen the findings of the data.

Therefore the qualitative paradigm is the correct fit for this study due to the researcher working in the organisation for two years and gathering the type of data that was needed for the analysis of leadership style, organisational structure and organisational effectiveness.

5.4 Research Method

The research methodology defines the activity involved in research, the measurement of progress and what contributes to success and it offers an explanation behind the selection of and logic behind research methods and techniques (Barrett, 1998). Various methods are available, but the specific goal of a research project determines which of them would be most suitable (Barrett, 1998).

The choice of an appropriate method is essential in the entire process of planning and designing a research project (Veal, 2005). The major considerations when selecting a method are: The research question or hypothesis as it can lead the researcher in the direction of certain data sources; Previous research - if previous literature case studies are close to the current study and have an influence on the method chosen for current research; Data availability/access - the existence and availability of relevant data can be an impetus to drive the research of the current project (resources can define the scale of the type of research conducted); Validity - this refers to the extent to which the data collected could be a true reflection of the phenomena under this current study; Reliability - the extent to which the findings in the project could be repeated later or in a different setting; Ethics - Can place a limitation on the choice of a research method and the extent of coverage in the problem. Lastly the uses of findings are key elements in shaping research, especially if the results of the research would influence the extent of investment in a project (Becker, 1970; Veal, 2005).

The various organisational and leadership challenges that the focus firm is facing indicated the Case Study Method (CSM) method is appropriate for the analysis of the focus firm. This method of research is a strategy which focuses on understanding the dynamics present within a single setting (Eisenhardt, 1989; Remenyi, 2013). Yin (1993: 6) defines the CSM as “an empirical enquiry that investigates a contemporary phenomenon within its real life context, when the boundaries between phenomenon and context are not clearly evident, and when multiple source of evidence is used”.

The aim is to always provide a rich multi-dimensional picture of the situation being studied (Gummesson, 1991; Remenyi, 2013). This method allows the exploration and understanding of complex issues.

CSM helps explain both the process and outcome of phenomena through complete observation, reconstruction and analysis of the case under investigation (Fidel, 1984; Tellis, 1997).

This method enables a researcher to closely examine the data within a specific context. In most cases, this method selects a small geographic area or a very limited number of individuals as the subject of the case study (Becker, 1970; Remenyi, 2013). Case studies in the true essence explore and investigate contemporary real-life phenomena through detailed contextual analysis of a limited number of events or conditions, and their relationships (Fidel, 1984).

Occasionally the CSM has received criticism in terms of robustness as a research tool; therefore crafting the design of case studies is of paramount importance (Glaser and Strauss, 1967). There is a drawback of a single-case design in its inability to provide a generalising conclusion, in particular when the events are real. A method which this dissertation uses to validate the CSM is triangulation, explained later in this chapter (Zaninal, 2007).

There are also other types of case studies. For instance Mc Donough (1997) explains interpretive and evaluative case studies. In Interpretive case studies, the research aims to interpret the data by developing conceptual categories, supporting or challenging the assumptions made regarding them (Fox, 1958; van der Blonk, 2002). In evaluative case studies, the researcher goes further by adding their judgement to the phenomena found in the data (Fox, 1958; van der Blonk, 2002).

The advantages of using the Case Study Method:

1. The examination of the data is most often conducted within the context of its use (van der Blonk, 2002).
2. Variations of intrinsic, instrumental and collective approaches to case studies allow for both quantitative and qualitative analysis of the data (Hosenfeld, 1984).
3. Detailed qualitative accounts often produced in case studies not only help to explore or describe the data in the real-life environment, but also help to explain the complexities of real life situations which may not be captured through experimental or survey research (Hosenfeld, 1984).

Although there are many advantages to using the Case Study Method, there are also certain disadvantages:

1. Case studies are often accused of lack of rigor (Hair, Money, Samouel and Page, 2007)
2. Case studies provide very little basis for scientific generalisation since they use a limited number of subjects (Yin, 1984).

3. Case studies are often labelled as being too long, difficult to conduct and producing a massive amount of documentation (van der Blonk, 2002).

The justification for this design depends on the existence of the following conditions:

1. That there exists a critical test of a significant theory (Hair *et al*, 2007)
2. The researcher has access to unique descriptive information which could serve as representation to help answer the research question for this study (Gummesson, 1991).

“Multiple case designs are sometimes known to be more reliable than single case designs, because of replication and extensive coverage. However, this method also requires substantial resources and time, both often beyond the reach of a single student or independent researcher. To arrest this perceived weakness of single case design, it could be incorporated with sub-unit analysis, resulting in a more complex embedded design” (Yin, 2003: 47).

This case study would be a single explanatory case study as it is only analysing one focus firm this type of case study examines the data closely both superficially and more deeply in order to explore the phenomena of the data (Zaninal, 2007). Yin (1984) notes that these cases can be explained by three rival theories: A knowledge-driven theory, a problem-solving theory and a social-interaction theory. In this study the problem-solving theory will be used in exploring the role of leadership style and organisation structure in organisational effectiveness. The justification for this method chosen is that there does exist a critical test of the significant theory and the researcher had access to unique and descriptive information which could serve as representation to help answer the research question for this study due to the researcher working for the focus firm for a length of time.

Although there are disadvantages to this method, the Case Study Method was chosen as it best suits the research problem being explored and the focused firm being analysed. It enables the firm to be analysed on a micro level and works in conjunction to the qualitative research paradigm.

5.5 Population Size

“A Research Design is the plan from which information is derived from specific groups of participants. It prescribes the group that should be used and the population from which this group should be drawn. A Research Problem relates to a specific population and embraces the total collection of all the units of analysis about which the researcher desires to make conclusions” (Welman, Kurger and Mitchel, 2005: 52-53).

The population is therefore the study object consisting of individuals, groups, organisations and events. It is the full set of cases from which a sample is taken (Welman *et al*, 2005). For the purpose of this dissertation, the whole population of potential respondents (all 39 permanent staff members) was surveyed.

Although the focus firm is registered as three organisations, these organisations function cohesively and each permanent staff member carries out more than one role. Each permanent staff member plays a vital role through his/her efforts to create a smooth and efficient functioning organisation. Therefore, in this very tight-knit organisation, the permanent staff was chosen as the population.

Every permanent staff member was included as each has the knowledge to indicate how the organisation is currently functioning in his/her respective departments, as well as possessing an informed perspective as to how other departments are functioning. They also have the potential, power and insight to change the organisation where it needs to be changed in order to function more efficiently with regards to leadership and organisational structure.

It was necessary for this study to be a qualitative in-depth case study with a quantitative aspect rather than a purely quantitative study as the population size was small in number.

5.6 Data Gathering Techniques

A researcher gathers data on the topic at hand in order to answer the research question (Becker, 1970). This can be done by gathering entirely new data or by making use of already existing data which is relevant to the research question (Glaser and Strauss, 1967).

Data that has been previously gathered and used for some other purpose or research and is used again for a second research is known as secondary data (Saunders *et al*, 2005). “Data that is gathered for a specific research question and has never been used before is called primary data” (Saunders *et al*, 2005: 188).

Performing data gathering on an organisation is very different to gathering data on an individual (Glaser and Strauss, 1967). Thus, the questions in a data survey should be designed relevant to the focus firm (the organisation) as well as relevant to the research question, irrespective of the method used (Anderson, 2004).

Various data gathering techniques used by researchers include:

1. Questionnaires: This method gathers information from individuals using a formally designed schedule of questions. "Questionnaires and surveys rely on information from respondents and are normally conducted on a population which will assist in answering the research question" (Veal, 2005: 143).
2. Interview: This is a one-on-one encounter between the researcher and a respondent to seek information. It can be used as a tool to get the story behind the respondent's experiences; it also can be used as a follow up tool to validate questionnaires.
3. Observation: "In this situation the researcher gathers information through the experience of actually being present in the focus firm and being able to participate alongside the subjects being analysed" (Veal, 2005: 132-133). This approach is most relevant when detailed information is required (Veal, 2005).
4. Focus groups: This is a process of interviews with a group of people. "This is a less formal situation where more discussion happens and assists in obtaining a wide range of answers to the research question" (Anderson, 2004: 158).

The gathered information would be of no value if it were not accurate, relevant and did not pertain to the problem. The process of justifying research findings therefore hinges on three key concepts: reliability, validity and representativeness.

1. Reliability: If another person or the same person uses the same method at another time, the result is likely to be the same. If the research is repeated, a similar result would be obtained (McNeill and Chapman, 2005). The consistency of results is therefore obtained through research.
2. Validity: The extent to which a "construct measures what is supposed to be measured" (McNeill and Chapman, 2005: 9). It refers to whether the data collection is a true picture of what is being studied or researched (McNeill and Chapman, 2005).
3. Representativeness: This is about whether or not the group or sample under study is typical of others. "If it happens to be the same, then a conclusion can be drawn to the effect that what is true of the situation is the same for another" (McNeill and Chapman, 2005: 10).

For this particular dissertation, the research used for data gathering was mainly qualitative (interviews), using a CSM with a quantitative component (the MLQ, the questionnaire) as a supportive/verifying tool. The primary data gathered was obtained through structured

interviews and observation of day-to-day activities and operations, and the short questionnaire (the MLQ). The secondary data was gathered using document analysis in the form of The Group Bible. Representativeness was achieved as this organisation's 39 permanent staff members are a fair reflection of many other organisations' staff members, as well as the fact that the roles and duties they are assigned are almost the generic roles and duties of other organisations in the same industry.

The questionnaire was based on the Multifactor Leadership Questionnaire (Bass and Avolio, 2002; Hinkin and Schriesheim, 2008). This questionnaire structure was selected as a result of the organisational structure of the three organisations, as well as the fact that the current director has another full-time profession concurrent to owning this organisation. These questionnaires were given to the individual staff members to be filled in by the interviewee prior to the actual individual interviews. The questionnaires were a supporting tool allowing for leadership questions to be asked in structured interviews to eliminate all forms of bias, as well as a verification tool, verifying that the data gathered in the interview process corresponded to the data gathered in the questionnaire. The questionnaire was a short and comprehensive assessment with 45 items that measure a full range of leadership behaviours. This was done by having a follower version and a leader version. The results of what the leaders felt their leadership style was and what the followers said it was were then compared. The Multiple Leadership Questionnaire uses a scale of 0 to 4, with 0 indicating a "not at all" rating of behaviour described in the statement. The other scale, 4, indicates a "frequently if not always" rating of the behaviour described in the statement (Bass and Avolio, 1995: 11; Heinitz *et al*, 2005).

The MLQ measures individual leadership styles as being transformational, transactional, and laissez-faire, as well as the different scales of leadership. The MLQ was utilized to measure elements or scales of transformational and transactional leadership of the academic programme leader. The MLQ measures the degree of a leader's possession of Contingent Reward Leadership attributes. These attributes are demonstrated by leaders that engage in a constructive path, goal transaction and exchange rewards for performance. These leaders clarify expectations, exchange promises and resources, arrange mutually satisfactory agreements, negotiate for resources, exchange assistance for effort, and provide commendations for successful follower performance (Hinkin and Schriesheim, 2008; Jones and Rudd, 2005).

Bass and Avolio (1995) demonstrated the construct validity of the MLQ. The reliability of the MLQ has been proven on many occasions through test-retest, internal consistency methods and alternative methods (Bass and Avolio, 1995). The results of these test-retests studies indicate that the components of transformational, transactional and non-transactional leadership are reliably measured by MLQ (Bass and Avolio, 1995). The MLQ is valid and reliable and has been used extensively worldwide. It has been proven to be a strong predictor of leader performance across a broad range of organisations (Heinitz *et al*, 2005).

Although the data gathering process of this study follows a formal plan, the availability of relevance of information cannot be predicted. Therefore in order to be successful the researcher needs to:

1. Ask the right questions and make the correct interpretations, capture all comments.
2. Be a good listener and not be trapped by his or her own perceptions and ideologies, especially during the interview (Yin, 2003).

The questions were formed for the interviews with the following guidelines in mind and because the MLQ focuses on the role of leadership style, interviewees were selected from those whom data on the role of organisational structure as well as the leadership style in organisational effectiveness could be collected. The interviews were conducted with the 39 permanent staff of the focus firm. There are ten structured pre-planned questions on aspects of leadership style, organisational structure and organisational effectiveness; these questions have been informed by the relevant literature, MLQ, day to day observation and document analysis in order to ensure credibility. The structured interviews were conducted on a one-on-one basis to ensure anonymity and to increase the richness of the data and ensure validity.

Observation played a key role in the case study as the researcher was a permanent employee for two years in the organisation, for 6 months in Cape Town and 18 months in the Johannesburg branch. She was involved in all the day-to-day running processes as well as experiencing what has been functioning correctly with regards leadership style and organisational structure and what needs to be worked on and changed in order for the firm to operate effectively. The researcher's observations with regards to the above have been applied to and used as a validating tool in the interview questions and also the MLQ and will be noted in the findings as such.

5.7 Data Analysis

“Analysing is the process of thought that enables one to understand the nature of what is being investigated, the relationship between different variables in the situation and the likely outcomes of particular actions or interventions” (Anderson, 2004: 169). It involves finding answers to the research questions using the data obtained from the responses (Berthon, Ewing, and Hah, 2002).

When the qualitative approach is applied to a study the data would have the following features:

1. The findings or meanings expressed through people’s words (Saunders *et al*, 2003).
2. Non-standardised data requiring classification into categories (Myers, 1997).
3. “Analysis by conceptualisation” (Saunders *et al*, 2003: 378).

The analytical process involves the following activities:

1. Categorisation: The classification of the information into realistic categories. This information will be derived from the theoretical information collected. These categories are identified and guided by the objectives of the research as stated in the research question (Saunders *et al*, 2003).
2. Unitisation: This involves adding the units of the data to the categories made in the categorisation process. The units would be a number of words, sentences or paragraphs that suit the specific category (Saunders *et al*, 2003).

Analysis of the data for this study was mainly qualitatively analysed with a quantitative component. Qualitative study is a non-numerical examination and interpretation of observations (Fox, 1958). This research analysis is analysed by categorisation, to discover underlying meanings and patterns. This involves repeatedly going through the collected data, breaking it down into themes (these themes have been clearly stated in the findings) and categories, understanding the data and then providing a solution (Babbie, 2007; Marshall and Rossman, 1999; Terre Blanche, Durrheim and Painter, 2006).

NVivo10² was used to analyse the qualitative data, such as the interviews, to explore the role of leadership style and organisational structure in organisational effectiveness. This programme has been developed to help analyse the trends and create coding in qualitative

² NVivo is a qualitative data capturing software package providing analysis, data management and data visualization procedures.

data and represent it in a quantitative manner. This is a reliable tool to use for analysis as it has been used many times in qualitative studies. The researcher is able to code interviews and visualize the coded data in a graphical way.

This dissertation will also use Hermeneutics as a mode of analysis for the interviews. “Hermeneutics focuses on the explanation of a text or text-analogue. An example of a text-analogue is an organisation which the researcher comes to interpret and understand through oral or written text” (Radnitzky, 1970: 20). As part of the interpretative research family, hermeneutics focuses on the significance that an aspect of reality takes on for the people under study (Berthon et al. 2002).

STATISTICA³ was used to help provide data from the MLQ questionnaire and to provide quantitative data to be analysed. It is important to understand that the MLQ is used as a supportive tool verifying the findings of the interviews. Once the data was imported into a STATISTICA spread sheet, the researcher proceeded to calculate the necessary leadership factors or scales as per the MLQ scoring key provided, illustrated in Appendix 4. The factor scores were calculated for each respondent by using the sum of the relevant questions. From these eight factors a further two factors were generated, namely transformational leadership and transactional leadership. A table containing the relevant sample sizes, means, and coefficient intervals and standard deviations for each of the factors was generated illustrated in Appendix 4.

Finally, the research data was analysed by comparing the respondents’ data to that of the literature to identify patterns, any inconsistencies, and other possible meanings in the data.

5.8 Data Validity and Reliability

Triangulation was used to determine whether the data gathered from the questionnaires and the structured interviews, was “true” and “certain” and confirmable (Thurmond, 2001: 254). This method is useful for this study as there was much written documentation as well as observations to be compared and analysed. “Data triangulation involves using different sources of information in order to increase the validity of a study” (Thurmond, 2001: 254). Benefits of triangulation include: Increasing confidence in research data, creating innovative ways of understanding a phenomenon, revealing unique findings, challenging or integrating

³ STATISTICA is a statistics and analytics software package developed by StatSoft. STATISTICA provides data analysis, data management, statistics, data mining, and data visualization procedures.

theories, and providing a clearer understanding of the problem (Sekaran, 2000). These benefits largely result from the diversity and quantity of data that can be used for analysis.

5.9 Ethical Considerations

The source of personal information remained anonymous yet the information provided was documented if found to be useful to the dissertation. This was a voluntary study and staff were not forced to participate. If they felt uncomfortable and wanted to withdraw, they were entitled to do so (Ethical Guidelines, Rhodes University: 2010).

In order for this dissertation to be ethical, a letter outlining the purpose of this thesis and explaining the procedures that were employed was handed to all the staff members. The letter explained the meaning of the dissertation and what it hoped to achieve as well as explaining the structured interviews (Ethical Guidelines, Rhodes University: 2010).

Clear instructions were given when conducting the structured interviews and questionnaires with the staff, management and directors. The structured interviews and questionnaires were conducted on a one-on-one basis with all the respondents remaining anonymous. The completed interview transcripts and questionnaires were each put in a sealed envelope, so that the information could not be seen by others, and analysed outside of the office. If any questions arose while the respondents were being interviewed, there was support offered to answer as best possible (Ethical Guidelines, Rhodes University: 2010).

The personal involvement of the researcher was of a full ethical nature as the respondents were fully aware of the role of the researcher in the organisation and the context of the research. Before the researcher was employed by the organisation an email was sent out to all the staff informing them about the study and the reason for the researcher on the premises. The researcher was employed on a part-time basis to conduct this study on the organisation and the time spent at the focal firm was used to study the firm and gather information in order to understand the role their leadership style and organisational structure has on their organisational effectiveness.

5.10 Summary

This chapter presented the methodology of the dissertation by comparing and discussing various methods that would best suit the study. This dissertation used the qualitative paradigm with a case study method. The population was clearly defined as all the permanent

staff of 39 participants. The research instrument, NVivo10, was discussed and the best reasons for using this programme were given. The data collection methods were provided and reasons given as to why these methods were chosen. STATISTICA was also used to analyse the MLQ questionnaire and this method was clearly explained. The MLQ questionnaire was used as a tool to validate the information gathered in the interviews.

The next chapter will present an overview of the findings, discussion and recommendations of the dissertation, as an indication of the role leadership style and organisational structure have in organisational effectiveness.

CHAPTER 6: FINDINGS, DISCUSSION AND RECOMMENDATIONS

6.1 Introduction

The role leadership style and organisational structure have in overall organisational effectiveness can be established from the objectives that were set out in this dissertation.

This chapter consists of the following sections: Describing the current leadership style 1(a), describing the current organisational structure 1(b), the role of the current leadership style in organisational effectiveness 2(a), the role of organisational structure in organisational effectiveness 2(b).

For the purpose of structure and clarity, various themes have been identified from the definition of organisational effectiveness and the MLQ, which will be used to categorise and structure certain research findings and discussion in this dissertation. The themes are grouped in conjunction with the objectives as follows:

The following themes that are in conjunction with leadership style and objectives 2(a):

- Theme 1: Need for a Structured Hierarchy
- Theme 2: More Active Leadership
- Theme 3: Lack of Communication
- Theme 4: Staff Motivation
- Theme 5: Staff Training and Development
- Theme 6: Challenges in Organisational Culture

The following themes that are in conjunction with organisational structure and objectives 2(b):

- Theme 1: Meetings
- Theme 2: Teamwork
- Theme 3: Structured Job Descriptions

There are also two other questions of interest. Firstly, what is the focus firm's ability to evolve? Secondly, whether the staff feel the organisation has potential. These are important aspects to consider as they are associated with growth and effectiveness as the literature has stated.

The findings and analysis from the qualitative data interviews, how they relate to the dissertation's objectives and also the MLQ, are discussed below, with specific reference to the literature in Chapters Two, Three and Four.

“Logistics” refers to the three different organisations in the graphic representations. “Sales” refers to the two sales organisations which have been combined and which share sales. The staff that work in administration and perform duties for both organisations is labelled “Both”.

Lastly, as a result of the findings, proposed recommendations will be made for improving leadership style and organisational structure. These recommendations will be suggested by positive business theory in literature and thus possess reliability and validity.

6.2 Reliability and Validity

The researcher was in the advantageous position of being employed part-time (three days a week) by the focus firm in both its Cape Town and Johannesburg branches, with the specific aim of analysing the management and leadership of the focus firm. This has given the researcher personal experience in the observation and evaluation of the leadership style and organisational structure of the firm, thus achieving reliability and validity in the research. This was done with the full agreement of the focus firm with the understanding that this was to be a research analysis of their firm adhering to all ethical academic considerations. The researcher was specifically employed as the firm's CEO intended to implement the findings and recommendations of this dissertation where necessary.

As well as this practical observation and experience, interviews were conducted with all the 39 permanent staff members. Each interview was screened and conducted by the researcher in an anonymous setting with set questions, so as to ensure all candidates' answers were true and with a specific focus of questioning. All the data figures and tables were checked by the researcher to ensure that the information displayed was correct and accurate. The interviews were thus conducted in a manner to make them creditable and reliable. The MLQ was applied in this dissertation to validate the information that was gathered during the interviews.

Analysis of the data gathered indicated through the findings that it was reliable and sufficient to achieve the aims and objectives of the dissertation.

~~Refer to the previous chapter for reliability and verification of the tools used to analyse data.~~

6.3 Research Aims and Objectives

The aim of this research was to explore the role of leadership style and organisational structure in organisational effectiveness. The objectives set out in order to achieve the aim were as follows:

6.3.1 Describe the Current Leadership Style

The first objective of the study was to describe the current leadership style of the organisation. In order to achieve this, the staff were interviewed and asked direct questions about the leadership in the organisation, as well as requested to complete the MLQ. The data findings indicate that the current leadership style is transformational in nature particularly management-by-exception passive and contingent reward (Refer: Figure 6, Chapter 3).

As the literature previously stated, an effective leader is essential for change to take place (Refer: Chapter 3, 3.2.1). In order for an organisation to be effective, leaders need to be more transformational than transactional. Figure 12 represents the prominent leadership style in the focus firm, with the follower and leader results compared. It is interesting to note that the leaders and followers results are both transactional leadership. Table 12 below maps out the finding from the MLQ and how these validate the findings from the interviews using a four part mean as well as presenting the comparison between the number of follower and leader responses.

Figure 12: Comparison between Leader and Follower Responses to the Leadership style.

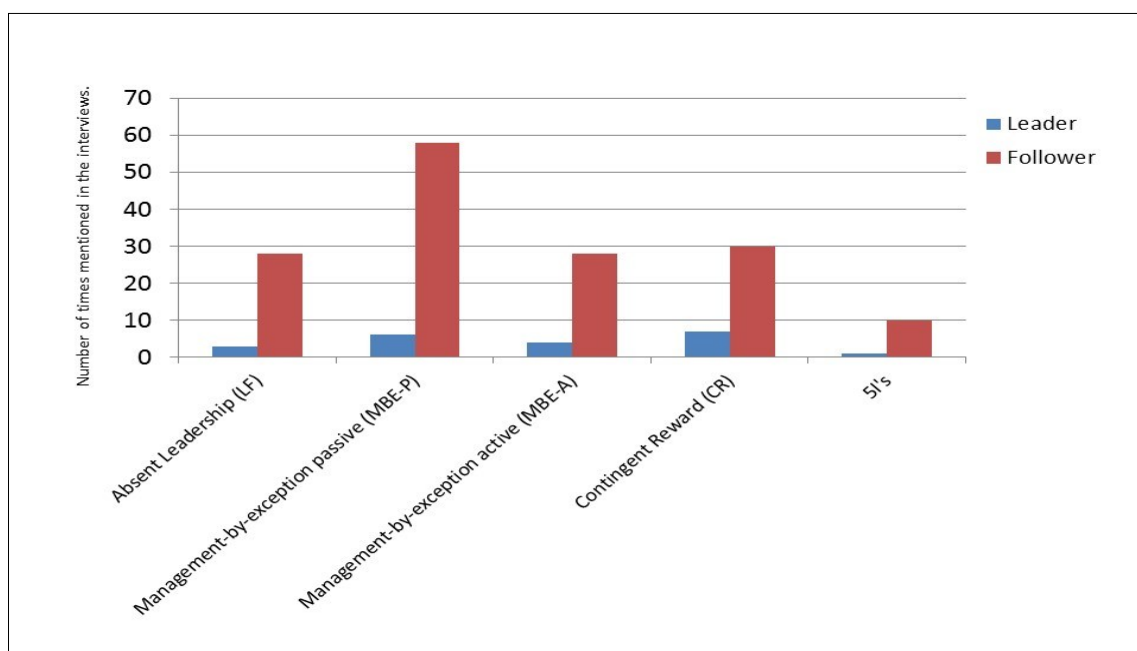


Table 1: Current Leadership Style

Contingent Reward (CR)			
MLQ	Question	Mean	Standard-Deviation
Q1	Provides me with assistance in exchange for my efforts.	2.4	0.9
Q11	Discusses in specific terms who is responsible for achieving performance targets.	1.9	1.3
Q16	Makes clear what one can expect to receive when performance goals are achieved.	2	1.4
Q35	Expresses satisfaction when I meet expectations.	2.7	1.2
Management-by-exception Passive (MBE-P)			
MLQ	Question	Mean	Standard-Deviation
Q3	Fails to interfere until problems become serious.	2.3	1.2
Q12	Waits for things to go wrong before taking action.	2	1.3
Q17	Shows that he/she is a firm believer in 'if it ain't broke, don't fix it'.	2.1	1.2
Q20	Demonstrates that problems must become chronic before taking action.	1.2	1.2
Interview Questions That Apply to Leadership Style	Question	Number of follower responses	Number of leader responses
6	Does your leader act on a problem only once it has become a chronic problem or does your leader foresee the problem and act? Is the leader present enough in the department or does he need a more hands on role?	20	15
9	What do you feel that this organisation can do differently with regards to leadership or organisational structure to become more profitable?	16	9

6.3.2 Description of the Current Organisational Structure

Through observation and document analysis, as previously mentioned in greater detail (Figure 11), the organisation's structure is a unique Matrix Structure. The organisation's current structure is what sets it apart from other wine sales and distribution organisations. Having three separate organisations functioning simultaneously yet independently, each with their own manager yet sharing facilities and skills, is an asset to the organisation as it sets it apart from its competitors although this comes with its own challenges. However this organisation's structure is a source of great confusion for customers as they do not know whether it is the same company or if they are different companies.

The structure of the focus firm adds to the poor communication in the organisation, as the employees cannot identify the correct manager with whom to discuss a specific problem. This is also enhanced by the type of leadership style in the organisation being Management-by-Exception Passive and Contingent Reward (Refer: Chapter 3, 3.4). As the managers only get involved when they have to, they fight fires instead of paving the way forward and providing support for the employees.

This structure was created due to the past experience of the founder and has not had substantive changes over its history. It is designed so that the distribution organisation does not end up becoming the supporting component of the sales organisation and with the intention that they each can function independently. This is largely successful as one organisation does not have to rely on the other's success, yet for customers it can be rather confusing as the staff is shared between the three organisations as well as the resources.

6.3.3 The Role of Leadership Style in Organisational Effectiveness

As previously mentioned in the literature, an appropriate leadership style and organisational structure enables an organisation to develop and determines whether or not it will be able to be effective (Refer: Chapter 4, 4.4).

In order to achieve this objective certain themes were looked at, such as:

Theme 1: Need for a Structured Hierarchy

Theme 2: More Active Leadership

Theme 3: Lack of Communication

Theme 4: Staff Motivation

Theme 5: Staff Training and Development

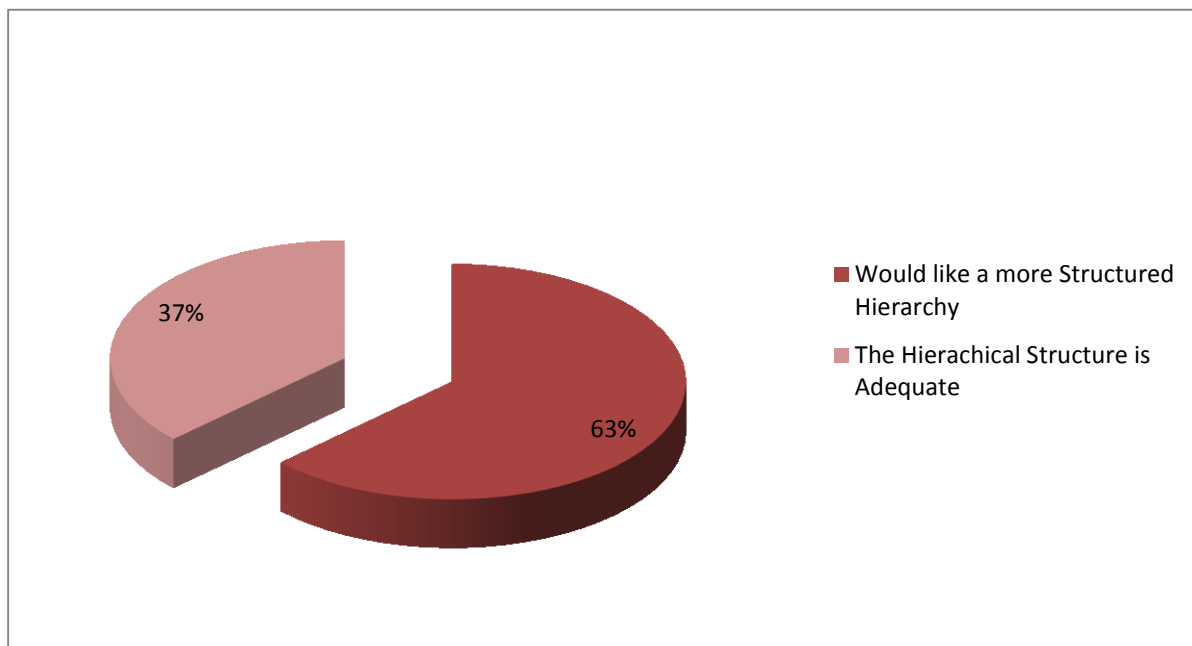
Theme 6: Challenges in Organisational Culture

All findings were gathered through the interview process with the MLQ used as a verifier.

6.3.3.1 Theme 1: Structured Hierarchy

Having a clear hierarchical structure and leader are vital for an organisation to succeed and flourish. Leaders are agents for change. The literature states that if there is no clear formal hierarchy, employees do not know to whom to report and the organisation will ultimately struggle to be effective, as issues and challenges that the staff face are not being dealt with by the correct manager or leader (Refer: Chapter 4, 4).

Figure 13: Respondent views on Management Structure: Adequate vs Inadequate



The above figure (Figure 13) graphically illustrates the need for a clear hierarchy. The majority, 63% of the staff of the focus firm (mainly warehouse staff), mentioned that they do not know to whom to report when they have a problem and that they would like a clearer hierarchy, whilst the other 37% feel that there is no need for a clearer hierarchy.

The information from the interviews also displays that the majority of the followers (38) feel that there is a pertinent need for a clearer hierarchy. However, there appear to be fewer leaders (2) who mention the necessity for a clearer hierarchy. There is a significant number of staff who wish to consider changing the current hierarchical structure.

Looking at the comparison between the Cape Town branch and the Johannesburg branch, evidence shows the Johannesburg branch has a greater percentage of employees mentioning that there is a problem than the Cape Town branch. This is probably due to the different branch sizes. This is interesting as the Cape Town branch is dependent on the main Johannesburg branch, yet they feel that the leadership in their branch provides them with more assistance and support than that of the main branch, which differs from most organisations.

Respondents (followers): 2, 5, 9, 11, 14, 15, 16, 19, 20, 21, 24, 27, while respondents (leaders) 1, 25, 30, 33, 39 mentioned important aspects about structured hierarchy:

- Staff feel they do not know to whom they are supposed to report for certain problems
- Staff feel that people do not have clear enough roles in the organisation
- They feel there needs to be a clear chain of command as there are too many people assuming the Leadership role

If an organisation does not have a structured hierarchy the leadership style and organisational structure will begin to suffer. This has been demonstrated by the fact that the leadership style is more fighting fires and hands off and this is due to leaders not clearly knowing their role and followers not knowing to whom they are meant to report (which was mentioned in the organisational structure). This will play a negative role in the focus firm's organisational effectiveness as the leaders and followers are unsure of their position in the organisation, which has resulted in confusion and cross-over of job descriptions (Refer: Chapter 3, 3.4).

6.3.3.2 Theme 2: Active Leadership

With the lack of active leadership in the organisation many other components are affected, and thus the overall effectiveness of the organisation will underperform.

A Laissez-faire leader, as the literature mentioned, adopts the role of indifference and non-involvement; hence this mode could be called abdication of responsibility. This will have a clear effect on the organisation, as having an absent leader will affect the employee's ability to cope with challenges, grow, and achieve goals. A leader such as this provides basic but minimal information and resources. There is virtually no participation, involvement, or communication within the workforce. Understanding of job requirements, policies, and procedures are generally exchanged from employee to employee. As a result many processes are out of control.

A considerable number of employees, including some leaders, feel there needs to be clearer and more active leadership in the organisation. 75% mentioned [\(Information gathered through interviews\)](#) that there is a need for clearer more active leadership, while 25% of the organisation feels that leadership is adequate. The findings from the MLQ validate these findings [as seen in Table 2.](#)

Table 2: The Findings from the MLQ

Theme 2: Active Leadership			
MLQ	Questions	Mean	Standard-Deviation
Q5	Avoids getting involved when important issues arise.	1.8	1.2
Q7	Is absent when needed.	1.8	1.4
Q28	Avoids making decisions.	1.7	1.1
Q33	Delays responding to urgent questions.	2.5	0.8
Questions from the interview.			
Interview Questions	Question	Follower responses	Leader responses
1	Does your department have group meetings once a month or at any time? Do you feel it would be beneficial?	20 replied 'No' then 'Yes' but 91% of staff said they want meetings	5 replied 'Yes'
5	Do you feel that training is evident in your department?	25 replied 'No'	5 replied 'Yes'
6	Does your leader act on problems only once they have become a chronic problem or does your leader foresee the problem and act? Is the leader present enough in the department or does he need a more hands on role?	29 followers felt leaders act when problems are chronic and need to be more hands on	3 leaders thought they were in control
8	What do you feel that this organisation can do differently with regards to leadership or organisational structure to become more profitable?	29 followers had recommendations for leadership	5 leaders were satisfied with the firm's leadership

6.3.3.3 Theme 3: Lack of Communication

Communication is a vital component in organisational effectiveness, ~~as mentioned in previous literature~~ (Gibson, Ivancevich and Donnelly, 1991). This challenge needs to be corrected in order for the organisation to be more effective.

Figure 14: Lack of Communication in the Organisation

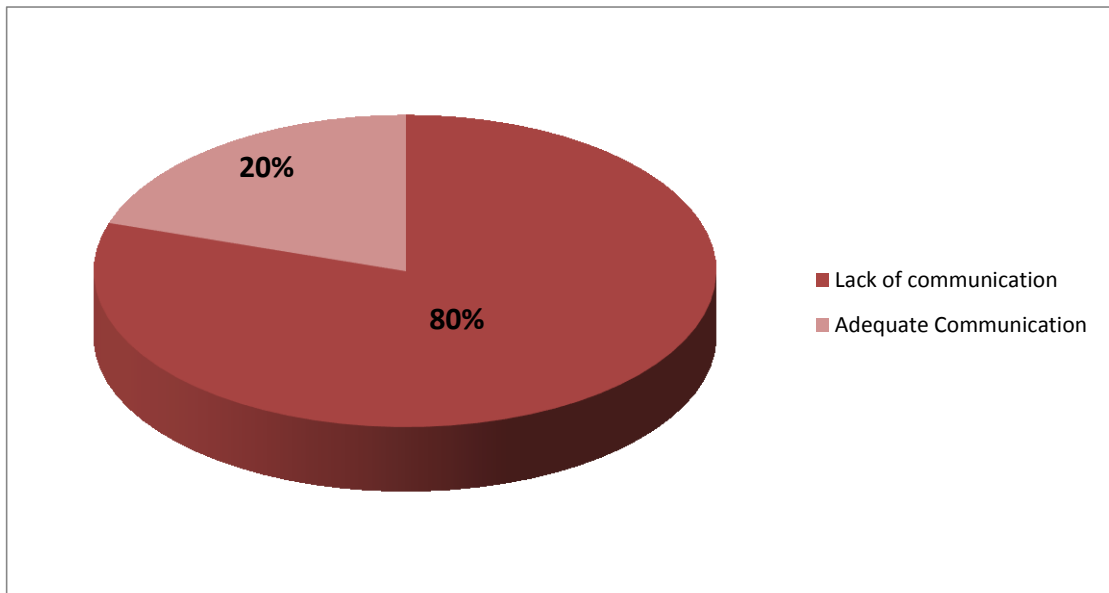


Figure 15: Comparison between the Different Departments and Organisations with Regards to Problems with Communication.

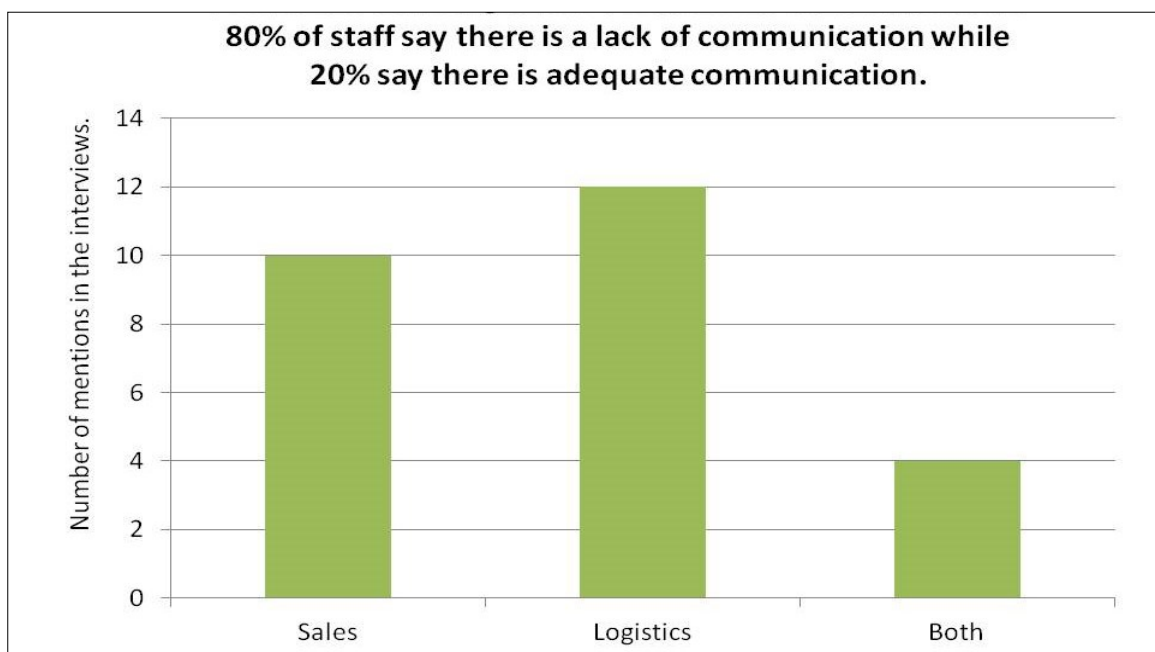


Figure 14 represents the number of employees including leaders that feel there is poor communication in the organisation. The majority of the staff 80% feel that there is poor communication in the organisation between departments and generally, while the other 20% feel that communication is adequate. Figure 15 represents the comparison between the different departments and organisations with regards to problems with communication. The logistics organisation had the most mentions of communication issues, see below, while the administration department had the least (Both, as named in figure 14). This might be due to the number of employees that work in each department as well as the management style. Poor communication has a negative effect on organisational effectiveness.

Important aspects mentioned by respondents: 1, 5, 13, 16, 17, 22, 25, 26, 27, 30, 33, 39 in the interviews multiple times:

- There is poor communication between the Johannesburg accounts department and Cape Town.
- There is poor communication between accounts (both as seen in graph) and other departments
- There is terrible communication between each department
- Emails do not get responded to

The fact that there is poor communication and people do not understand why messages and instructions get confused, is a typical transactional leadership trait in an organisation. A transformational leader has open-door communication between individuals and departments. This will ultimately impact the effectiveness of the organisation as messages get lost and instructions are not clear (Refer: Chapter 3, 3.4).

6.3.3.4 Theme 4: Staff Motivation

Motivation is an important aspect of organisational effectiveness. If, in their various positions, the staff is not sufficiently motivated they will not perform to the best of their ability. It is the leader's role in the organisation to motivate and inspire staff. The above evidence indicated that in the focus firm this is not being achieved due to the transactional leadership style that is present in the organisation (Refer: Chapter 3, 3.4).

A small majority of the staff 56% feels that their job is sufficiently challenging and 44% of the staff feel that they get bored and their jobs get monotonous. If leaders do not inspire and motivate no change will take place. The results for the MLQ as shown in Table 3. This is

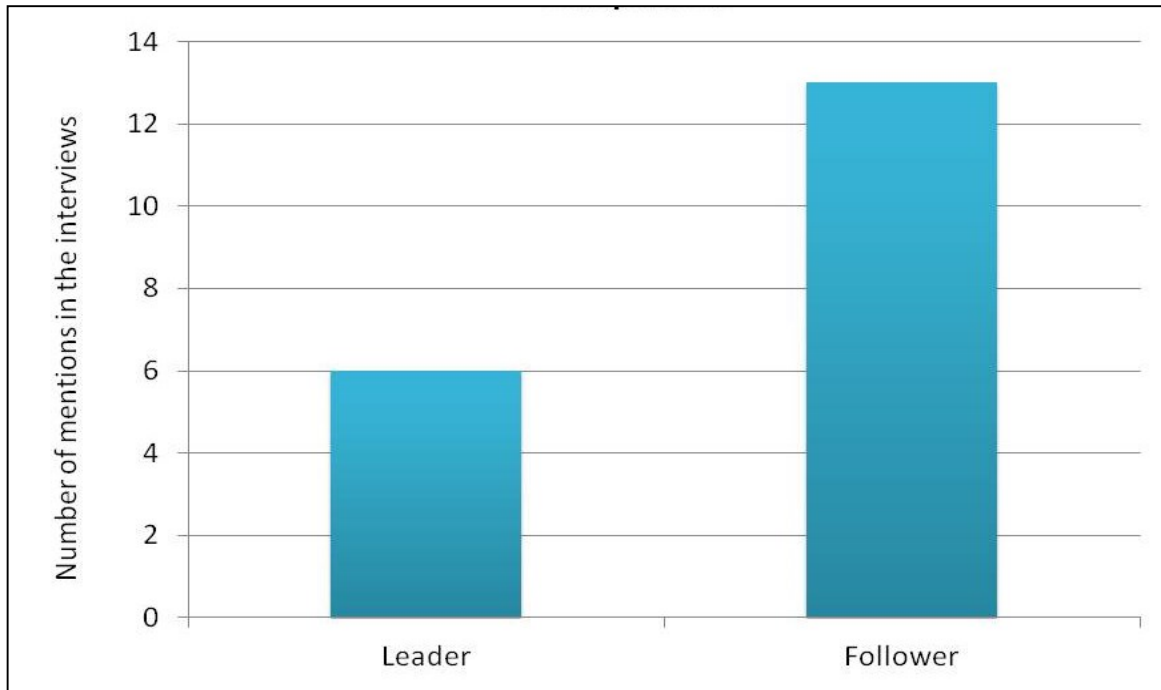
shown using a 4 part mean as well as the correlation of the number of responses to the actual questions stated in the MLQ.

Table 3: Findings from the MLQ

Theme 4: Staff Motivation			
MLQ	Question	Mean	Standard-Deviation
Q10	Instills pride in me for being associated with him/her.	2.6	1.1
Q13	Talks enthusiastically about what needs to be accomplished.	2.8	1.2
Q26	Articulates a compelling vision of the future.	2.6	1.1
Q36	Expresses confidence that goals will be achieved.	2.6	0.9
Questions from the Interviews			
Interview Questions	Question	Number of follower responses	Number of leader responses
2	Are you given performance targets? Do you know which ones are for you and how you are going to achieve these?	30 followers responded 'No' to both questions	2 leaders responded 'Yes'
3	Do you feel as though in your position you are challenged enough and stimulated?	26 followers responded 'No'	2 leaders responded 'Yes'
4	Does your department have group meetings once a month or at any time? Do you feel it would be beneficial?	34 followers responded 'No' then 'Yes'	All leaders were satisfied

This category includes the aspect of structured targets as these provide them with structure and something to strive towards.

Figure 16: Need for Structured Targets: Leader/Followers Comparison



A vast majority of the staff does not receive structured targets and would like to. Providing the staff with structured targets is a method in which leadership can motivate staff. The above figure represents the frequency with which the need for structured targets was mentioned throughout the interviews. This is a simple way in which motivation and a sense of purpose can be achieved within the organisation. It is therefore vital that structured targets are put in place to achieve organisational effectiveness.

Important aspects mentioned by respondents 3, 4, 5, 6, 10, 15, 17, 20 and 25 in the interviews:

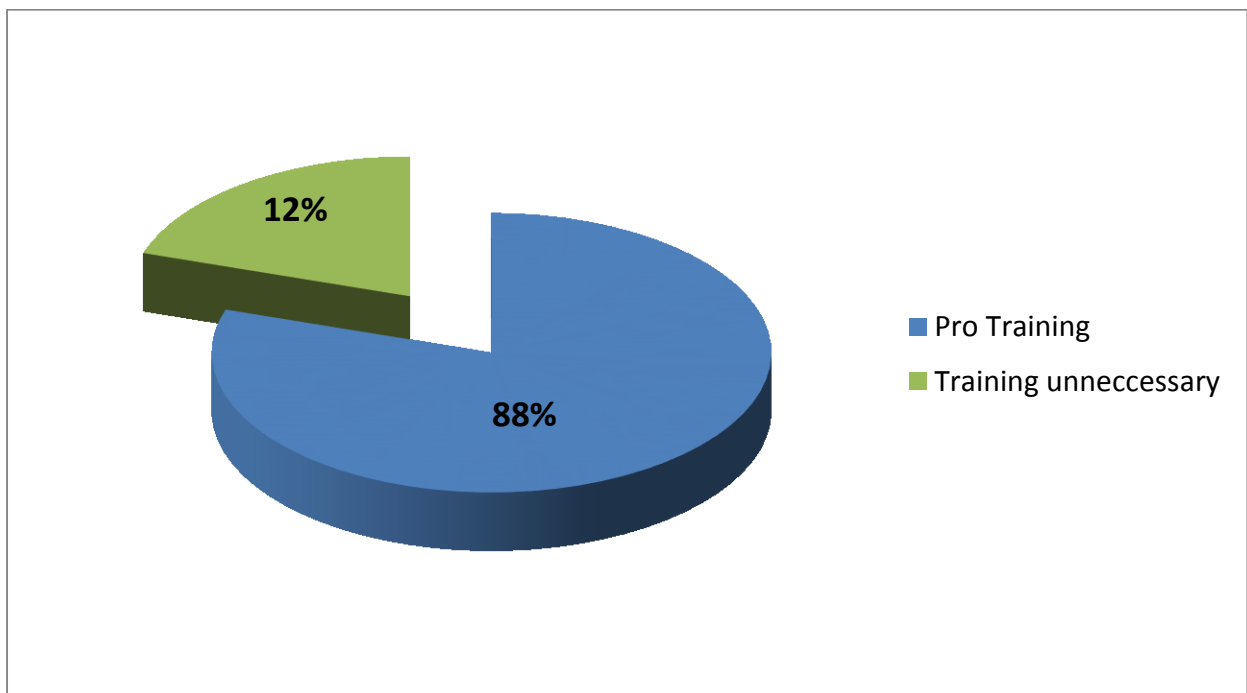
- I have more than one role
- I could be more stimulated
- Same thing every day, it gets boring
- I am continuously busy
- I feel under huge pressure to meet targets
- There is so much to do
- I am faced with new challenges every day
- We all seem to do a bit of everything

It is important to note the closeness of the results as with greater attention paid to this area of leadership and more training of staff, this aspect could be a positive attribute of the current leaders. Although the results were very close it is a transformational leader who achieves idealized motivation of their staff. Analysis revealed that the findings with regards to structured targets stated that a vast majority of staff are not given structured targets and would like to receive them. This should be noted by leadership and used as a tool to motivate, as more needs to be done in this area and training is an aspect which can provide this help.

6.3.3.5 Theme 5: Staff Training and Development

Training plays a vital role that will allow the organisation to be effective as it is a component which must be achieved for greater effectiveness.

Figure 17: Training for Staff



This figure represents the feelings of all the employees including the leaders regarding the amount of training they have received. 88% of staff would like more training, while 12% feel that they have had adequate training.

Important aspects mentioned 54 times by respondents: 1, 3, 4, 5, 6, 9, 10, 12, 13, 14, 15, 17, 19, 22, 23, 25, 39, 30 and 33 in the interviews:

- Majority of staff only received in-house training.
- The in-house training was not comprehensive: Staff was shown once what to do and expected to know.
- Most members of staff were not given, as presumed by management, a hand-book (“The Group Bible”) on how the processes and procedures work.
- Accounts department would like:
 1. Software training
 2. Book-keeping courses
 3. Courses relating to tax regulations
- Cape Town: Accounts would like more Pastel training
 Sales team: Feel they would benefit from refresher sales courses
 Warehouse: Received mentorship but would like more training
- Johannesburg: Sales team feel they need formal sales training as majority have no prior experience in this field.
 Front of house: Would like a secretarial course and tele-sales training.
 Warehouse: Would like stock-taking training.

The employees in this organisation obviously have the desire to improve their skills and abilities and this is very positive. It is the leader’s duty to acknowledge the staff’s feelings and recommendations concerning training and their desire to develop their skills, thus allowing the organisation to be effective (Refer: Chapter 3, 3.4).

6.3.3.6 Theme 6: Organisational Culture

Organisational culture plays a fundamental role in the effectiveness and development of an organisation. Positive organisational culture can create a motivated staff and good customer relations. It is vital that leaders manage organisational culture as employees can become despondent and develop bad habits (Refer: Chapter 3, 3.4).

62% of the staff mentioned that there are challenges in organisational culture and 38% feel that there is positive organisational culture.

Figure 18: Comparison between Frequency of Positive and Negative Organisational Traits Mentioned by Leaders and Followers

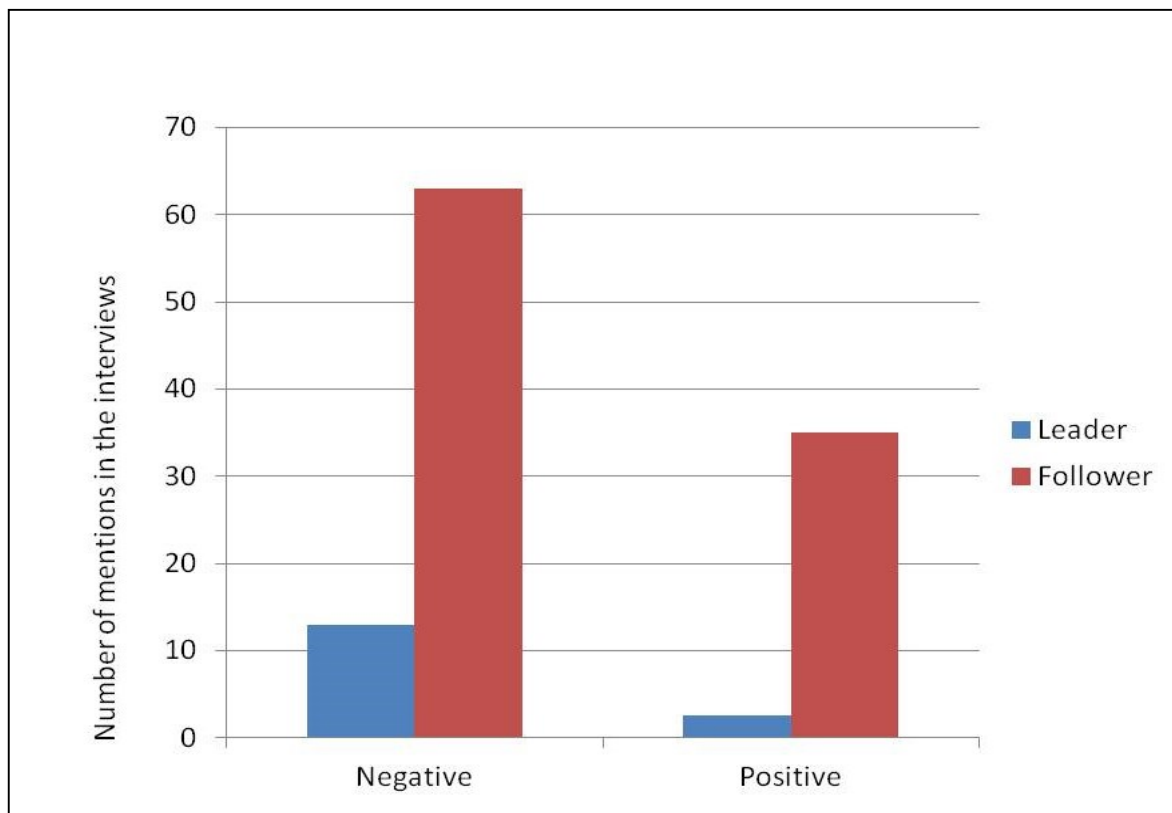


Figure 18 demonstrates that leaders mentioned negative organisational culture traits more often than positive organisational culture traits. It also indicates that followers suggest a far greater frequency of negative organisational culture.

Organisational culture is a theme which permeates all aspects of an organisation, it is a theme which highlights all the problematic aspects as well as the aspects which work.

Important aspects of organisational culture mentioned 196 times by respondents in all the interviews:

- Poor organisational culture is a much more prevalent opinion amongst Johannesburg staff members
- Staff members have favourites
- Majority of staff would leave if another job offer was received
- Some staff are rude and unappreciative
- Some staff avoid answering a telephone call if they know someone is phoning to complain

- Staff have to repeatedly pass on a message concerning a problem as it keeps getting ignored and customers get upset
- Some staff members bring personal issues to work
- Some staff members are short tempered
- Management are quick to pick up on mistakes and criticise, but when someone does something well they do not offer positive acknowledgement
- Staff have low motivation, the majority state that they come to work because they have to and not because they love what they do

The staff does not have a clear chain of command, there is a lack of mentorship and as a result negative organisational cultural traits have developed. Also, the above findings reveal the need for the development in the firm of a clear hierarchy and the need for present leadership to motivate, train and communicate with staff. The current leadership style is having a detrimental impact on the organisational effectiveness of the focus firm.

6.3.4 The Role of Organisational Structure in Organisational Effectiveness

To analyse the role of organisational structure in organisational effectiveness, certain essential themes were explored during the interview process and the MLQ:

Theme 1: Business meetings

Theme 2: Structured job descriptions

Theme 3: Teamwork

Figure 19: Follower Leader Comparison of the Organisation Structure Components

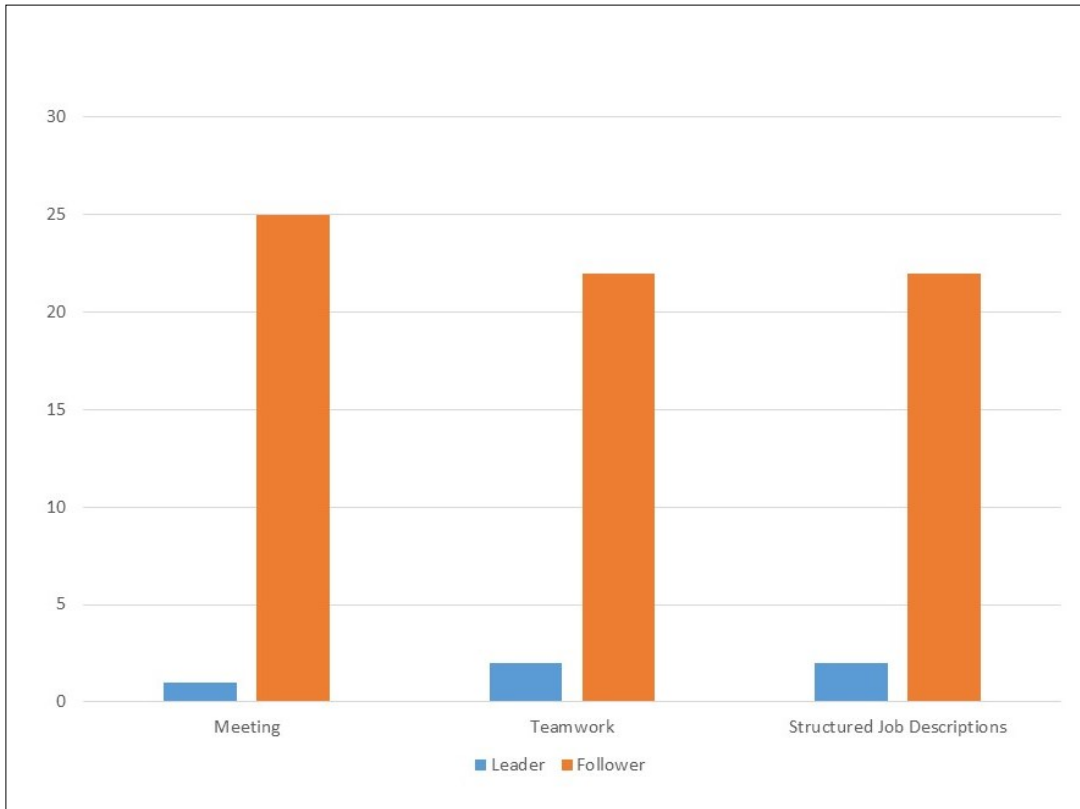


Figure 19 represents the comparison between the follower and leader responses to the organisational structural components. The majority of the staff in Cape Town feel they would benefit from having their own systems put in place, while the leaders in the Johannesburg office do not agree. These issues are discussed in greater detail in this section.

6.3.4.1 Theme 1: Meetings

In order for an organisation to grow and develop, effective communication (a fundamental building block in a business) has to be established. Meetings fall into the same category as communication and this is a challenge the focus firm needs to address. If leaders and management do not solve this challenge the focus firm will struggle as it plays a significant role in organisational effectiveness (Refer: Chapter 4, 4.4).

Figure 20: Leader and Follower Comparison of the Need for Meetings

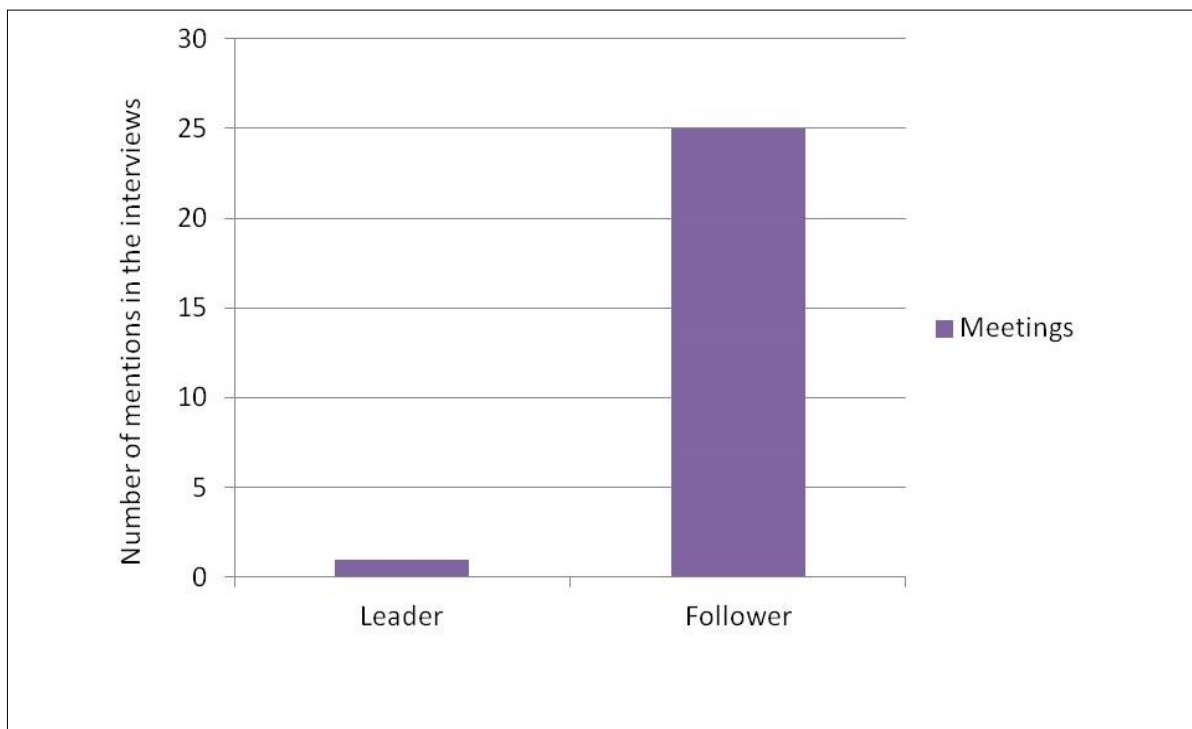


Figure 20 represents the number of staff including leaders who feel that regular meetings would be beneficial to them and the organisation. 95% would like regular meetings, while the other 5% feel that the number of times the organisation meets is adequate.

Important aspects about meetings mentioned by respondents: 3, 6, 10, 24, 26, 27, 28, 29, 30 (26 times in the interviews):

- There are no regular meetings for every department
- Warehouse staff never have meetings
- Meetings are a necessary forum to improve communication
- Regular meetings are needed to discuss goals and other issues

Meetings are a constructive forum to improve the communication in an organisation, to keep track of whether targets are being reached and to express the organisation's goals, values and mission statement. This is something the focus firm is lacking and would be advised to implement.

6.3.4.2 Theme 2: Teamwork

Good teamwork is a building block for the effectiveness of an organisation and this cannot be achieved if staff does not work together to achieve the goals of the organisation.

Table 4: Comparison of the Frequency of Mentioning of Teamwork by Leaders and Followers

Follower	Leaders
22	2

Table 4 represents the comparison between the way the leaders and followers view teamwork in the organisation. Followers feel that there is quite a good teamwork; leaders agree and feel that there is relatively satisfactory teamwork.

Figure 21: Staff Reaction to the Teamwork in the Organisation

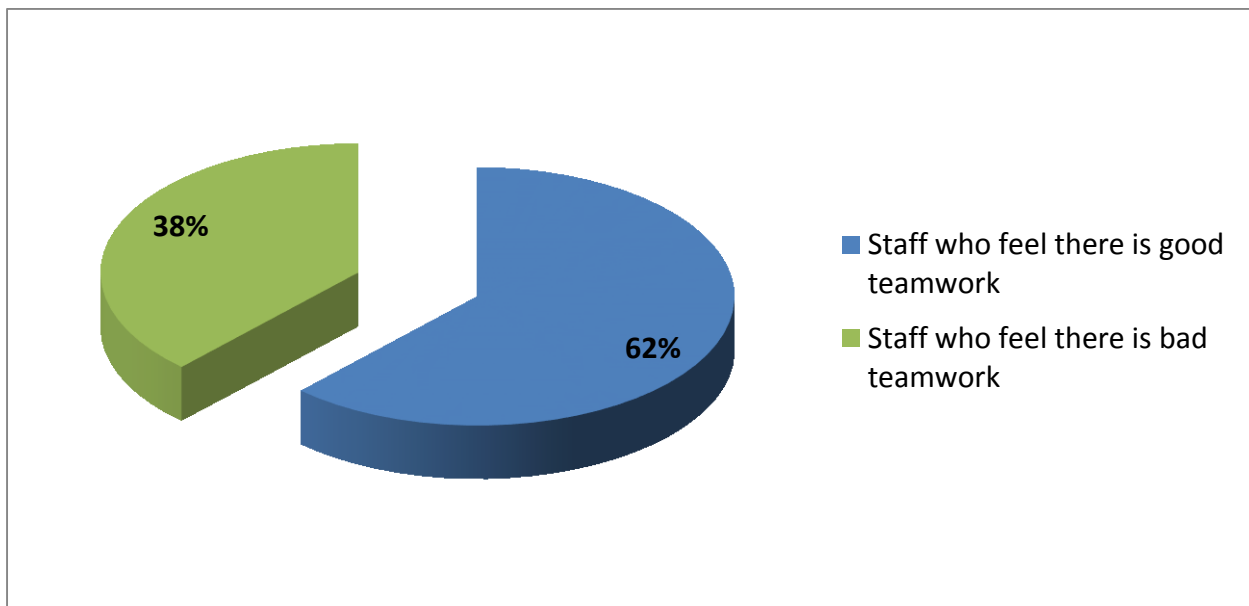


Figure 21, the majority of the staff, 62%, feel that there is good teamwork in the organisation which is a positive attribute of the present organisational structure. However, throughout the interviews it was mentioned that the teamwork between Cape Town and Johannesburg is poor and needs to be addressed in order for the organisation to work more effectively.

Important aspects mentioned 24 times in the interviews by respondents: 5, 17, 22, 25, 27, 29, 33 and 34:

- Many interviewees mentioned unsatisfactory teamwork between the Cape Town office and Johannesburg office.
- Cape Town feels rather “forgotten”.
- Cape Town mentions that “the Johannesburg office really needs to support us more”.
- The Johannesburg office does not make the Cape Town office feel like equal players.
- There is good teamwork in individual departments but poor teamwork in the whole organisation.
- We discuss how we can help each other out.
- Everyone helps each other out.
- It’s a jungle out there.

6.3.4.3 Theme 3: Structured Job Descriptions

As the literature states, in order to grow, evolve and be effective each member must know the part they play in the evolution of the firm. If their job descriptions are unclear this becomes negatively challenging.

Figure 22: Employees’ Need for Structured Job Descriptions in Each Organisation

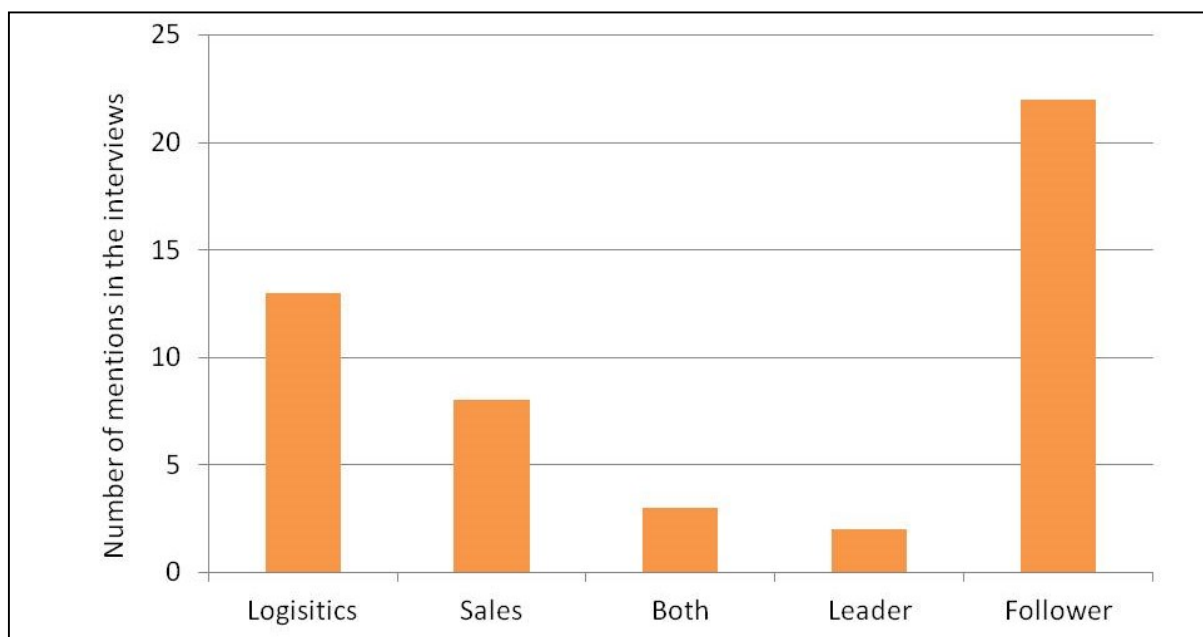


Figure 22 represents the frequency with which the need for structured job descriptions was mentioned throughout the interviews. As the above figure indicates there is a great desire by the staff, mainly warehouse, to have more structured job descriptions. It was mentioned in the interviews numerous times that everyone does a bit of everything, that they do not have distinct roles.

The literature stated previously that in order for an organisation to be effective it must be able to evolve and change the organisational structure when necessary. Over-complexity of organisational structure is one of the most important and fundamental causes of poor management and will be a hurdle in an organisation's effectiveness. Having a clear picture of the organisation provides an easier platform from which to direct and solve problems. Team members must be able to trust each other, solve differences, communicate and question processes in place in order to be effective (Refer: Chapter 4, 4.4).

All the above figures conclude that organisational structure and organisational components have a direct role in whether the organisation is effective or not.

6.3.5 The Ability of the Focus Firm to Evolve

By analysing all the evidence it can be understood that the focus firm is currently in a crisis of leadership in accordance with the Greiner Theory of Evolution and Revolution. This crisis has arisen due to the lack of present and active leadership in the organisation. As mentioned in the literature, this crisis comes into effect as the organisation grows. With the development of larger production runs the organisation needs to improve efficiencies. The leadership crisis creates unwanted management tasks for the founders and conflicts arise. This applies to the focus firm as this organisation has grown and the leader, who is engaged in other activities, does not have the time to be the present and the dynamic leader that the organisation needs in order to evolve. The ability to evolve and change enables an organisation to succeed and be effective and lack thereof can result in the failure of the organisation. Table 5 is the correlation of results from the MLQ with regards to the focus firm's ability to evolve. As the results depict the employees of the focus firm do not think that the focus firm has the ability to evolve.

In the previous literature Greiner maps out steps which leaders can take in order to overcome a period of evolution: knowing the age of the organisation, knowing at what stage of growth the organisation is at, being able to delegate, and having the knowledge that evolving might involve dismantling current structures (Greiner, 1998) (Refer: Chapter 2, 2.3.3). This will be

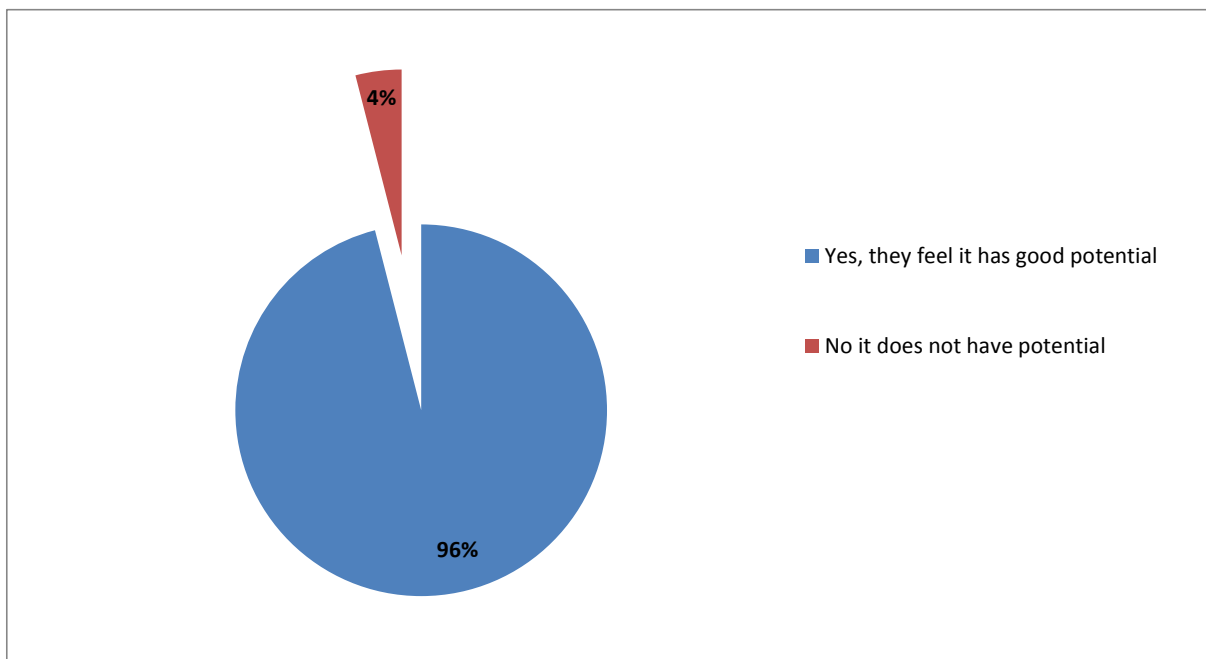
challenging for leaders and staff as leaders have developed the habit of stepping back and not getting too involved due to the current state of leadership in the organisation,. This must change for the organisation to be effective.

Table 5: Findings from the MLQ

Ability of the Focus Firm to Evolve			
MLQ	Questions	Mean	Standard-Deviation
Q5	Avoids getting involved when important issues arise.	1.8	1.2
Q25	Displays a sense of power and confidence.	2.6	1
Q39	Gets me to do things more than I am expected to do.	2.6	1.2
Questions From the Interviews	Question	Follower	Leader
1	Do you see an optimistic future for this organisation?	25 followers responded 'Yes'	6 Leaders responded 'Yes'
10	Where do you see the organisation in 5 years if it does not develop and change?	20 followers said it would close	3 leaders said it would close

6.4 Does the Organisation have Potential?

Figure 23: Staff Reaction as to whether this Organisation has Potential

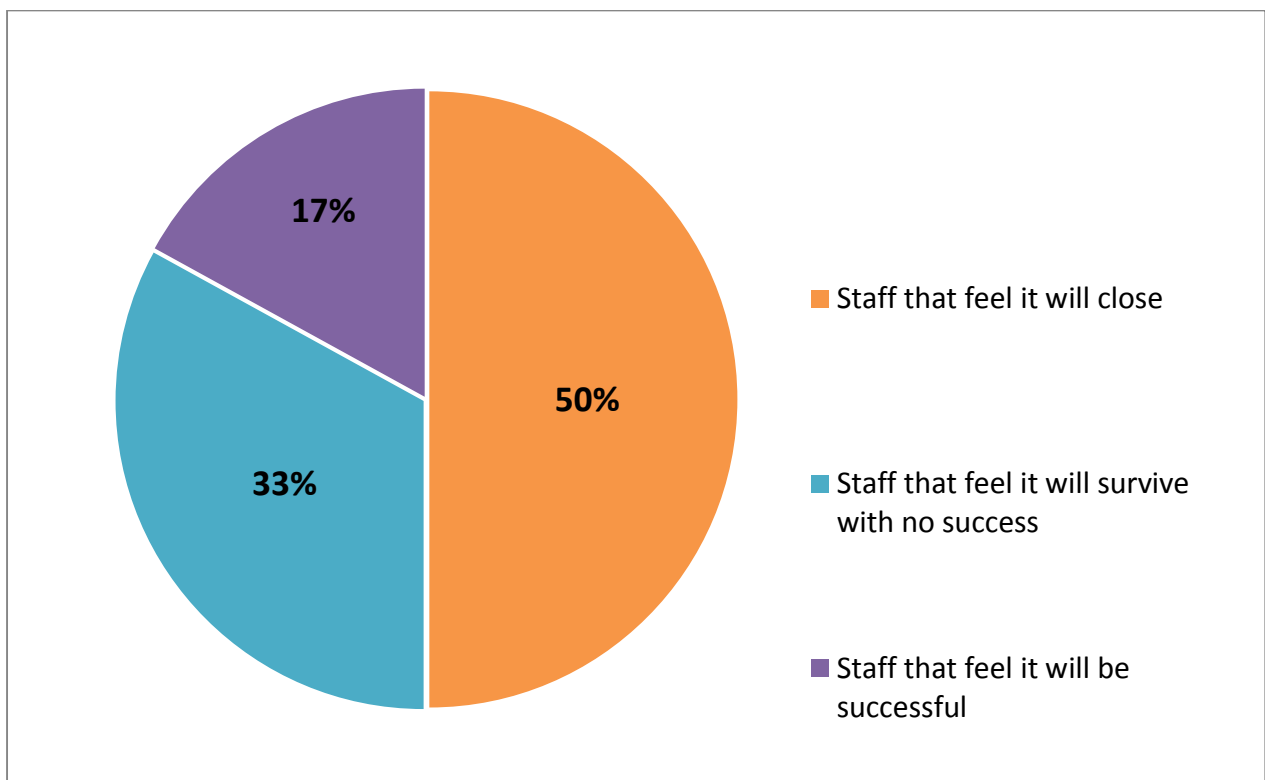


The staff, when interviewed, were asked whether they thought the organisation had potential. The response was encouraging. The vast majority of the staff answered positively and felt that this organisation had great potential. It also was mentioned that inadequate systems and procedures are in place and this is preventing the organisation from being more successful and effective.

This information indicates that the staff is willing to change and evolve as they feel that they are working for an organisation with good potential for success. In order for this to take place, the leadership needs to be more actively involved.

6.5 Survival of the Organisation

Figure 24: Staff Predictions as to Whether the Organisation will Survive if the Organisation does not Change



Although the staff feel that there is potential for this organisation, half of them feel that the organisation will close down if the systems and procedures do not change; only 17% say it will be successful. This data indicates that the procedures and systems in place need to change in order for the organisation to become effective

6.6 Recommendations

The aim of this study was to investigate the role of leadership style and organisational structure in the organisational effectiveness of this focus firm. The findings suggest that there are certain challenges that the organisation is presently facing in these areas. The recommendations will suggest changes that need to be implemented in order overcome these challenges

6.6.1 Leadership Recommendations

As the findings suggest, the organisation currently has a transactional leadership style, particularly a Management by Exception (Passive) and Contingent Reward, and this has led to a crisis of leadership. Findings have indicated that the current leadership style has a direct role on the effectiveness of the organisation. Currently there is an unclear hierarchy, poor communication, lack of structured training and targets. As result, the organisational culture has developed some counter-productive traits.

In order to solve these challenges the following recommendations have been suggested:

Firstly, to employ a permanent onsite leader with a manager for each department from commencement of business in the morning until close of business. The majority, 75%, of staff mentioned that there is a need for clearer more active leadership. An onsite leader will enable the managers to get immediate guidance when needed and the leader will know what exact processes and procedures are in place. This is imperative for the organisation to evolve out of its present leadership crisis. The presence of active involved leadership will immediately be able to solve many of the challenges the organisation is facing. It is the simplest and most effective change the organisation is recommended to implement, as active present leaders are needed in order to implement change and development in the organisation (Refer: Chapter 3, 3.4).

Secondly, the leader needs to have more positive and active communication with all departments as 80% feel that there is poor communication in the organisation between departments generally. There needs to be an open-door policy of communication between departments, workers and top management. The leader needs to put certain communication policies in place, such as a 20 minute response time to all emails and a certain penalty in place if this is not adhered to. Including a no excuses policy on answering the telephone when customers have a question or complaint. All top management staff must be reachable at all

hours of the working day by cell phone, landline or email. Another aspect of this is the communication between the accounts department and the sales representatives. It is imperative that the sales representatives are able to have access to customer accounts are on hold due to late or unpaid bills. This is manageable through a comprehensive CRM (Customer Relation Management System). This will improve the relationship between the representatives and their customers as well as create better communication between the sale representatives and the debtors' department (Refer: Chapter 3, 3.4).

Thirdly, in order to deal with communication problems it is vital that for every department leaders create structured meetings that take place monthly or every fortnight, with a yearly meeting of the entire organisation, as 95% of the staff noted they would like regular meetings. This vital component of the organisation is presently absent in most departments and there is a need for the following meeting structure to be introduce (Refer to Table 6 below). This will not be a platform for staff to air their grievances, but is to be used to set goals for the month, for the leader to touch base and give suggestions, as well as to communicate future and present projects. All meetings should have a structured agenda issued to participants prior to the meeting. There must also be a weekly or monthly structured meeting that takes place between the Cape Town and Johannesburg office, as evidence has brought to light a lack of communication between the two organisations. In order for Cape Town to feel like an equal participant in the organisation, communication channels need to be improved dramatically; weekly meetings will provide this. This can be achieved via Skype meetings (Refer: Chapter 4, 4.4).

Table 6: Meeting Structure

Meeting Structure: All meetings should refer back to the decisions of the previous relevant meeting.		
1. All meetings to have minutes taken. 2. Actions taken as a result of meeting to be recorded.		
Annual Meetings	Monthly Meetings	Weekly Meetings
1. Leaders to review: <ul style="list-style-type: none"> • Accounts • Goals • Procedures • Staff 2. All staff (e.g: staff party)	1. Leader and department head to review: <ul style="list-style-type: none"> • Targets • Problems • Goals 	1. Heads of Departments and staff to review: <ul style="list-style-type: none"> • Goals • Cape Town and JHB • Problems relevant to each department

The fourth leadership recommendation is to draw up an organisational structure for all the staff. The findings suggest the organisation does not have a clear and structured hierarchy; the staff is confused as to whom they are meant to report to when they have a certain problem. The staff 63% (mainly warehouse staff) mentioned that they do not know to whom to report when they have a problem, that they would like a clearer hierarchy. It is essential that this is clarified, by drawing up a chart stating who reports to whom and if a problem arises, to which member of management you will report. This will clear up confusion. The “Group Bible” does not contain this information and this has contributed to the confusion. This information should be added to the “Group Bible”. Regular meetings will also help rectify this situation (Refer: Chapter 4, 4.5).

Many of the staff, 56%, feel that their job is sufficiently challenging and 44% of the staff feel that they get bored and their jobs get monotonous. In order for leadership to deal with staff motivation, leaders need to set up structured monthly targets as well as provide training for each department. For specific training recommendations refer to the findings. As the evidence shows, only certain departments have structured targets, but the majority of the staff feel they would benefit from them. To monitor the achievement of these targets, each department should submit reports to their relevant manager. Sales reports are already in existence and are given to the sales manager. The accounts department needs to write up monthly reports of what has been done and send them to the MD. Lastly the logistics department needs to send reports to the logistics manager with regards to their target achievement.

Providing targets is a simple way to motivate your staff and create achievable goals. As a result the organisation will become more effective and staff more motivated and enthusiastic. In order to achieve these goals, more training needs to be administered by top management. As evidence showed, 88% of the staff felt they need more training. Leaders need to listen to ideas and recommendations and implement changes where appropriate. Evidence suggests the present leaders do not actively consider implementing necessary changes to the current systems. This attitude needs to change. It is vital that leaders listen to staff and actually take action. Motivation of staff results in organisational effectiveness which requires a staff with a positive attitude, excited about looking forward coming to work every day and eager to perform to the best of their ability.

Lastly, leadership needs to deal with the poor organisational culture that has developed. The majority, 62%, of the staff mentioned that there are challenges in the focus firm's organisational culture. This situation has occurred due to the lack of active and present leadership. The majority of staff are despondent and unhappy with the current state of the organisation and therefore lack enthusiasm. In order to change these poor habits that have formed, a dynamic leader needs to be permanently involved and to respond to the staff's needs. Meetings will provide this forum as well as improving communication, which will add motivation and improve enthusiasm. It is important that leaders make everyone realise how vital they are to the successful running of the organisation. Leaders need to treat everyone in a professional manner regardless of their status, and whether they are family or friends, as this is a professional business.

This organisation was created by the founders with a small business structure in mind but has grown from strength to strength and is now facing a crisis. It is no longer a small organisation that can be run as a part-time project. In order for the organisation to reach its full potential, leadership at all levels needs to accept this challenge and also devise and implement a strategy to lead this organisation out of its current crisis.

6.6.2 Organisational Structure Recommendations

The current organisational structure, as previously indicated, is a complex matrix structure comprising of three separate organisations that function in parallel. This structure is what sets them apart from other organisations yet can be confusing for clients. In order to deal with the challenges the organisation faces as to the effectiveness of that current organisational structure, certain recommendations should be considered:

Firstly, it is recommended that the structure of the organisation is simplified into one Sales Company and one Distribution Company. The operational structure of sales and logistics is what sets this organisation apart from its competitors and is one of its greatest assets. By simplifying it into two companies instead of three the individuality is maintained, but simplified (Refer: Chapter 4, 4.3).

Secondly, as findings suggest, the staff are unsure about their job descriptions. In order to clarify what each person's duty is and the role they play, each employee needs to be given a detailed fair job description. It is mentioned in the "Group Bible" that due to the nature and size of the organisation each employee is expected to fulfil a variety of roles. As the findings suggest, the majority of staff are unaware of these roles as a result of not being properly

inducted with the “Group Bible” and due to the rapid growth and current size of the organisation. This issue should be addressed as a matter of urgency and be incorporated into these individual structured job descriptions. This must include all warehouse staff. It should include their duties, their working hours, including their break times, whether they get paid overtime and information on to whom they directly report. Overtime payment has become a contentious issue in the organisation. Certain staff get paid overtime while others who work the same hours do not. This creates tension and needs to be corrected. This was mentioned in the findings as an indication of poor organisational culture. Creating fair structured job descriptions will clarify this and prevent tensions (Refer: Chapter 4, 4.5).

Thirdly, in order to be more effective and to prevent trucks returning with undelivered loads, it is recommended that the distribution company use a greater number of smaller trucks, as opposed to fewer larger trucks, so that they can reach more customers and at a greater distance. This will make them unique in comparison to other distribution organisations, reduce the time it takes to load the trucks in the morning and unload the undelivered orders in the afternoon, as well as reduce the cost that is spent on couriers. It is also important to note that the organisation, due to the current transport model, pays a large amount of overtime to warehouse employees. The new structure will eliminate much of this, thus saving the organisation time and money (Refer: Chapter 4, 4.6).

The fourth recommendation is that a collection cage is created for customers that come to the warehouse to collect pre-ordered wine. As the orders are received the previous day, it would simply be a matter of picking up these invoices at the end of the day and placing them in a designated collections cage. This means that when the customer arrives to collect his/her wine, he/she does not have to wait for a long period of time for it to be picked and processed. It will be ready and waiting. This will improve customer satisfaction and thus organisational effectiveness.

The fifth recommendation would be for the organisation to reconsider their pricing structure. The pricing structure in place is rather high compared to local competitors. Creating a price structure where the farm can choose from a range of options would create a unique option in the market and provide the organisation with a competitive edge. The pricing options would be broken down into certain categories such as: warehouse, sales, distribution and holding the books. All the categories would be separately priced, depending on the service that the farm prefers, a costing option would be drawn up and they would be charged accordingly. An

industry which is similar to this in its costing process is the motor industry. Depending on the model of vehicle and extras added on, costing is differentiated.

Lastly, it is vital that the Cape Town office have their own Pastel accounting system. They will thus be able to control their own debtors and creditors and create invoices, yet will still be monitored by the head office in Johannesburg. The organisation has reached a stage where its growth cannot be managed by one office. By enabling Cape Town to do their own administration, the present poor communication and stress that findings have revealed to exist between the debtors and accounts departments in Johannesburg and Cape Town will be alleviated. This will ease tensions in organisational culture as well as provide Cape Town with the independence and potential to grow. The head office accountants in the Johannesburg office will have full access to monitor the system and communication between the Cape Town and Johannesburg offices will also be facilitated and improved through the weekly meetings recommended (Refer: Chapter 4, 4.5).

6.6.3 Organisational Effectiveness

It is recommended that the leaders of the focus firm truly understand Greiner's theory of Evolution and Revolution as indicated in Chapter Two as it enables leaders to anticipate problems before they occur, so that they can confront them with pre-prepared solutions. Fast-growing companies can often be chaotic places in which to work. Therefore it is suggested that a structured growth strategy is drawn up and adhered to.

Organisational effectiveness is dependent on leadership style, organisational structure, organisational culture, habits and traditions as well as necessary change. In order for the focus firm to be effective, the leaders need to accept that the current inability to change and accept the present challenges will result in lack of growth and lead to organisational development problems in the future. Therefore it is recommended that all the information and findings that this study have provided be considered and that the recommendations be applied.

Improved organisational effectiveness of this focus firm is dependent on the implementation of all the above recommendations. If the recommendations are not put into action, this focus firm will struggle to evolve out of its current leadership crisis and will continue to experience the same challenges it is currently experiencing. It could ultimately fail.

6.7 Summary

This chapter analysed the qualitative and quantitative evidence revealed through data gathering. Analysis of the data within the parameters of this dissertation reveal that the organisation currently has transactional leadership, as the leader is not always present and there appears to be poor communication throughout the organisation. Although the leaders do demonstrate some transformational characteristics (the majority of the staff feel there is good teamwork and a slight majority say they are sufficiently motivated), apart from these two factors all other evidence indicates that the current leadership style is transactional. Due to this evidence it can be said that the organisation is currently facing a crisis of leadership according to the Greiner theory. In order to overcome this revolution stage certain steps must be taken so that it can evolve. In this focus firm the role of organisational structure in organisational effectiveness was revealed, through exploring different themes, to be lacking and in need of certain practical recommendations to be implemented.

Some suggestions and recommendations for the organisation have been made in this chapter.

The next chapter is the conclusion of this dissertation.

CHAPTER 7: CONCLUSION

7.1

Chapter Six analysed the findings of this investigation in conjunction with the literature examined in Chapters Two, Three and Four. It also made certain recommendations. Chapter Seven presents a summary of the research. It also suggests ways in which the organisation (the focus firm) can implement those findings to their benefit.

7.2

This study analysed the leadership style and organisational structure of a certain Wine Sales and Distribution organisation, in order to understand whether these two components have a role in organisational effectiveness in the focus firm and also in general.

As mentioned in Higgins (2005) Eight “S’s” Model: organisational structure, systems, processes, leadership style, staff resources and shared values are all the interconnected factors in an organisation that allow it to grow and develop and function effectively.

The theory examined in relation to leadership style explored the difference between transformational, transactional, and laissez-faire styles. Transformational leaders demonstrate traits that inspire and motivate staff to do better; they have clear channels of communication and are active and enthusiastic about the organisation. Transactional leaders demonstrate behavioural traits such as dealing with frequent problems, managing and monitoring the current work environment and, as such, not demonstrating inspirational behaviour. Laissez-faire leaders do not usually demonstrate positive traits. They are often not present at and display no interest in the organisation unless they are called in to deal with an issue.

The findings of the study suggested that the leadership style presently in practice in the focus firm is that of transactional leadership and predominately Management by Exception (Passive) and Contingent Reward. As a result the findings suggest that the majority of the staff have realised that in order for the company to be effective they need an active leader who is based at the firm’s premises on a full-time basis.

The study then investigated the role leadership style has on organisational effectiveness. In order to observe the role it plays, certain themes were analysed: clear hierarchy, present and active leadership, communication, motivation, training, and the existence of structured

targets. All the literature stated that leadership style is one of the defining factors that impact on whether an organisation will be able to grow and develop.

The theory that was analysed regarding organisational structure examined the different types of organisational structure and then was used to explore the organisational structure of the focus firm. The analysis indicated the organisational structure of the focus firm is a unique Matrix Structure. The findings gathered through evidence from the data gathering process involved in analysing the organisational structure of the focus firm, revealed that the focus firm's organisational structure plays a direct role in the effectiveness of this organisation. This finding can also be regarded as a demonstration that this theory can be applied generally to other organisations.

Over-complexity of organisational structure is one of the most important and fundamental causes of poor management and this focus firm exhibits over-complexity in its fundamental organisational structure. As well as this, for the organisation to be effective and thus grow and develop, a functional organisational structure and positive leadership style are imperative. The focus firm's organisational structure has certain challenges which it needs to overcome in order for it to evolve. These challenges include issues with organisational culture and unstructured hierarchy, unstructured job descriptions and the lack of a clear chain of command.

It has been understood that effective leadership involves more than "winning friends and influencing people" (Worthy, 1979). Organisations will always resemble pyramids; there will always be inequality and, sometimes, tyranny (Blaug, 2009). Ultimately we simply need leaders. The way in which leaders choose to structure the organisation is dependent on the field in which the organisation is involved and the attitude of the leaders (Altinay and Altinay, 2004).

This study used the Greiner theory of Evolution and Revolution when looking at the growth and development of an organisation. The focus firm is currently facing a leadership crisis. Findings suggest that this has arisen due to a lack of active and present leadership, as the top leader has another full-time occupation. As a result of this, these findings suggest staff are lacking in enthusiasm. Although the organisation is currently facing this crisis, the majority of organisations encounter this phase when they are growing and developing. A strategy is needed by leadership to change and overcome this. This research has provided recommendations for the focus firm to become sustainably successful.

It is important to note that even though the organisation is facing many challenges, 96% of the staff feel that this organisation has potential, but that this is dependent on the organisation changing. This support of change is reflected in that 50% of staff feel that although the organisation has potential, this potential will not be reached without change. This percentage of staff cannot be overlooked and represents the pessimistic culture and lack of enthusiasm currently in the organisation, but also the will to support essential change.

The focus firm sells a wonderful, exciting and romantic product. Books are written about it, articles regularly appear in top financial journals about it and wealthy people invest in it. It is an exciting, ever-changing and inventive industry. Unfortunately apart from a minority of the staff in the focus firm this passion and excitement is not felt within the firm and this fundamentally needs to change. In order for this focus firm to be organisationally effective, leadership style and organisational structure have to be positively addressed.

The analysing of the focus firm has been used to demonstrate the importance of leadership style and organisational structure as a specific example to illustrate a general finding: Leadership style and organisational structure have a direct and critical role in organisational effectiveness.

An important ending note to this study: Walter Chrysler is quoted as saying, “The real secret to success is Enthusiasm! Yes, more than enthusiasm I would say Excitement. I like to see people get excited. When they get excited they make a success of their lives (and their business).”

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APPENDICES

Appendix 1: Leadership Questionnaire:

Coding Information (Researcher Use Only):

THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND ORGANISATIONAL STRUCTURE IN ORGANISATIONAL DEVELOPMENT

Section A: Demographic Information

Gender (please tick your gender)	Male	Female	Not Specified
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Organisation (please tick the organisation you work for)	Logistics	Sales 1	Sales 2
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Department (please tick your department)	Distribution	Sales	Accounts	Debtors	Warehouse	Other
--	---------------------	--------------	-----------------	----------------	------------------	--------------

Section B: Multifactor Leadership Questionnaire (Leader) ⁴

Directions: This questionnaire is to describe the leadership style that you feel you encapsulate. Describe your leadership style as you perceive it. **Please answer this questionnaire by yourself and do not discuss it with anyone!** Please answer all items on the answer sheet. If an item is irrelevant, or if you are unsure or do not have an answer, leave the answer blank. Please answer the questionnaire anonymously.

The Forty-five descriptive statements are listed below. Please tick the appropriate number.

Use the following rating scale:

<i>Question Rating Scale</i>				
0	1	2	3	4

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Never	Once in a while	Sometimes	Fairly often	Frequently if not always
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#	Questions: The Leadership style I Possess...	0	1	2	3	4
1	Are you more challenge orientated and productive?	0	1	2	3	4
2	Do you consider yourself a role model?	0	1	2	3	4
3	How often do you have an effect on positive communication?	0	1	2	3	4
4	Do you inspire employees?	0	1	2	3	4
5	How often do you go the extra mile?	0	1	2	3	4
6	Do your subordinates look up to you?	0	1	2	3	4
7	Do you inspire motivation?	0	1	2	3	4
8	Do you seek differing perspectives when solving problems?	0	1	2	3	4
9	Talks optimistically about the future	0	1	2	3	4
10	Instils pride in me for being associated with you	0	1	2	3	4
11	Sets targets and goals to motive staff	0	1	2	3	4
12	Avoids taking action till need to	0	1	2	3	4
13	Is enthusiastic about the future of the organisation	0	1	2	3	4
14	Instils a sense of purpose for the staff	0	1	2	3	4
15	Spends time teaching and coaching	0	1	2	3	4
16	Makes clear what one can expect to receive when performance goals are achieved	0	1	2	3	4
17	Do you like to change and evolve?	0	1	2	3	4
18	Do you think of group interest before yourself?	0	1	2	3	4
19	Do you see your staff as individuals not only a group?	0	1	2	3	4
20	Only acts on problems when they become chronic	0	1	2	3	4
21	Acts in ways that builds my respect	0	1	2	3	4
22	Concentrates his/her full attention on dealing with mistakes, complaints, and failures	0	1	2	3	4
23	Considers the moral and ethical consequences of decisions	0	1	2	3	4
24	Keeps track of all mistakes	0	1	2	3	4
25	Displays a sense of power and confidence	0	1	2	3	4
26	Articulates a compelling vision of the future	0	1	2	3	4
27	Directs my attention toward failures to meet standards	0	1	2	3	4
28	Avoids making decisions	0	1	2	3	4
29	Considers each staff member as having different needs, abilities, and aspirations from others	0	1	2	3	4
30	Gets my staff to look at problems from different angles	0	1	2	3	4
31	Helps staff develop my strengths	0	1	2	3	4

32	I seek new ways of looking at how to complete assignments	0	1	2	3	4
33	I delay responding to urgent questions	0	1	2	3	4
34	I emphasise the importance of having a collective sense of mission	0	1	2	3	4
35	I express satisfaction when subordinate meets expectations	0	1	2	3	4
36	I express confidence that goals will be achieved	0	1	2	3	4
37	I am effective in meeting job-related needs	0	1	2	3	4
38	I use methods of leadership that are satisfying	0	1	2	3	4
39	I get my staff to do more than they are expected to do	0	1	2	3	4
40	I am effective in representing my staff at a higher level	0	1	2	3	4
41	I work with my staff in a satisfactory way	0	1	2	3	4
42	I Heighten subordinates' level to succeed	0	1	2	3	4
43	I am effective in meeting organisational requirements	0	1	2	3	4
44	I increase subordinates' ability to try harder	0	1	2	3	4
45	The group I lead is effective	0	1	2	3	4

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Thank you for participating in this study. This information will all remain anonymous only the results will be used.

Appendix 2: Follower Questionnaires

Coding Information (Researcher Use Only):

THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND ORGANISATIONAL STRUCTURE IN ORGANISATIONAL DEVELOPMENT

Section A: Demographic Information

Gender (please tick your gender)	Male	Female	Not Specified
--	-------------	---------------	----------------------

Organisation (please tick the organisation you work for)	Logistics			Sales 1	Sales 2	
Department (please tick your department)	Distribution	Sales	Accounts	Debtors	Warehouse	Other

Section B: Multifactor Leadership Questionnaire (Rater) ⁵

Directions: This questionnaire is to describe the leadership style of your Head of Department. Describe the leadership style as you perceive it. **Please answer this questionnaire by yourself and do not discuss it with anyone!** Please answer all items on the answer sheet. If an item is irrelevant, or if you are unsure or do not have an answer, leave the answer blank. Please answer the questionnaire anonymously.

The Forty-five descriptive statements are listed below. Judge how frequently each statement fits the person you are describing. Please tick the appropriate number.

Use the following rating scale:

<i>Question Rating Scale</i>				
0 Never	1 Once in a while	2 Sometimes	3 Fairly often	4 Frequently if not always

#	Questions: The Person I am Rating...	0	1	2	3	4
1	Provides me with assistance in exchange for my efforts	0	1	2	3	4
2	Re-examines critical assumptions to question whether they are appropriate	0	1	2	3	4
3	Fails to interfere until problems become serious	0	1	2	3	4
4	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards	0	1	2	3	4
5	Avoids getting involved when important issues arise	0	1	2	3	4
6	Talks about their most important values and beliefs	0	1	2	3	4
7	Is absent when needed	0	1	2	3	4
8	Seeks differing perspectives when solving problems	0	1	2	3	4
9	Talks optimistically about the future	0	1	2	3	4
10	Instils pride in me for being associated with him/her	0	1	2	3	4
11	Discusses in specific terms who is responsible for achieving performance targets	0	1	3	3	4
12	Waits for things to go wrong before taking action	0	1	2	3	4
13	Talks enthusiastically about what needs to be accomplished	0	1	2	3	4
14	Specifies the importance of having a strong sense of purpose	0	1	2	3	4
15	Spends time teaching and coaching	0	1	2	3	4
16	Makes clear what one can expect to receive when performance goals are achieved	0	1	2	3	4
17	Shows that he/she is a firm believer in 'if it ain't broke, don't fix it.'	0	1	2	3	4
18	Goes beyond self interest for the good of the group.	0	1	2	3	4
19	Treats me as an individual rather than just as a member of a group	0	1	2	3	4
20	Demonstrates that problems must become chronic before taking action	0	1	2	3	4
21	Acts in ways that build my respect	0	1	2	3	4
22	Concentrates his/her full attention on dealing with mistakes, complaints, and failures	0	1	2	3	4
23	Considers the moral and ethical consequences of decisions	0	1	2	3	4
24	Keeps track of all mistakes	0	1	2	3	4
25	Displays a sense of power and confidence	0	1	2	3	4

26	Articulates a compelling vision of the future	0	1	2	3	4
27	Directs my attention toward failures to meet standards	0	1	2	3	4
28	Avoids making decisions	0	1	2	3	4
29	Considers me as having different needs, abilities, and aspirations from others	0	1	2	3	4
30	Gets me to look at problems from different angles	0	1	2	3	4
31	Helps me develop my strengths	0	1	2	3	4
32	Suggests new ways of looking at how to complete assignments	0	1	2	3	4
33	Delays responding to urgent questions	0	1	2	3	4
34	Emphasises the importance of having a collective sense of mission	0	1	2	3	4
35	Expresses satisfaction when I meet expectations	0	1	2	3	4
36	Expresses confidence that goals will be achieved	0	1	2	3	4
37	Is effective in meeting my job-related needs	0	1	2	3	4
38	Uses methods of leadership that are satisfying	0	1	2	3	4
39	Gets me to do more than I expected to do	0	1	2	3	4
40	Is effective in representing me to higher authority	0	1	2	3	4
41	Works with me in a satisfactory way	0	1	2	3	4
42	Heightens my desire to succeed	0	1	2	3	4
43	Is effective in meeting organisational requirements	0	1	2	3	4
44	Increases my willingness to try harder	0	1	2	3	4
45	Leads a group that is effective	0	1	2	3	4

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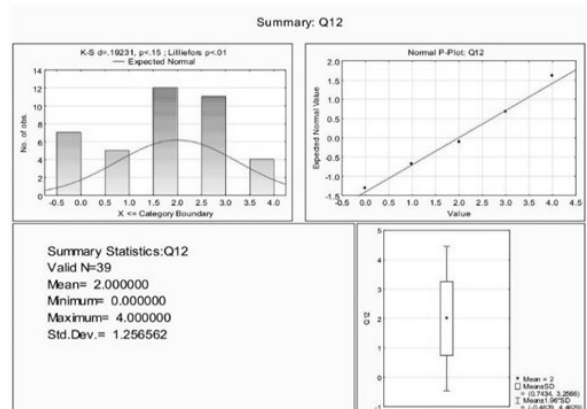
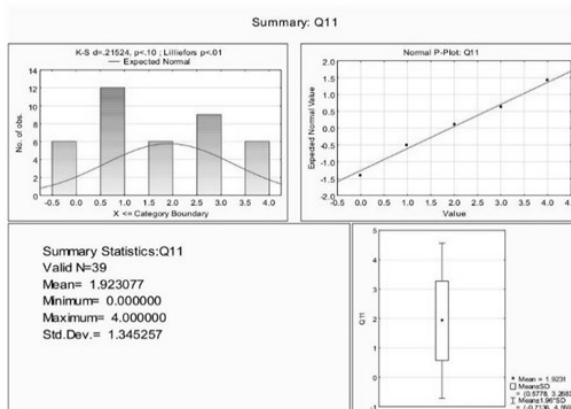
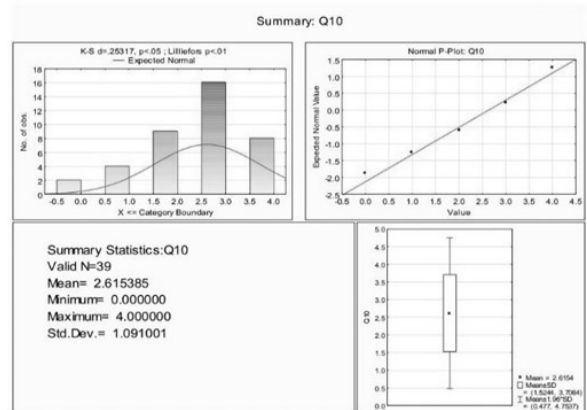
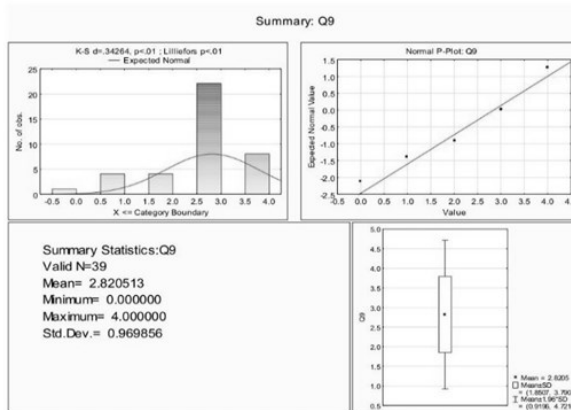
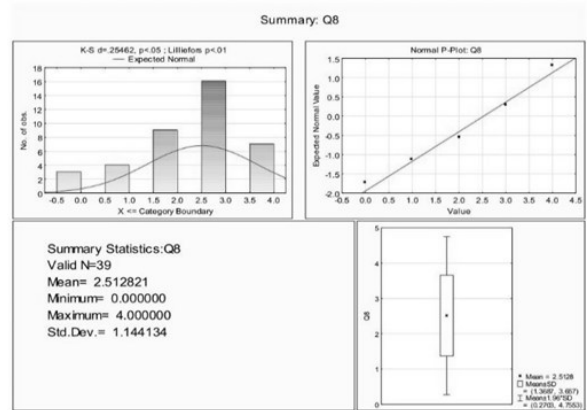
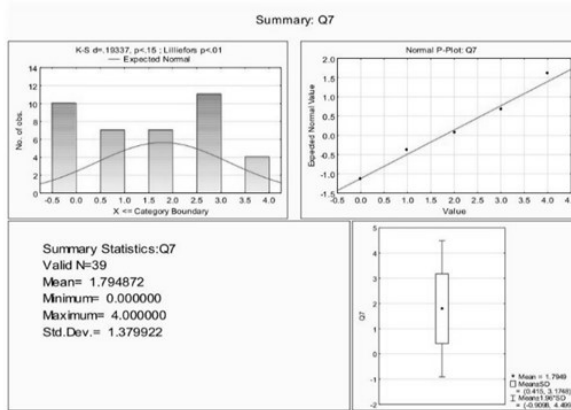
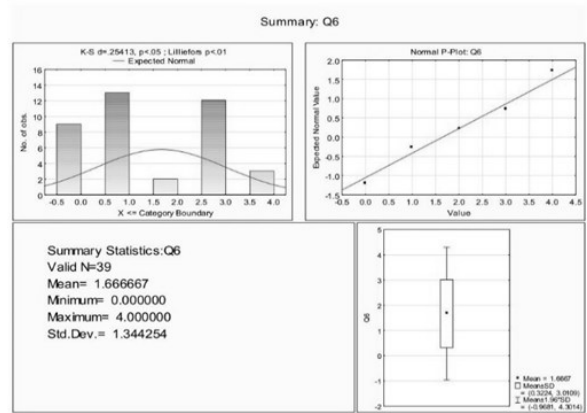
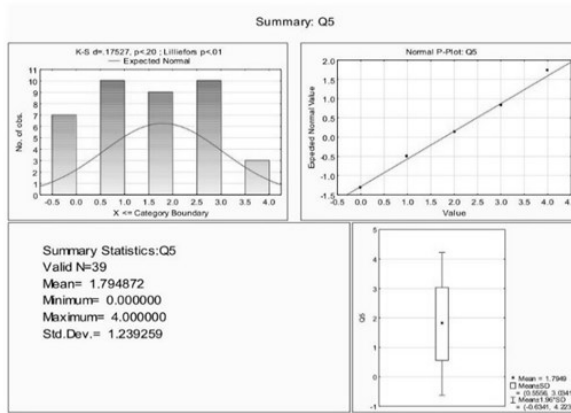
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Appendix 3: Interview Questions

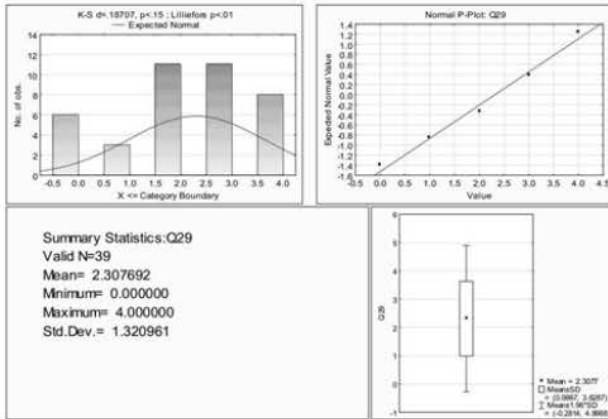
Interview Questions:

1. Do you see an optimistic future for this organisation?
2. Are you given performance targets? Do you know which ones are for you and how you going to achieve these?
3. Do you feel as though in your position you are challenged enough and stimulated? What would you do?
4. Does your department have group meetings once a month or at any time? Do you feel it would be beneficial?
5. Do you feel that training is evident in your department? If not what type of training would you like and for how long?
6. Does your leader act on problems only once they have become a chronic problem or does your leader foresee the problem and act? Is the leader present enough in the department or does he need a more hands on role?
7. Do you feel that there is good teamwork among your team members or that everyone acts as an individual?
8. What do you feel that this organisation can do differently with regards to leadership or organisational structure to become more profitable?
9. If there was one change, be it big or small, that you would do to the organisation for it run more effectively what would it be?
10. Where do you see the organisation in 5 years if it does not develop and change?

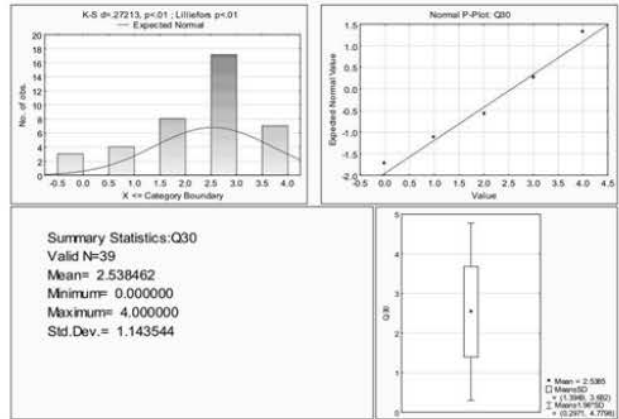
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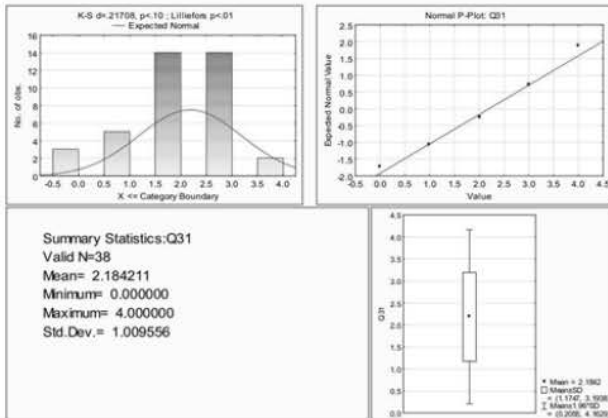
Summary: Q29



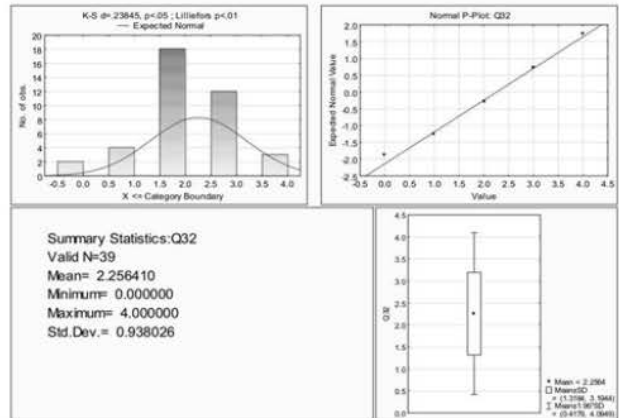
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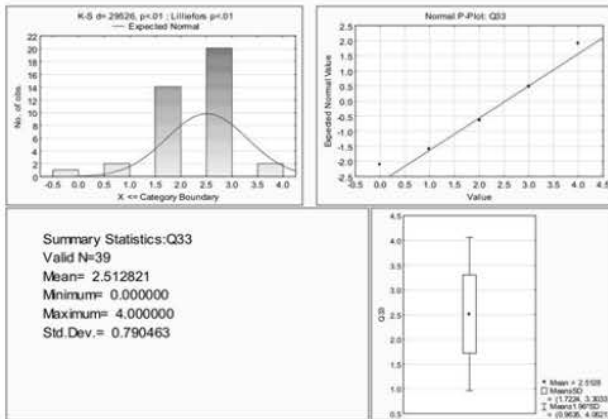
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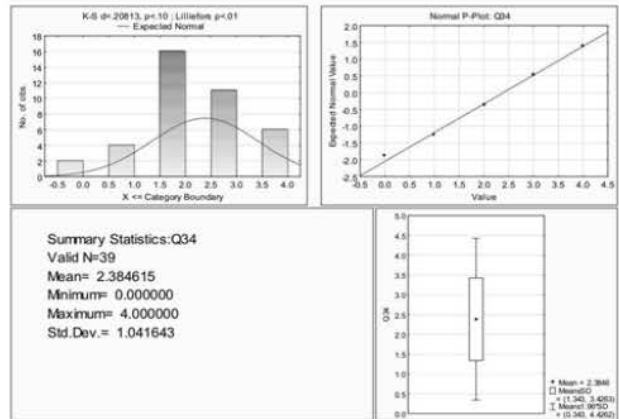
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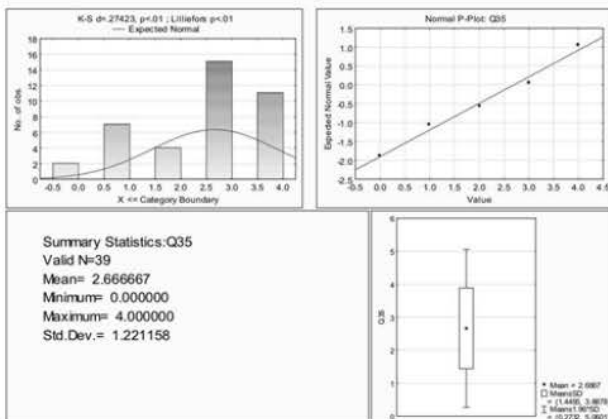
Summary: Q33



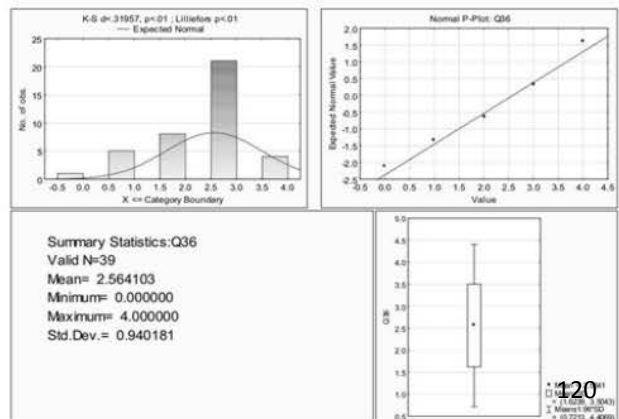
Summary: Q34



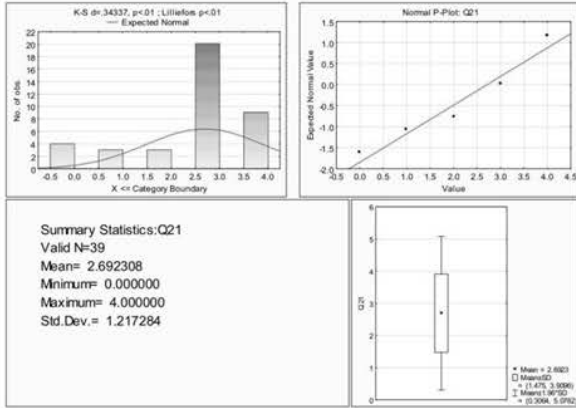
Summary: Q35



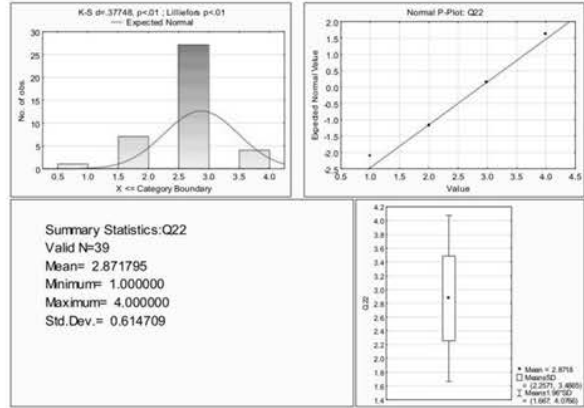
Summary: Q36



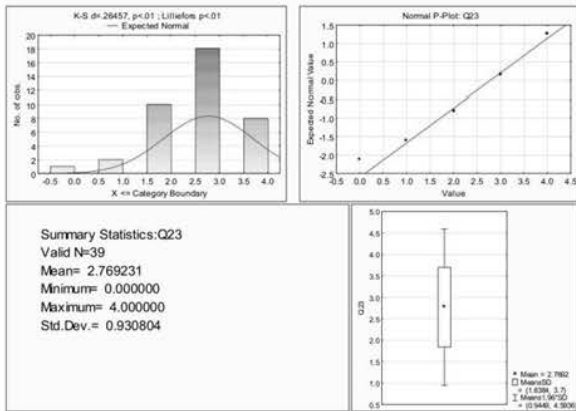
Summary: Q21



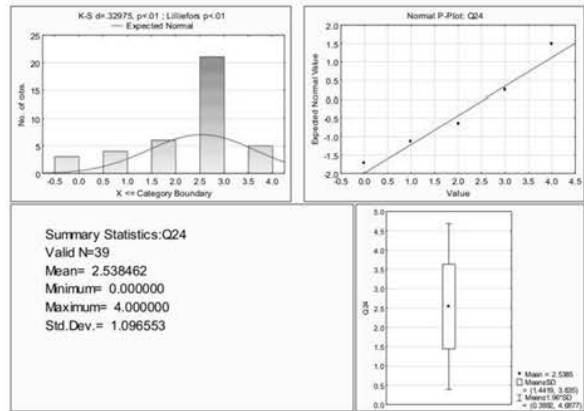
Summary: Q22



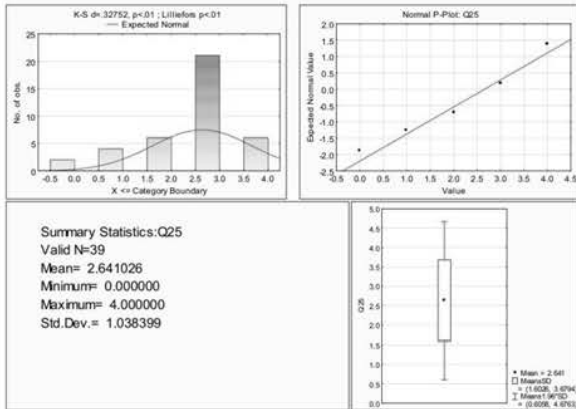
Summary: Q23



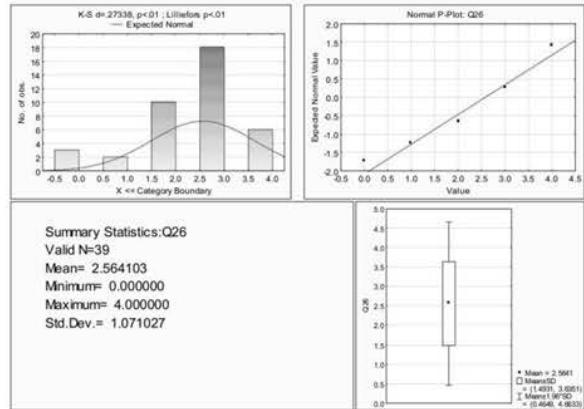
Summary: Q24



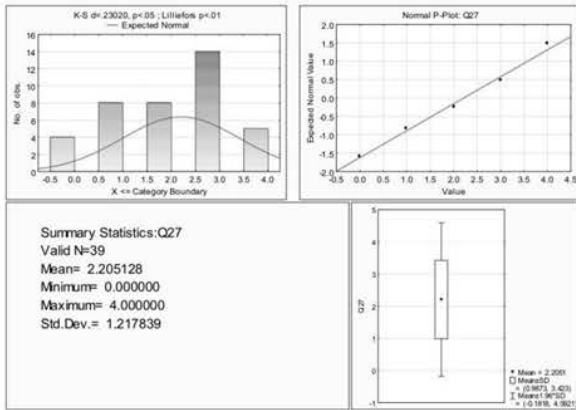
Summary: Q25



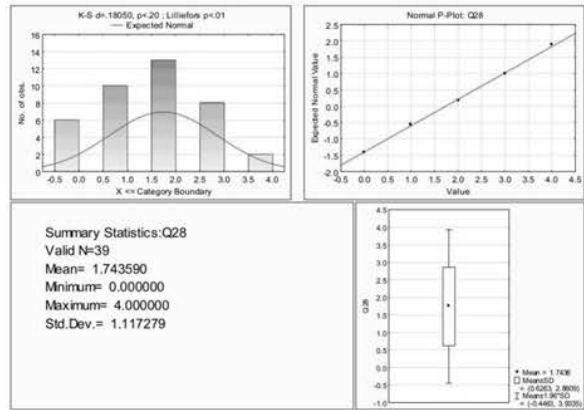
Summary: Q26



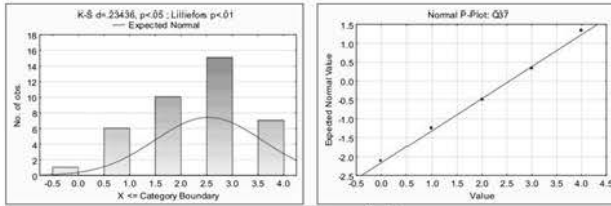
Summary: Q27



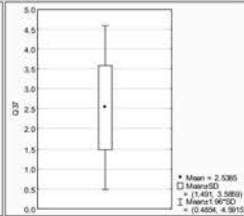
Summary: Q28



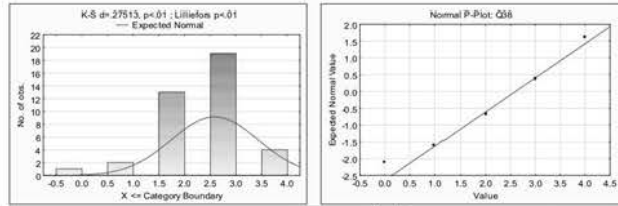
Summary: Q37



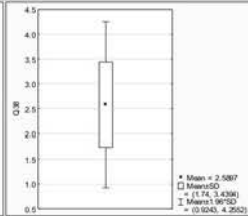
Summary Statistics:Q37
Valid N=39
Mean= 2.538462
Minimum= 0.000000
Maximum= 4.000000
Std.Dev.= 1.047457



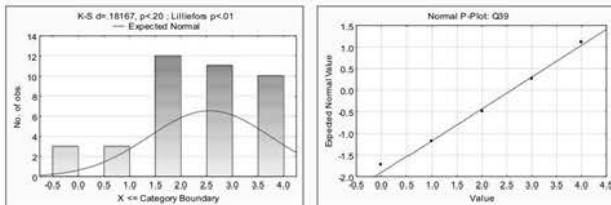
Summary: Q38



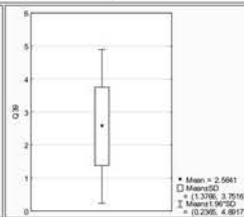
Summary Statistics:Q38
Valid N=39
Mean= 2.589744
Minimum= 0.000000
Maximum= 4.000000
Std.Dev.= 0.849704



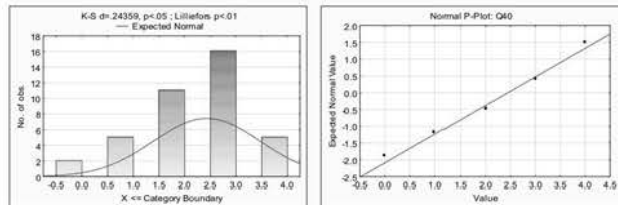
Summary: Q39



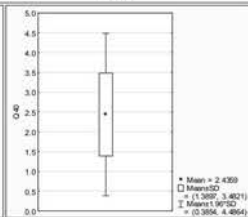
Summary Statistics:Q39
Valid N=39
Mean= 2.564103
Minimum= 0.000000
Maximum= 4.000000
Std.Dev.= 1.187542



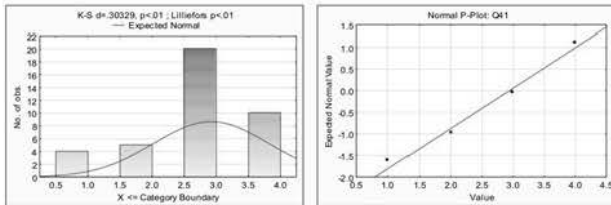
Summary: Q40



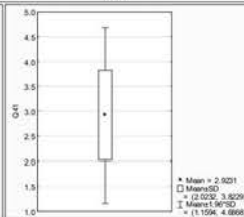
Summary Statistics:Q40
Valid N=39
Mean= 2.435897
Minimum= 0.000000
Maximum= 4.000000
Std.Dev.= 1.046168



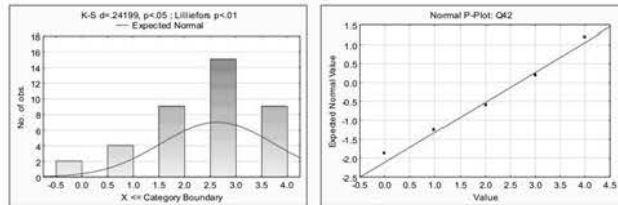
Summary: Q41



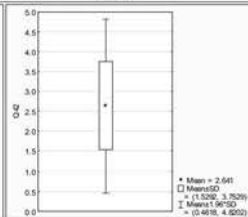
Summary Statistics:Q41
Valid N=39
Mean= 2.923077
Minimum= 1.000000
Maximum= 4.000000
Std.Dev.= 0.899843



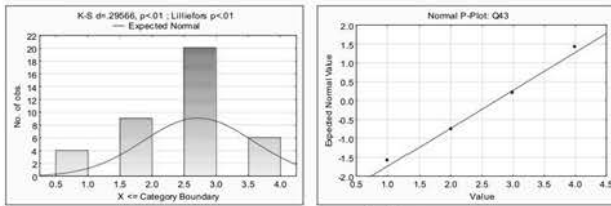
Summary: Q42



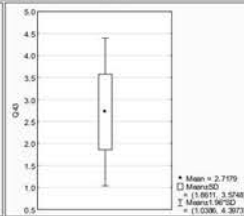
Summary Statistics:Q42
Valid N=39
Mean= 2.641026
Minimum= 0.000000
Maximum= 4.000000
Std.Dev.= 1.111831



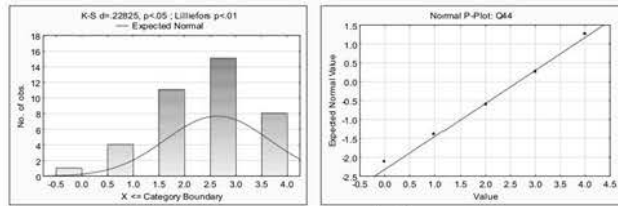
Summary: Q43



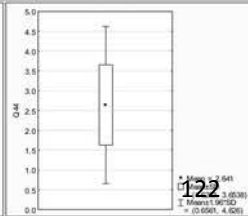
Summary Statistics:Q43
Valid N=39
Mean= 2.717949
Minimum= 1.000000
Maximum= 4.000000
Std.Dev.= 0.856821



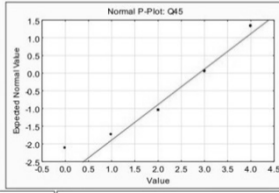
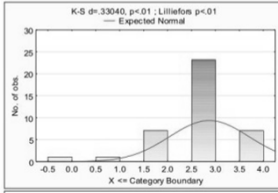
Summary: Q44



Summary Statistics:Q44
Valid N=39
Mean= 2.641026
Minimum= 0.000000
Maximum= 4.000000
Std.Dev.= 1.012739



Summary: Q45



Summary Statistics:Q45
Valid N=39
Mean= 2.871795
Minimum= 0.000000
Maximum= 4.000000
Std.Dev.= 0.832861

