CONVENIENCING THE FAMILY IN AGRI-BASED PROCESSING ENTERPRISE: A GROUNDED THEORY STUDY OF STRATEGIC LEADERS' CULTURAL ASSUMPTIONS AND STRATEGISING ACTIVITIES

A thesis submitted for the degree of

DOCTOR OF PHILOSOPHY

of

RHODES UNIVERSITY

by

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SEPTEMBER, 2011

ABSTRACT

As leaders of small and medium enterprises (SMEs), strategic leaders are responsible for strategising, the approach to which is influenced by their cultural paradigm. The effects of this strategising are manifested in the day-to-day activities of these leaders. This study aims to build an understanding of the shared cultural assumptions of strategic leaders in agri-based processing SMEs and how these assumptions affect the strategising activities that are adopted when addressing critical incidents related to the internal integration and external adaptation of the SME. Using Strauss and Corbin"s (1990) grounded theory method, this study develops a theory titled *Conveniencing the Family in Business,* which is induced from critical incidents. A sample of critical incidents was gathered from 44 qualitative interviews conducted with strategic leaders of various agri-based processing SMEs operating in Malawi.

This study found that strategic leaders display persistent and stable pragmatic business survival mind sets, but dynamic cultural assumptions about relationships with organisation members. The cultural influence of these assumptions is manifested in two distinctive and alternative processes making up the *theory of conveniencing the family in business.* These are the *humanising* and *commodifying of relationships with organisation members,* and they are evident in hostile and friendly business environments, respectively. Humanising of relationships with all members of the organisation builds and capitalises on inclusive, organisation-wide social capital that secures the future of the business. On the other hand, commodifying of relationships with non-family organisation members weakens collective support, which becomes mainly dependent on family and friendship ties. Thus, commodifying of relationships serves to perpetuate the close integration of business activity and family requirements to ultimately convenience the family in business, and represents the desired modus operandi of strategic leaders. As strategic leaders of SMEs have not yet conceptualised this, providing them with the conceptual theory developed here may be helpful towards a consistent re-orientation of the internal organisational support in a way that does not exclude but rather harnesses the wider solidarity of organisation members. The process explained by this theory is iterative, dynamic and distinguishes patterns of relationships amongst organisation members, which either enhances or compromises their collective support for the leaders and the enterprise. This by implication affects the performance of the enterprise.

The results of this study are discussed from the perspective of social exchange and social capital theory, thereby contributing to the understanding of the strategising activities of strategic leaders, as well as the processes of building or destroying social capital in this type of enterprise.

ACKNOWLEDGEMENTS

There are several institutions and people who have helped, in various ways, to make the successful completion of this thesis a reality. I owe immeasurable thanks to the following:

- To my supervisor, Professor Noel Pearse for his untiring wise counsel, patience, considered and helpful feedback at every stage of study;
- To the men and women who voluntarily and enthusiastically participated in a series of exploratory interviews in this study for giving-up their valuable time and also sharing their lived world experiences as strategic leaders of SMEs. I thank them all for their openness and flexibility during the interviews;
- To my wife Hanna, my mother, sisters and brothers for their patience and love;
- To my sons Timothy and Mtendere, and niece Jane for enduring the hardship caused by my inability to meet some of your needs in the past four years I have been a student. To borrow from the words of the former President of Zambia, Kenneth Kaunda, I echo to you the advice that anyone who loves the sweetness of honey should never be scared of bee bites;
- To AED for the help rendered during the study. Without the understanding and dedication of staff from AED Botswana, this study would not have been at all feasible;
- All friends and members of staff in the business school for their kind words and also doing their best to create an environment conducive to the process of learning;
- To the William Keith Kellogg Foundation for the fellowship and for drawing my attention to the power of „ploughing back" to family and society in various ways. I am very grateful for being a product of the wish of William Kellogg, the developer of the worldwide cereal industry, to invest his money in people. One of W. Kellogg"s core beliefs, "I will invest my money in people", has left an indelible print on my worldview and given me a life changing and enabling intellectual experience, and has also challenged me to always create time and make a humble and selfless contribution towards a better world for all;
- Last, but not least, I thank God for his grace and ever present guidance during the time of this study.

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CHAPTER ONE: CONTEXT OF THE STUDY

> It is time, in short, for a new generation of leadership-new men to cope with new problems and opportunities (John F. Kennedy, 1960).

1 INTRODUCTION

The linkage of agricultural production to small and medium-sized processing enterprises (SMEs) has the potential to generate economic growth, entrepreneurial opportunity for value addition, and employment in developing countries (African Development Bank, 2000; UN Commission on Sustainable Development, 2008:3; World Development Report, 2008). This view continues to gather momentum among scholars and policy makers. Agro-industrial products often make up half of the products exported from developing countries. The anomaly is that these countries process only 30 per cent of their agro-industrial products (UNIDO, 2008:3). This illustrates the potential of the agro-processing sector, which needs to be unlocked for these economies to achieve a reasonable growth trajectory. Agro-enterprise activity is important in Sub-Saharan Africa, as it constitutes about one-fifth of gross domestic product and just under half of the value added in manufacturing and services (Jaffee, Kopicki, Labatse, and Christie, 2003:1-2).

Agro-processing is identified as one of the high growth areas to stimulate economic development and generate employment in Malawi (Malawi Government, 2006). Recent statistics in Malawi indicate that large scale agro-processing of tobacco, tea, sugar and cotton into intermediate or finished products represent over 10 per cent of the value added by the manufacturing sector (Malawi Government, 2005). The agro-processing sector is under-developed and largely dominated by a few large scale players, although there are a myriad of small and medium enterprises (SMEs). This emphasis on agri-industry coincides with the realisation among scholars and policy makers at local, national and regional levels that SMEs are key drivers of and contributors to economic growth in developing countries (Nieman, Hough and Nieuwenhuizen, 2003).

There is overwhelming consensus among researchers that poor business management or strategic leadership is a major reason for small firm failure (Hunger and Wheelen, 2003; Megginson, Byrd and Megginson, 2003). Given this observation, it is vital at this time to question how strategic leaders of SMEs *do* strategy to survive and indeed grow in the market. Johnson, Langley, Melin and Whittington, (2007:7-9) call for strategy research to focus on the actual micro-processes and activities of various actors, including leaders and managers, that constitute day-to-day organisational life and have relevance to strategic outcomes.

However, most strategy research has focused on large organisation management and leadership, and neglects SMEs (Analoui and Karami, 2003:43; Loecher, 2000:261). It is only recently that there has been growing scholarly interest in small and medium enterprises. To scientifically investigate leadership and strategy of competing in small and medium enterprises, there are two conceptual issues that are cardinal. Firstly, there is lack of consensus on the definition of SMEs. Secondly, research on leadership and strategy has generally ignored the micro-activities and processes which may be informative to understand how strategic leaders in SMEs do strategy to compete. As such, there is a need to expand the understanding of strategy and leadership in SMEs as well as beyond these micro-activities and processes.

This introductory Chapter seeks to present an overview of the context of the research, firstly, by defining the SME phenomenon in general. The Chapter then discusses the agri-processing sector before defining an agri-processing SME. Secondly, the Chapter focuses on the research problem and what makes this study significant. Thereafter, the purpose of the study and the research problem are presented. Lastly, the Chapter outlines the organisation of this thesis.

1.1 DEFINITION OF SMALL AND MEDIUM ENTERPRISES

There is an implicit assumption of a continuum of progressive growth in the life of an enterprise. This is portrayed by changes in enterprise size. As an example, it is not surprising that enterprises in India are categorised into three: the factory sector for large units, the factory sector for small-scale units, and village and small-scale units (Mandal, 2007:4). This also illustrates that there are different definitions of enterprise size within a country. In other cases, enterprise size in

a country is classified according to the type of industry. Industry-oriented classifications of enterprise size are adopted in the United States of America (USA) and South Africa, just to mention two. Few countries share a common definition of small business (Longenecker, Moore, and Petty, 2003; Rwigema and Venter, 2004). It is notable that all these different classifications of enterprise size hold the implicit view that small enterprises are the foundation for growth to become larger firms. This is debatable, as some enterprises choose to remain small and enjoy their small-size related benefits (e.g. government support, niche market, flexibility, and ability to customise products). On the other hand, there are some enterprises that grow in size. The criteria for defining SMEs vary from one country to another such that no universal, standard definition exists (Kayanula and Quartey, 2000:9). Scholars and practitioners compound the lack of consensus of a definition by using the term loosely (D"Amboise and Muldowney, 1988).

Consequently, there is a plethora of terms which are used when referring to a small business. These include the terms Small, Medium and Micro-sized Enterprise (SMME) as in the case of South Africa (Rwigema and Venter, 2004); Micro, Small and Medium Enterprises used in Malawi and also by the European Commission (European Commission,2005; Ministry of Trade, 2000); Small and Medium sized enterprise as used in the book entitled, *Strategic Management in Small and Medium Enterprises* (Analoui and Karami (2003) and the generic term, small business or small firm used by the Bolton Committee (Bolton, 1971). This study focuses on SMEs, as they have great potential to process and add value to agricultural products, create jobs and make a substantial contribution to the economy (Rwigema and Venter, 2004).

However, Burns (2001:9) points out that small and medium enterprise are not simply scaled-down versions of large enterprises. There is great heterogeneity in the SME sector (e.g. technology SMEs, agri-based SMEs, manufacturing and service SMEs, local and overseas SMEs, urban-based and rural-based SMEs, growth-oriented SMEs, etc.). Consistent with this view, SMEs are distinguishable from large enterprises because of (a) the greater environmental uncertainty they experience on one hand and the internal consistency in terms of motivations and actions on the other; (b) innovation through flexibility and the ability to produce a non-standardised product or service; and (c) the likely evolutionary pattern from being small to

becoming large enterprises (Analoui and Karami, 2003; Storey, 1994). Green, Kirkpatrick and Marinade (2005:335) note that SMEs do not sit neatly as formal or informal, as they straddle the informal and formal sectors in their activities. SMEs are characterised by qualitative traits such as what Theile (1996) terms the "personal principle". The personal principle argues that the manager is central in business decision making as he or she understands the business as a "lifelong duty". In other words, there is a lifelong manager-company partnership (Loecher, 2000: 261-264). In this regard, the manager has full overview of his business, from the most insignificant details of production to its market position. Other qualitative traits are embedded in the "principle of unity of leadership and capital" (Theile, 1996). This principle characterises the leader of a SME as the owner and also the strategist who influences all strategic decisions, and usually assumes all, or at least some, of the liability risk (Loecher, 2000:261-264).

Besides this, SMEs are also differentiated from large enterprises by the relative ease of communicating within the enterprise because of size. This provides a great opportunity to widely share and communicate values and basic cultural assumptions between employers and employees. Cultural differences between large and small firms emanate not simply from their size, but rather the impact that size has on the strength of culture, execution of managerial activities and performance, and strategic direction (Haugh and McKee, 2004:377).

In as much as the differences between SMEs and large enterprises clarify some of the unique characteristics associated with enterprise size, they actually (a) do not clearly define the size of an enterprise, and (b) also by no means exhaust their cardinal characteristics especially when classifying a large number of enterprises. The characteristics of SMEs are also difficult to capture because they vary not only according to sector but also with time. Scholars attest that this term is not easy to define in simple ways (Analoui and Karami, 2003; Kayanula and Quartey, 2000). But attempting to do so is a valuable endeavour in order to develop a theoretical base and reduce misunderstanding (Analoui and Karami, 2003:25). Furthermore, it is from a robust definition of SMEs that scholars can extend the concept into various sectors such as agri-industry. As a point of departure, it should be borne in mind that any attempt to describe the characteristic traits of SMEs compels one to divide them at least into quantitative and qualitative.

This is very sound, to delimit different enterprise sizes and to gain an insightful picture and definition. Firstly, quantitative definitions seek to "objectively" quantify one or several dimensions to determine the size of an enterprise. Secondly, there are qualitative definitions that use various attributes or characteristics to categorise enterprises. It is therefore instructive to delve into the respective quantitative and qualitative definitions of enterprise size.

1.1.1 Quantitative-oriented definitions

Early effort to overcome the problem of defining SMEs is traced to the work of the Bolton Committee in the United Kingdom (Bolton, 1971), which culminated in "statistical" and "economic" definitions. The statistical definition falls within the quantitative-oriented definitions while the economic definition will be discussed in the next section under the rubric of qualitative definitions. Fundamentally, the statistical definition cannot be appreciated in isolation from what The Bolton Committee intended to achieve. In this respect, the Bolton Committee aspired to develop a statistical definition that would address three issues. Firstly, the statistical definition was developed to quantify the size of the small firm sector and its economic contribution. Secondly, the definition was to help in drawing comparisons of changes in the economic contribution of the sector over a period of time. Lastly, it was to facilitate cross-country comparisons of the sector"s economic contribution. With these foci, the statistical definition of the small firm combines three objective measures of enterprise size at sectoral level, namely (a) value of assets, (b) annual turnover and (c) number of employees.

The statistical definition by The Bolton Committee (Bolton, 1971) recognises the relevance of the sector by using different, sector oriented scales on a criterion to delimit enterprise size. For example, the variation of scale indicates that a small firm in the manufacturing sector employs 200 or less people. A lower number of 25 employees or less defines a small firm in the construction sector. This sectoral focus and variation of scales on a criterion illustrates that a firm of a particular size in one sector could be small in relation to a sector where the market is large with many competitors. Additionally, different criteria are used to judge a "small" firm in different sectors: sales turnover was adopted for the service sector; ownership was used for

catering sector, while number of vehicles was employed for the transport sector. It can be surmised that the Bolton Committee used (a) variation of scale on a criterion; and (b) different criteria to reflect sector differences, as shown in Table 1.

TABLE 1: BOLTON COMMITTEE DEFINITION OF A SMALL FIRM

Sector	**Definition**
Manufacturing	200 employees or less
Construction, mining, and quarrying	25 employees or less
Retailing, miscellaneous and services	Turnover of £ 50,000 or less
Motor trades	Turnover of £ 100,000 or less
Wholesale trades	Turnover of £ 200,000 or less
Road transport	Five vehicles or less

Source: The Bolton Committee (1971)

The statistical definition of a small firm by the Bolton Committee faces three conceptual challenges. Firstly, the comparison of monetary units over time is vulnerable to currency fluctuations, inflation and changes in price. These two monetary changes affect the value of turnover and assets in defining enterprise size. In particular, if not properly addressed, currency fluctuation creates difficulties when making international comparisons of the enterprise size.

Secondly, the sectoral focus and variety of scales to reflect industry differences have added complexity to the definition. For example, there are three sectoral differences in the upper limits of turnover. A firm is small in the retail, miscellaneous and services sectors when it has a turnover of £ 50,000 or less; in the transport sector when turnover is £ 100,000 or less, while in catering it is £ 200,000 or less. This complexity is further manifested in two different upper limits or scales on number of employees to define a small firm. In the light of this, it can be

argued that there is a wide diversity of enterprises to be catered for in giving a single definition of enterprise size.

Thirdly, there is no single scale on the criteria to define smallness. The statistical definition by the Bolton Committee regards the "small firm" as a homogeneous class based on size. This is erroneous. In reality, many firms grow and become medium sized before becoming large. To accommodate medium-sized enterprises, the European Commission (1996) coined the term small and medium enterprise (SME) for uniform use in the European Union (EU) by institutions or businesses that seek EU funding. This definition is not binding, as countries have the liberty to devise their own local, context-sensitive definitions.

Initially, the SME definition by the European Commission (EC) only used employment criterion. The current EU definition published in the SME User Guide by the European Commission (2005) introduces additional parameters, which are annual turnover and annual financial balance sheet. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which (a) employ fewer than 250 persons; (b) have an annual turnover not exceeding 50 million euro, and/or (c) an annual balance sheet total not exceeding 43 million euro (European Commission, 2005:5).

The new definition retains the primacy of staff headcount to define enterprise size. In determining the number of employees, this criterion includes full-time, part-time and seasonal staff. Another unique aspect of the EC definition is the option to satisfy the criterion of balance sheet or turnover. This serves to reflect the real financial status of an enterprise and avoid unfair treatment because of differences in type of economic activity. An enterprise is still categorised as a SME even when it exceeds the threshold of either turnover or annual balance sheet but satisfies a total of two parameters, including number of employees.

These changes were made to embrace the increases in productivity by SMEs, as well as general economic development, since the first definition was coined. Furthermore, the new definition takes cognisance of significant financial links that allow an up-grade of the enterprise beyond the

SME sector. Although the EC‟s guiding definition may facilitate cross-country comparison, it does not address the peculiarity of countries at different stages of development (Economic Commission, 2005). Given this circumstance, it can be argued that the definition of enterprise size should be scaled relative to a country-specific economic context.

Further to the multi-dimensional definitions of enterprise size, it is imperative to turn to the various single criterion approaches used to define enterprise size. It is argued that single criterion definitions would avoid the complexity associated with multiple criteria. The challenge is to determine a single criterion that would best define enterprise size. In some sectors, it may be more appropriate to define enterprise size by number of employees, and in other sectors to use annual turnover.

Firstly, (see Analoui and Karami, 2003:25; Kayanula and Quartey, 2000:19; NSO, 2000) the measure most commonly used to define a small or medium sized enterprise is the number of employees. This is easier to determine than the actual value of assets, which depreciate over time. Also, the number of employees is relatively more stable than turnover.

However, an employment-based definition of enterprise size has a range of pitfalls. Defining SMEs by number of employees implies, incorrectly, that larger enterprises will have more employees. Similarly, there is an implicit suggestion that in order to grow, an enterprise must take on more employees. An employment-based definition of SMEs runs the risk of classifying enterprises by their labour inefficiency or lack of technology, which justifies higher numbers of employees. In this context, an arbitrary cut-off based on the number of employees could wrongly categorize enterprises with higher labour efficiency, or technology as the number of employees may be small. Furthermore, outsourcing or seasonal variations and non-paid family members working in the enterprise present the problem of “true counts” or “undercounting” of employees.

The sole use of an employment-based definition to define SMEs for purposes of determining eligibility for financial assistance or grants may also motivate enterprises to maintain their low headcount but use technology to boost turnover well beyond that of SMEs. The use of multiple

criteria to complement the number of employees may therefore be important to get a realistic assessment of the economic situation of an enterprise.

Secondly, some scholars believe that the value of assets is a reliable and true measure of the enterprise size (D"Amboise and Muldowney, 1988; Osteryoung and Newman, 1992). This is the least used criterion of the three major quantitative dimensions of defining enterprise size. The reliability and practical use of this definitional base suffers from valuation difficulties among the owners or leaders of SMEs, partly because of financial illiteracy and the cost of valuation (Zimmerer and Scarborough 1988: 16). SMEs also tend to minimise the estimated value of the assets in environments where substantial asset taxes are imposed. Furthermore, there are inconsistencies across governments on what counts as assets when defining business size (e.g. fixed assets and land or only fixed assets). The birth of virtual SMEs demands that the asset base incorporates "personal networks" which may not be evaluated easily and do not quite conform to fixed assets. In this regard, the definition of enterprise size by asset fails to recognise capital efficiency.

Thirdly, turnover, which is indexed to address currency changes, provides a realistic and financially meaningful definition of enterprise size. Obviously, this may have the advantage in cross-country comparisons. However, turnover is commercially sensitive and confidential information in most developing countries. Turnover that is disclosed is vulnerable to inaccuracy driven by various motives (e.g. to deflate tax remittances, discourage others from market entry). Not many scholars who use turnover to classify SMEs have carefully accommodated currency fluctuation and price changes. It is therefore generally argued that the quantitatively oriented definitions could be enhanced by adding qualitative dimensions (Scott and Bruce, 1987).

It has been demonstrated that researchers wrestle with several distortions and challenges of using a single criterion to define SMEs. These can be summarised as (a) arbitrary cut-off points on the number of employees, (b) unreliability of information on turnover, (c) inconsistencies in what is included in fixed assets to determine size of a firm by various official sources and (d) diversity of enterprises to be defined all by a single criterion. It is also apparent that quantitative-oriented

definitions of SMEs were conceived with the brick and mortar business in mind. As such, virtual SMEs which use electronic means to transact may not fit properly in the statistical definitions. A significant problem of the quantitative definition of enterprise size lies in the failure to consider the relationship between size and performance of an enterprise (e.g. virtual enterprises operated by one full-time person may have higher turnover than brick and mortar enterprise employing twenty people). This shows that quantitative-oriented definitions are less meaningful from the perspective of efficiency.

The official definition of enterprise size in Malawi is a quantitative adaptation of the statistical definition of the Bolton Committee. In the official definition used in Malawi, the local monetary units are not indexed. Scholars convert the local currency to United States Dollars using the official exchange rate that was in effect in 1992 (MK3.60 = US$1) when the definition was conceived (Kayanula and Quartey,2000:10).According to the 1992 official definition of enterprise size in Malawi, three criteria characterise a small enterprise, namely, (a) employing between five and ninety-nine people; (b) turnover up to US$ 110,000, and (c) capital investment ranging from US$ 2,000 to US$ 55,000 (Kayanula and Quartey, 2000:10; Malawi Government, 2000). For enterprises in the manufacturing sector, capital embraces working capital, and cost of land and buildings. An enterprise qualifies as small if it satisfies two or more of the three criteria. At the time of this definition, enterprises were mainly categorized as either small or large, which presumed the non-existence of middle sized enterprises.

1.1.2 Qualitative-oriented definitions

Qualitative oriented definitions of SMEs emphasise the manner in which small and medium enterprises operate their business, which is fundamentally different from larger organisations. The Bolton Committee (Bolton, 1971) devised an “economic” definition alongside the statistical definition of a small firm. It was proffered that a firm would qualify as SME under the economic definition if it satisfies the following key characteristics. The Bolton Committee suggested that a small firm has (a) a relatively small share of the market; (b) is managed by the owner or part-owner in a personalised way and not through the medium of a formalised management structure;

(c) is unable to influence prices or makes little significant impact if it is a non-profit organisation; and (d) is independent, and not part of a large enterprise. Scholars such as Analoui and Karami (2003:25) posit that the Bolton Committee definition remains the best to describe key characteristics of a small firm in view of the diversity of enterprises.

Since the Bolton Committee Report, several scholars (see Beddall, 1990; Burns, 2001; Katz and Green, 2007; Scott and Bruce, 1987) have proposed other qualitative definitions of a small firm. The definitions of Scott and Bruce (1987) and the Beddall Report (1990) are more interesting, as they cover most of the issues highlighted in the definition by the other scholars (e.g. Katz and Green, 2007; Osteryoung and Newman, 1992). It is for this reason that attention is directed to these two. In an attempt to define SMEs, Scott and Bruce (1987) observe that in addition to being independent and usually managed by the owner, SMEs are also characterised by ownership which is held by an individual or small group who are also managers; and that the area of operations is mainly local. In SMEs, workers and owners are in one home community while markets include the local community outside the area of operation.

The Beddall (1990:9) Report on the small firm in Australia proposes a three-criterion qualitative definition of a small firm. Two of these criteria are shared with Scott and Bruce (1987), namely (a) being independently owned and managed, and (b) being closely controlled by the owner and managers who also provide most, if not all, of the operating capital. The third criterion relates to principal decision making functions being in the hands of the owner and managers.

The qualitative–based definitions are useful in exploring the diversity of characteristics that constitute the definition of SME. On the other hand, the characteristics are broad to the extent that it is not easy to exhaust or trade-off attributes that are less critical to meaningfully classify enterprises. On this premise, qualitative definitions may be construed as arbitrary in the selection of characteristics, as they lack precision in filtering the relative contribution of each characteristic to the definition. Consequently, this may lead to researchers adopting a rather narrower or broader view of what qualifies as a SME.

The Bolton Committee's "economic definition" is specifically criticised for two reasons. Firstly, the suggestion by the Committee that a small business is managed by its owners or part-owners in a "personalised way" and not through a management structure presupposes that the growth of the firm would only be to the extent that the owner may not need to devolve responsibility and engage a team of managers or key managers. This conceptual weakness is also manifested in the Beddall Report (1990) on small firms. Furthermore, it is very difficult to use "personalised management" in a small firm which the Bolton Committee statistically defined as employing 200 people or less. In this regard, it is apparent that the "economic" and "statistical" definitions of the Bolton Committee need to be properly reconciled. However, it can be argued that the parameter of characterising enterprise size based on highly personalised management is insufficient. Even enterprises larger than SMEs may also be run in a highly personalised style. This suggests that how an enterprise is run is not an entirely size-related matter. One may further question as to when exactly the locus of management control changes from an owner-manager to a functional and hierarchical structure of management.

Secondly, the fact that the small firm is characterised by a small share of the market suggests that firms operate in perfectly competitive markets. According to Storey (1994), this may not always be the case, where a small firm operates in a niche market and provides a highly specialised product, or is geographically isolated to perceive any clear competition. An enterprise of few people may have a high degree of market power because of focusing on a highly specialised market segment. Lastly, most of the qualitative definitions have independence of the owners as a definitional base (see Beddall Report, 1990; Bolton Report, 1971; Bruce and Scott, 1987). The concept of independence is relative, as some enterprises may rely on one enterprise or customer for their economic activity. This questions the independence of management activity.

Before turning away from the various definitional bases of SMEs, it is interesting to note the qualitative and quantitative parameters that persist in the definitions of small firm from 1930 to 1990s in the United States of America (Osteryoung and Newman, 1992). These parameters are (a) number of employees, (b) annual sales, (c) amount of assets, (d) management organisation structure, and (e) dominance of enterprise in its operating industry.

Having examined the various criteria used to classify enterprise by size, it is timely to determine what would best describe SMEs in this particular study. Three pieces of advice to researchers trying to define size of an enterprise are pertinent before one puts forward any operational definition. The first two are from Osteryoung and Newman (1992). Firstly, small business researchers are advised to "specify the entity they are concerned with more accurately". They give the example of defining enterprise size based on type of management as not measurable, hence not acceptable. Secondly, they posit that any definition of enterprise size should satisfy three criteria, namely (a) measurability, (b) congruence with the market system to differentiate publicly listed enterprises from private enterprises and (c) that the definition of enterprise size needs to be meaningful. The third piece of advice is tendered in the Micro and Small Enterprise Policy statement in Malawi (Malawi Government, 1996:3) which suggests that it is "prudent to use parameters that are not easily affected by macro-economic factors", such as annual sales, or amount of assets, which are highly susceptible to currency depreciation or appreciation. With this in mind, the existing country definition of a SME in Malawi would have significant problems were it to be adopted in this study in its entirety. The country has experienced extensive depreciation of the local currency, and political and economic changes since 1992 when the official definition was conceived (e.g. multi-party democracy in 1994; privatisation in 1997, and economic liberalisation, 1981-1999). Measures such as turnover and assets used in the official definition are out-dated, and oblivious to the prevailing reality. The country definition fails on the criteria of accurate measurement and meaningfulness.

Secondly, the secrecy and confidentiality accorded to information about turnover results in deliberate distortions of any information that is disclosed. As mentioned earlier on in this Chapter, reasons for the distortion of this type of information range from (a) a deliberate, and misleading portrayal of the enterprise as struggling to discourage potential new entrants and local competition; and under-declaration of turnover so as to (b) avoid jealousy and (c) reduce the amount of taxes to be paid. Ultimately, these issues raise doubts about the reliability of turnover as a solo or complementary measure of enterprise size in Malawi. Lastly, most SMEs do not appreciate the need or have the financial literacy to be able to reliably reassess the contemporary

value of their assets. Therefore, for the purpose of this study, turnover and assets are excluded because of pragmatic problems and a failure to be a reliable reflection of the current economic realities of SMEs. However, the quantitative criterion of the number of employees that is included in the official definition is retained here to define SMEs, because of its relative stability. The number of employees was used as part of the definition of micro and small enterprise in the most recent national Gemini survey in Malawi (NSO, 2000). It is argued that this measure has proved to be reliable in Southern Africa as well as outside the continent (NSO, 2000).

This study therefore defines SMEs using a two-dimensional definition. A SME is (a) independently owned, and operates without outside control in taking major decisions and (b) has between five and ninety-nine employees. The ownership of SME embraces partnerships or sole or family ownership and excludes any participation of a parent company. The dimension of "independently owned and operated" is partly informed by the definition of SMEs by Analoui and Karami (2003:27). This definition of a SME uses number of employees, annual turnover, as well as independence of management – reflected in freedom from controls from outside the enterprise in making principal decisions. The economic definition by the Bolton Committee (Bolton, 1971) also recommends the use of the criterion of being "independent, with owners having effective control of activities" to reflect the manner of operation in the SMEs. As such, the two-criterion definition of a SME that is adopted in this study uses quantitative and qualitative dimensions that are commonly used as a way of enhancing operational flexibility, pragmatism and theoretical rigour. This is required to easily extend the definition to the agri-processing sector.

In using the term employees, this study refers to working owners, paid workers, unpaid workers and trainees, and full and part-time workers. This is in line with the operational view of an employee adopted in the recent National Gemini Micro and Small Enterprise survey in Malawi (NSO, 2000). However, the researcher is mindful that this definitional base has an inherent disadvantage of exaggerating the staff head count which may be higher, and not truly reflect the actual labour input. In the light of this, the dimension of independence manifested by type of ownership and autonomy of management provides a counter-check and theoretical buttress to

make the overall two-dimensional definition of SMEs in Malawi contemporary, reliable, practical and inexpensive. The following section gives an overview of the agri-processing sector in Malawi.

1.2 AN OVERVIEW OF THE AGRI-PROCESSING SECTOR IN MALAWI

Two broad concepts, namely agro-industry and agri-business, which are sometimes used interchangeably, are central in the parlance of academics and policy makers in agriculture-related enterprises. Agro-industry refers to the establishment of enterprises and supply chains for developing, transforming and distributing specific inputs and products in the agricultural sector (UN Commission on Sustainable Development, 2008:2; Vorley *et al.*, 2008:1). According to the International Standards Classification of all Economic Activities (UNIDO, 1990), agro-industry consists of a startling range of products such as (a) food and beverages, (b) tobacco products, (c) paper and wood, (d) textiles, footwear and apparel, (e) leather, and (f) rubber products. A slight confusion emanates from the alternative view, which focuses narrowly on the production of crops and value addition to produce food products as agro-industry.

On the other hand, there is no ambiguity that agri-industry embraces a wide spectrum of enterprises and activities in crops, livestock, and aquaculture and agro-forestry (UN Commission on Sustainable Development, 2008:2-3; World Development Report, 2008:2). Agri-industry consists of interdependent sets of enterprises, institutions, activities, and relationships which result in (a) collectively developing and delivering material inputs to the farming sector, (b) producing primary commodities, and (c) subsequently handling, processing, transporting, marketing and distributing food and non-food agro-based products to consumers (UN Commission on Sustainable Development, 2008). This study prefers the prefix “agri” to “agro” in referring to the diversity of agricultural-related products produced by the enterprises. The specific nature of the agri-enterprise which constitutes the central interest of this study is discussed in section 1.2.3.1.

It is also vital to discern that scholarly endeavours to understand the structure and operations of food and agriculture sector are based on notions of a system, supply chain or value chain. The agri-industry system is in fact a bundle of the input production system, input marketing system, the farming system, and the output marketing system, with horizontal relations between them. The value chain perspective in the agri-industry focuses on the interdependency and linkages between the agricultural input industry, input markets (input providers), farming production, and downstream players in the output marketing through to the delivery of end user value of the product (FAO, 2007). The supply chain view of an agriculture-related enterprise emphasises the technical production systems and logistical issues of getting agricultural products from the farm to the table (Humphrey and Memedovic, 2006).

Some scholars and policy makers prefer a more commercial perspective in referring to agriculture-related enterprises (Vorley *et al*., 2008:1). In this regard, agri-business is suitable as it covers all forms of business activities by input suppliers, technology and equipment suppliers, providers of agricultural support services, agro-processors, traders, exporters and retailers (Vorley *et al.*, 2008:1). Notably, a focus on the interdependent sub-sectors of agri-industry provokes nuanced views which suggest that farm production and agri-processing are two neatly separate systems, and not part of agri-business.

A value chain perspective focuses on pre- and post-production activities and the building of linkages among enterprises. As such, agro-industry and agri-business generally refer to commercialisation and value addition in the agricultural sector. Agri-business is a parlance that has wide currency in policy, business, and academic circles. However, other stakeholders have viewed agri-business as synonymous with the exploitative tendencies of large, multinational agro-related business (Jaffee *et al*., 2003:1-2). This view loses its merit especially when the focus is on non-exploitative indigenous enterprises.

Agriculture-related enterprises are important in Malawi, bearing in mind that agriculture is the backbone of the economy. This is testified to by the fact that agriculture accounts for 35 % of the gross national product, over 90 % of the country‟s export earnings, and 80 % of people in paid

employment (Chirwa, 2005). The main export base is dominated by only a few crops, namely, tobacco, tea, coffee, sugar and cotton (Chirwa, 2005:12). Despite being a producer of such commodities, Malawi exports most of these commodities in raw form, thereby losing substantial foreign earnings. The economic dependency on the narrow base of a few crops, and the limited high value processing of agri-products has stimulated incessant debates among policy makers and business to diversify and protect the economy from volatility.

One perspective of agricultural diversification suggests production of diverse agricultural crops through a high-value agricultural revolution to meet the demand for high-value products in cities (Goletti, 1999). A broader alternative is the gradual move from subsistence food crops to a diversified market-oriented production system. This also implies diversifying output from the same input, based on diversified processing, as well as industrial diversification in order to capture the demand for high-value products on the market (Goletti, 1999).

Agri-based processing SMEs, like any other enterprises in Malawi, continue to suffer from delayed and inadvertent effects associated with some of the policies (such as economic structural adjustment policies sponsored by World Bank and IMF from 1981 to 1999) in the financial sector which have failed to bring significant changes in the level of competition, improve the quality of financial services and stimulate new financial products despite liberalisation (Bhalla, Chipeta, Taye and Mkandawire, 2000:16-21; Chirwa, 2005). The micro-finance sector is also under-developed. These inadvertent effects are also evident in the manufacturing and agriculture sectors (Bhalla *et al.*, 2000:16). The post-independent economic and development policies have for a long time focused on large-scale production. It was only in the early 1980s that a host of institutions, financed both by government and foreign donors, started to mushroom and champion the cause of SMEs. Most of the national policies dealing with industry, competition, co-operatives, micro-finance, and trade are being developed or revised to level the playing field for meaningful SME participation (Masten and Kandoole, 2000:289-298; Ministry of Trade and Private Sector 1996). Agri-processing SMEs therefore co-exist with large-scale operators that benefit from economies of scale.

The few, large and dominant agro-processing enterprises that exist in Malawi process tobacco, tea, sugar and cotton into intermediate or finished products. Other large-scale agri-processing enterprises produce biscuits, tea, snacks, fruit juices and beverages, nuts, oil (e.g. from groundnut and other seeds), and milled products (particularly maize, which enjoys substantial domestic demand). There are numerous, atomic small-scale processors of food products, virtually all targeting local consumption or niche exports. These are engaged in processing a variety of products, which include but are not limited to ground and tree nuts, juices, dairy and meat products, honey, and tomato and chilli products. It is noted that small-scale enterprises in the agricultural sector are not tightly coupled to the distribution and value chain through which agricultural products reach final consumers. There are few valuable horizontal and vertical linkages among and between SMEs and their larger counterparts. Thus, few of the agri-processing SMEs are closely linked to large enterprises as subcontractors. Potential areas for SME agri-processing include a wide range of fruits and vegetables, which are usually eaten fresh or cooked in the home, while a voluminous surplus is wasted due to poor post-harvest handling, storage and processing methods (Malawi Government, 2006:17-22).

Agri-enterprises can be located in rural or urban areas; can be large or small, domestic or foreign, public or private, or a mix (Jafee *et al.,* 2003:4). Additionally, these enterprises can also take the form of corporations, cooperatives, family-based entities or single proprietorships. Three types of agri-based processing SMEs can be identified in Malawi (Malawi Government, 2006:17). Firstly, there are privately-owned, modern SMEs, situated in the urban areas close to major centres, with high demand for and consumption of their goods. It is generally argued that urbanisation and localisation stimulates the growth of modern, urban-based SMEs that use modern technology (World Development Report, 2008). The lack of basic infrastructure such as electricity, and transport in rural areas partly explains the reason for the location of these SMEs in the urban setting. However, the technology that is used by these SMEs in Malawi is not modern. Secondly, there are traditional, rural-based agri-based processing SMEs. The typical traditional SMEs use rudimentary implements and also depend on the local market for raw materials and the sale of finished products. There are numerous privately owned traditional agri-based processing SMEs in Malawi, and a few co-operatives. Thirdly, there are agri-based processing SMEs found in peri-

urban areas that rely on distant markets for selling their products. Some of these peri-urban, agri-based processing SMEs are managed by family members, use technology, and are typically located on a farm (although some have no farm connection).

The agri-processing sector in Malawi is embedded in a national agrarian economy that is prone to various shocks, such as weather-related distress in agriculture, and terms-of-trade shocks as exemplified and exacerbated by the adverse effects of the global financial crisis (e.g. low price of agricultural exports). The country is generally facing the effects of poverty, higher transport costs, and HIV and AIDS (Malawi Government, 2006).

Paradoxically, while the domestic liberalisation of agricultural markets has opened new opportunities for the agri-processing SME sector, mainly on the domestic market, it has also opened up the market to cheaper foreign imports and fuelled competition. The domestic liberalisation of agriculture markets has triggered some undesirable results, such as (a) erratic supply and higher price of inputs in marginalised areas that are not attractive markets for private suppliers (Chirwa, 2005:11-13), and (b) exploitation of the rural farming community by middlemen, as farmers are too unorganised to deal effectively with multiple buyers. The domestic market reforms have adversely affected the farming system, which provides raw materials to agro-processing enterprises. On the international level, a range of bilateral, multilateral trade and regional agreements (e.g. SADC Trade Protocol, WTO, AGOA) have created international opportunities for outward growth of local agri-based processing SMEs (Malawi Government, 2003:26). Despite all these trade arrangements, most of the outputs from agri-processing SMEs are destined for the domestic market, and hence excluded from the high-value markets.

Furthermore, developments in the developed markets have far-reaching consequences for agri-processing enterprises in Malawi if they are to reap the fruits of the international market opportunities. Three key challenges in the global value chain of agri-food sectors have serious impacts on most players from Sub-Saharan Africa (Humphrey and Memedovic, 2006:4-5; FAO, 2007:8-9). Firstly, there is a rapid proliferation as well as increased importance placed on

standards in food safety. For example, industry and consortia have developed their own standards and quality demands to manage risk related to product quality and safety (FAO, 2007:8-10). This proliferation is exemplified by several inter-professional organisations working on certification programmes, such as EUREGAP consortium developed by European retailers; Fairtrade Labelling Organisations International (FLO), Social Accountability International (SAI), and Sustainable Agriculture Network/Rainforest Alliance. These standards are also becoming more complex and more stringent in the international markets.

Secondly, there is the burden or technical challenge of agri-processing enterprises having to consistently demonstrate compliance with standards, which are complicated by concerns that go beyond simply the testing of product standards. There are processing standards that relate to how products are grown, harvested, processed and transported to satisfy the demanding international market, and that comply with environmental, social and economic sustainability (FAO, 2007:8). Thirdly, there are challenges of reliable, consistent and speedy volume supply and delivery, customisation of products through processing and packaging, and guarantees about product safety and quality (FAO, 2007:9).

It can be argued that standards would ensure protection of consumers but also incentivise agro-processing enterprises in Malawi to improve product quality and safety. Consequently, agri-processing enterprises may enjoy the associated rewards and avoid sanctions. The use of accountability and traceability systems may also stimulate measures to sustain product quality and safety. Counterpoints to this view suggest that industry standards and certification requirements adversely affect agri-based processing SMEs. These SMEs (a) face challenges to produce large volumes of consistent, quality and high-value products; (b) suffer high costs of adopting product traceability systems and certification; and (c) lack access to state of the art technologies to meet the stipulated standards.

1.2.1 Defining agri-based processing SMEs

Armed with an operational definition of SMEs, and an understanding of the agri-processing sector in Malawi, it is important and timely to turn to a sectoral focus and specify the type of enterprises which are the core context of this study. However, there are challenges of using, and also extending the SME phenomenon to other sectors such as agriculture in countries like Malawi. Firstly, national statistical reports consider or incorporate agro-based SMEs under the broad umbrella of SMEs. Secondly, there is a general observation that medium-sized enterprises are mostly treated as "the missing middle" in Sub-Sahara Africa (Biggs and Shah, 2006:3046). As such, enterprises are classified as large, small or micro-sized (NSO,2000). These fundamental issues exacerbate the difficulty of pinpointing the specific contribution of agri-based SMEs as there is no sector-focused definition of enterprise size. Both of these observations hold true for Malawi and are further compounded by scanty and out-dated data for SMEs, which are not disaggregated by sector (Malawi Government, 2003).

Fundamentally, agri-processing adds value to agricultural raw materials or residues that are both food and non-food (FAO,1993). Or to put it differently; agri-processors interface with agriculture producers on one hand and the markets on the other. It is within this broad value chain that agri-processing enterprises are different because they encompass off-farm, post-harvest level processing and all the operations until the product reaches the end user in the desired form, packaging, quantity, and price.

In a nutshell, off-farm activities exclude primary production and management of natural resources. In this vein, agri-processing is a set of techno-economic activities, applied to all the products that originate from agricultural farm, livestock, aquaculture sources or forests to conserve, handle and add value that transforms them into useable food, feed, fibre, fuel or industrial raw materials (Khadka and Ichsan,2003:114). Thus, the agri-processing industry engages in adding value through converting primary products into marketable, useable or edible products at a profitable return (FAO,1993; Khadka and Ichsan,2003:4). Figure 1 depicts the agri-processing value system, from commodities to consumption.

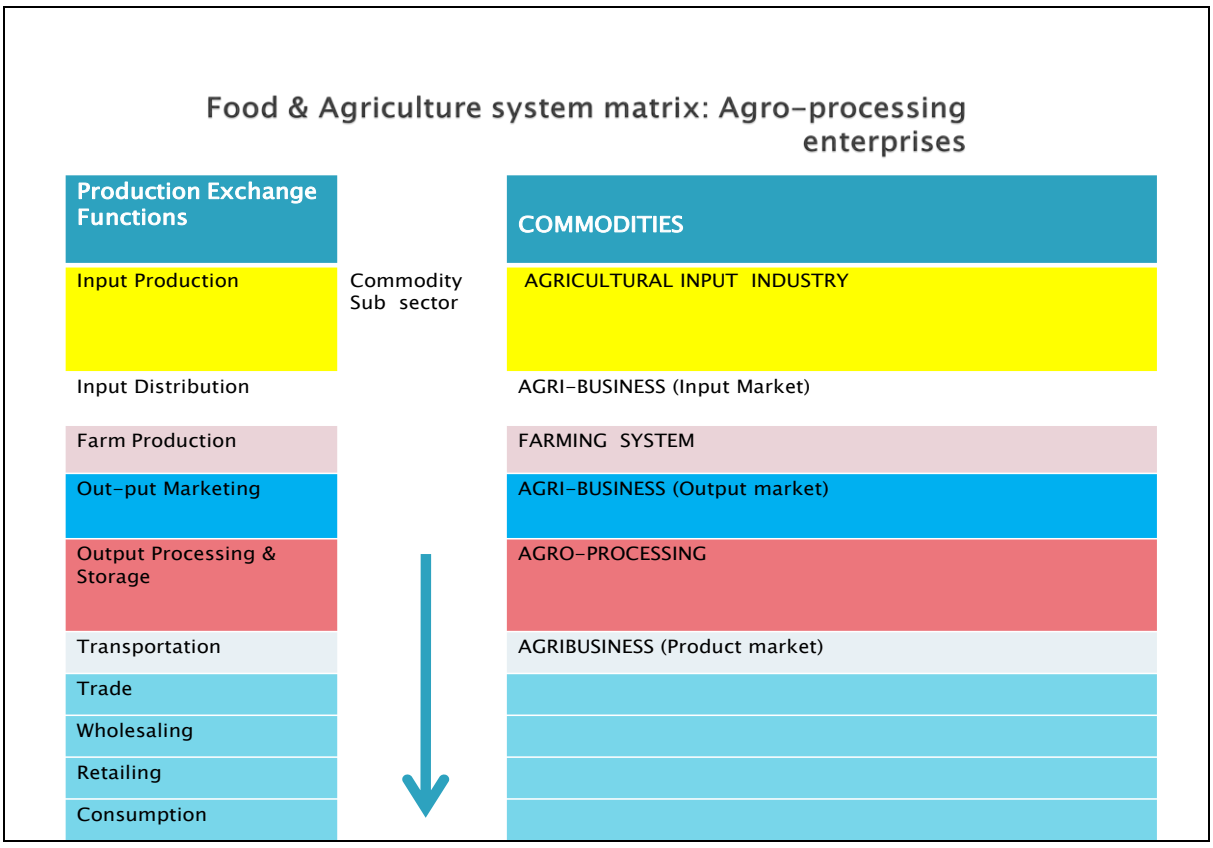

Figure 1: Malawi agri-processing enterprise value matrix.

Source: Own

As such agri-processing SMEs may be grouped into a food processing industry, a livestock industry, a fisheries industry and a forestry industry, based on the main raw material (Khadka and Ichsan, 2003:4). In some instances, the agri-processed products serve as raw materials for other processes that add value to other products in the value chain so as to create value for the end customer. The second-stage raw materials can be exemplified by leather made into shoes, or textile made into clothes. This is a clear illustration that not all agri-based processing enterprises add the same level of value to agricultural raw material. Firstly, there are agri-processing enterprises which target the ultimate consumers and usually add most value. According to Khadka and Ichsan (2003:6), these enterprises can be classified at the "higher end of the value chain" while the simpler and more general processing activities may be positioned at the "lower

end of the value chain". The agri-industry has a high degree of interdependence, with both forward and backward activities in the value chain (FAO, 1997:8). For instance, this interdependence entails the development of systems to coordinate the activities of input providers, producers and downstream agents in the value chain across both space and time.

Agri-based processing SMEs are essential components of the value chain in modern economies. Typically, they are located close to the sites where raw materials are produced, although a few are situated in urban areas (UNIDO, 2008). The location of agri-based processing SMEs in the rural areas opens up rural commercial activities in the informal sector and rural micro-enterprises (e.g. new channels of distribution and marketing for agricultural commodities produced by small and marginal farmers). On the other hand, the increasing location of SMEs in urban areas reflects changes in the legacy of a supply-push oriented system to a more demand-pull marketing orientation driven by consumer preferences.

1.3 THE RESEARCH PROBLEM

This study investigates strategy-as-practice in SMEs, focusing on micro-activities and processes undertaken by strategic leaders. At the top level, strategy-as-practice deals with macro-level institutions and institutionalised processes and practices, which often transcend particular organisations. People encounter these strategies and practices as institutional procedures or systems. According to Johnson, Langley, Melin and Whittington (2007), institutionalised practices provide shared codes of behaviour, or the script which tells everybody how to proceed or behave. On the other hand, there are the micro-activities and processes of various people, including leaders. These are considered to be at the lower level of doing strategy but connected to higher levels of organisational and institutional practice and processes, to the extent that they determine the strategic outcomes (Johnson *et al.*, 2007:17-24).

Scholars (such as Jarzabkowski *et al.*, 2007; Johnson, Balogun and Seidl, 2007; Melin, Ericson and Mullern, 1999; Yukl, 2010; Whittington, 2006) observe that the "how" of strategy has generally gone missing in traditional strategy research in organisations. Consequently, there is

little research to generate theory on the actual micro-processes and micro-activities of strategic leaders and actors in managing strategy. Specifically, Johnson *et al.* (2007:7) highlight a significant lacuna in strategy research on the link between the individual-level micro-activities exercised by strategic leaders and other people, and organisational level processes and practices. Since as far back as the 1980s some scholars have highlighted the limited empirical research available to explain the activities of managers and also how leaders establish and communicate to their organisations a set of shared values and beliefs on how the organisation ought to be. Johnson, *et al.* (2007:21) express similar sentiments, arguing that it remains a black box when it comes to *how* informal organisational aspects such as culture, guide strategic leaders or managers in what they literally *do*, namely, strategising. This too points to the need for further research on strategising and cultural leadership, focused on the perspective of micro-level activities and processes observed within SMEs. Specifically, this study has addressed the question of how the basic cultural assumptions of strategic leaders influenced their strategising as they competed in the market.

Although it may be an extreme view, some scholars construe strategy as disembodied (Johnson *et al.*, 2007:7). They uphold a rationalistic and technical view of strategy and argue that they are interested in strategy and not what people do. Not surprisingly, though, what people do or human action and interaction continue to be considered in explanations of performance of the small firm (Analoui and Karami, 2003:35). As was pointed out earlier, scholars concur that the overriding reason for failure of small firms is a lack of leadership and management skills in running ventures (Analoui and Karami, 2003:35-36; Longenecker, *et al*., 2003; Megginson, Byrd and Megginson, 2003; Rwigema and Venter, 2004). This is certainly true in Sub-Sahara Africa (Biggs and Ashah, 2006:3046). It is also likely that poor leadership in small firms that do survive may constrain their competitive ability to realise their full potential in the market. There is a theoretical gap of what strategic leaders actually do in the enterprise to create, resource, and deliver value to the market, and thereby ensure survival and growth. Or to put it differently, the view of strategy as practice has not produced much in terms of how leaders enact competitive strategy or the actual activities and processes that are used in effecting the competitive "game

plan" (Johnson *et al.,* 2007). This is a paradox, given the broad and diverse body of research on leadership and also on strategy in general.

Furthermore, research that has been produced on practices that underpin competitive strategies, also tends to focus on relatively formal aspects of the organisation. Literature reveals that these studies explore how formal organisational routines and practices that are difficult to discern might provide competitive advantage (Barney, 1991). Other studies concerned with competitive strategies have examined innovation routines or the relationship of inter-organisational routines and innovations-based strategy (Salvato, 2003). Resource-based theorists argue that resources that are valuable, rare, and difficult to imitate are most likely to form solid bases of competitive advantage. It is argued that the capabilities embedded in an organisation"s culture are likely to bestow competitive advantage rather than formalised routines (Johnson *et al.*, 2007:21). Compared to formal aspects, organisation culture is conceived as relatively difficult for competitors to discern and imitate.

However, there is limited research on the resource-based view (RBV) of the firm that has identified specific informal and micro-activities that create competitive advantage, or explored why they are difficult to imitate (Johnson *et al.,* 2007:21). The marginalisation of informal organisational aspects and activities which managers manipulate to gain competitive advantage undermine the relevancy of the RBV to practitioners, such as the leaders in agro-processing SMEs. For leaders to be effective, issues related to culture must be clearly identified. It can be argued that the cultural perspective directs research on leadership and strategy away from the traditional and deterministic emphasis on strategy-structure-systems in organisations to people-activity-process linkages. The micro-activities of strategic leaders and actors informed by a cultural perspective of competitive advantage reflect the contextualised social and symbolic reality in the organisation (Johnson *et al*., 2007).

Cultural assumptions such as "relationship with the environment" (e.g. uncertainty, control) and "relationships among people" (e.g. hierarchy, social/tasks) have a unique influence on how managers perceive, interpret, and respond to strategic issues and the environment (Schneider and

Meyers, 1991:308-310). Cultural assumptions also affect the way in which a group deals with problems threatening its basic survival, or requiring external adaptation to its environment (e.g. setting goals and determining the means to achieve them), as well as those problems affecting its daily functioning and ability to adapt and learn as a group (Schein, 2010:18). Strategic leaders hold cultural assumptions which guide "how to supply products in time, and at competitive price through the flexibility to respond quickly to changes in demand and successfully manage product differentiation by building innovative capacity and effective marketing systems in a particular market" (Altenburg *et al.,* 1998 cited in UNCTAD, 2005:4). Cultural influence is felt via the relative success of these assumptions, which serve as cultural interpretive schema, and are taught to new members (Schein, 2010:15-17). There is a need to understand the cultural assumptions of strategic leaders and how they influence the way an organisation competes.

Literature reveals several areas of management research foci on organisation culture. Studies have tended to focus on the upper echelon of management and shared values in larger organisations (Humble and Jackson, 1994); characteristics of specific cultures in large organisations (e.g. safety culture, Cox *et al.,* 1997; enterprise culture, Gray, 1998; marketing culture, Kotler, 1985; engineering culture, Kunda, 1992) and attempts to relate organisation culture to specific outcomes such as performance, effectiveness and productivity. In Malawi, most of the studies undertaken on SMEs are pre-dominantly surveys on entrepreneurship which provide baseline data (NSO, 2000; Simmon, 1999; Orr and Makawa, 2000). Other studies have focused on finance-related challenges faced by SMEs (Kayanula and Quartey, 2000) and the capacity of an SME support system for business expansion (Masten and Kandole, 2000). There seem to have been no studies conducted in Malawi on strategic leadership, organisation culture and strategising in SMEs.

This study investigates the influence of strategic leaders‟ cultural assumptions and their strategy of competing. Three extant studies come closest to the interest and focus of this research. The first of these three studies is a grounded theory study by Haugh and McKee (2004). This study used ethnography to explore organisation culture and shared values between the owner-manager and employees in four smaller family-owned firms in United Kingdom. According to The

Department of Trade and Industry in the United Kingdom, an enterprise is small if it has 1 to 99 employees (Culkin and Smith, 2000). This type of classification is different from the one that prevails in Malawi. A small enterprise in the United Kingdom falls into a different category of medium sized enterprise in Malawi. At theoretical level, the study by Haugh and McKee (2004) explores the organisation culture only, and does not address the influence that organisation culture may have on the day-to-day activities and strategic outcome of competing by family-owned smaller enterprises. Haugh and McKee (2004:392) suggest that their study is one of the first empirical studies to explore organisation culture in the smaller firms and recommend that it should be done again in other industry sectors and geographical areas to support or challenge the findings. This illustrates the lack of research focus on the culture of SMEs.

Secondly, the study by Schneider and Meyers (1991:308-310) explores the impact of national cultural differences on how managers interpret and respond to strategic issues within the banking industry. This is close to the current study as they both focus on how strategic leaders interpret and respond to issues that are of a strategic nature. This quantitative cross-cultural study by Schneider and Meyers (1991) illustrates alternative ways of studying strategic leadership interpretation and response to strategic issues, which are within the cognitive domain. Nonetheless, the study by Schneider and Meyers (1991) is different as it focuses on (1) executives and graduate students enrolled in a major European business school, and (2) is not designed to build a theory. The students were clustered into North American, Anglo, Northern European, Latin European and Nordic groups.

A third study by Jenssen and Kristiansen (2004) compares how sub-cultures of indigenous Tanzanian entrepreneurs and Tanzanian entrepreneurs of Asian origin affect the acquisition of entrepreneurial resources and social capital in the wood business sector. This study focuses on sub-cultures of the two types of entrepreneurs and how these account for differences in the acquisition of resources and social capital.

Contextual similarities can be drawn between Jenssen and Kristiansen‟s (2004) investigation of the ethnic sub-cultures of entrepreneurs operating in SMEs in Tanzania and the Malawian focus

of this study. Malawi and Tanzania are both Sub-Saharan developing countries. However, any similarities between the two countries are overshadowed by the differences in the research focus of these two studies. Although both studies focused on sub-cultures in SMEs in a Sub-Sahara African context, the current study focuses on the sub-culture of strategic leaders from one country of origin and is not a comparison of entrepreneurs originating from two different geographical areas or backgrounds such as Tanzania in Africa and India in Asia. Notably, the study by Jenssen and Kristiansen (2004) compared entrepreneurs of Tanzanian and Asian origin, precisely India, who are representative of the two sub-cultures. The sub-cultural group of the Asian diaspora in Tanzania and the whole of East Africa, use ethnic resources to establish social networks that play a key role in entrepreneurial development and success. On the contrary, most of the native ethnic groups in Tanzania lack cohesion, or a sense of collective subjectivity, and suffer from a "serious crisis of confidence in collective action". Flowing from this, most Tanzanians prefer to act on their own to solve problems (Jenssen and Kristiansen, 2004:4). Unfortunately, many of the problems cannot be solved using an individualistic approach (i.e. without securing social or financial support from others). Methodologically, the current study is also different, as it aims to develop a theory from data. These are the significant contextual and methodological differences between the extant studies that come closest to the current research.

In summary, there are three broad research gaps in strategy, leadership and organisation culture which are relevant to this study. Firstly, there is the lack of research focus on micro-activities and the processes of strategic leaders and multiple actors in the practice of strategy in organisations. Secondly, there is limited focus on informal aspects or activities that create competitive advantage in firms. Lastly, there is limited research on the culture of SMEs. In particular, this study aimed to generate a grounded theory on the influence of strategic leader"s cultural assumptions on the micro-activities of competing in agri-based processing SMEs. It is against this backdrop that the current study seeks to contribute towards research on the practice of strategy (strategising) and strategic leadership culture in small and medium enterprises within the Malawian context, as well as to the wider literature on strategising.

1.4 PURPOSE OF THE STUDY AND RESEARCH QUESTIONS

As briefly stated in the previous section, the purpose of this study was to generate a grounded theory about the influence of strategic leaders‟ cultural assumptions and the activities of choosing how to compete in the market. Thus, the study was interested in a theory that would explain a socially constructed reality as opposed to testing an existing, objective reality or hypothesis. The key research question in the study was: “How do the basic cultural assumptions of strategic leaders of agri-based processing SMEs in Malawi influence strategising to compete in the market?” In order to answer the main research question and develop a substantive grounded theory, secondary goals were developed to (a) clarify the cultural assumptions being held by strategic leaders of agri-based processing SMEs in Malawi; (b) to understand the strategising activities used by these strategic leaders; and (c) to describe and understand how basic cultural assumptions affect strategising and vice versa. Consequently, the study will develop the descriptive material into a substantive grounded theory.

1.5 THE SIGNIFICANCE OF THE STUDY

The present study is significant as it seeks to understand the cultural assumptions of strategic leaders, which underlie the day to day micro-activities that ensure survival of agri-based processing SMEs. Thus, strategic leaders of agri-based processing SMEs have cultural assumptions about how to compete. The study explores the cognitive aspects of these cultural assumptions which guide people to makes sense of what is happening in a context which would otherwise be overwhelming and also incomprehensible. On the other hand, the outcome of manifesting cultural assumptions in values or artefacts in the life of the organisation reinforces or alters the operating schema upheld by the strategic leaders and other actors.

The old observation by Burns (1978) that we know little about what leaders actually do, is still valid today. Yukl (1999:289) echoes the concern by arguing that the actual underlying processes and activities of leaders are not known. There is relatively little research on the practice of strategy by strategic actors in organisations (Johnson, *et al.,* 2007). The micro-activities of actors

such as strategic leaders in organisations have been neglected in both leadership and strategy research.

This makes the current research important as it advances the unique and important research stream on the cultural assumptions of strategic leaders, and how these influence or are influenced by outcomes of strategic activities to compete in the market. In this way, the research opens up theoretical insights on the micro-activities of strategising at the level of SMEs. This will provide new insights on how strategic leaders in SME strategise, especially as some scholars and policy makers consider SMEs as "anti" strategic management (Hall, 2002; Poutziouris *et al*., 2004:1-7). Furthermore, the current study is unique and different as it deliberately embraces micro-activities of different actors, some of whom may not be part of the upper echelon in the organisational life. However, this study privileges the lived experiences and lens of strategic leaders to understand strategic leadership sub-culture and strategising activities.

To put it succinctly, this research set out with the aim of contributing knowledge and understanding in three specific areas, to:

- Extend our scholarly understanding of how the sub-culture of strategic leaders influences the doing of strategy by strategic leaders of SMEs in the agri-based processing sector.
- Contribute to the academic literature by formally bringing together literature on strategic leadership, strategy and organisation culture in the context of SMEs.
- Address the lack of theory available to explain how strategic leader"s cultural assumptions influence strategising as SMEs compete.

A grounded theory of this type has the potential to form the theoretical bedrock to understanding a culturally-influenced practice of strategic management activity by strategic leaders in SMEs.
The practical importance of the study to the agri-processing business sector in Malawi includes the identification of various patterns of strategising which strategic leaders of SMEs in this sector adopt and their corresponding consequences. The theory generated in this study will assist strategic leaders on how to practice strategising in agri-based processing SMEs to ensure

business sustainability and leverage the linkage between commodity producers and processors who add value. It is pre-dominantly through well-managed agri-processors that demand for agricultural commodities is stimulated and sustained in the market. This not only provides a market for agricultural commodities but also incentives for farmers to engage in production. Overall, there are better economical returns in adding value to agricultural produce rather than selling them as commodities. As such, strengthening agri-based processing has the potential of increasing economic returns from agriculture related activities in an economy. At a pragmatic level, the data-driven theory that is generated has the following potential contributions to:

1 Aid owners/strategic leaders of agri-based processing SMEs in shaping their cultural assumptions and influence on wider structures, systems, competitive actions, and other strategic outcomes, in a market that is increasingly opening up to competition.

2 Further develop existing resources valuable to the practice of strategic leadership and strategy in agri-based processing SMEs. The theory is a resource which academicians, students, business development specialists, business trainers and policy makers involved with SMEs could explore to advance or promote culturally-driven strategic leadership and strategising in Malawi and other similar contexts.

1.6 DELIMITING THE STUDY

This study is confined to enterprises in the agri-processing sub-sector that satisfy the definition of SMEs presented earlier. Furthermore, the study is limited to agri-based processing SMEs that have been operating for a period of more than five years, as they would be expected to have experienced critical incidents impacting upon internal integration and external adaptation, and also the effects on the organisation of the solutions adopted. Five years is long enough for strategic leaders to have enough stability as a group and for them to learn consistently valid solutions to any problem or anxiety that is being experienced. As a result of the shared experience of problems, and the collective learning of solutions which have worked repeatedly, strategic leaders were possibly passing on these solutions to new members as correct ways of

perceiving thinking, and feeling. Commonly shared history and social learning from critical incidents are important to understand culture as group members‟ deeper assumptions (Schein, 2010; 1984:7).

The study is also limited to strategic leaders of SMEs. These are key managers, owners and members of the top team that run the enterprise. These key managers / owners are likely to dig out and decipher the basic cultural assumptions and strategy of competing, as they have more hands-on experience of leading their organisations. Those with less experience may not have had the chance to experience and handle diverse real-life critical incidents, or to experience and socially learn from the effect of critical events and the solutions that were adopted.

There is no uniformity among scholars when it comes to the question of what organisation culture constitutes. This study adopts the definition of culture by Schein (1984, 2010). This cognitively-oriented approach to culture, which focuses on basic cultural assumptions, will be developed later in the thesis. Cultural assumptions affect the activities of a group. It is this influence that is being studied from the perspective of strategic leaders in agri-based processing SMEs. Strategic leaders/owners of these SMEs are used as the lens to focus on the micro-activities of people at various levels in the organisation. This point of view is supported by “the personal principle” which argues that the owners/key leaders of SMEs have full overview and details of the business besides understanding the business as lifelong duty (Theile, 1996).

1.7 STRUCTURE OF THE THESIS

This study was exploratory in nature. It was designed to build a substantive theory induced from data, using the grounded theory method. The thesis has a total of ten Chapters. Chapter one presents the context of the study, including debates on definitions of SMEs. An operational definition of SMEs was devised and extended to the agri-processing sector for the purposes of this study. The Chapter also presents an overview of the agri-processing sector. Theoretical literature on organisational strategy and how this is affected by the culture of the organisation

has not paid sufficient attention to the actual micro-activities and processes of strategic leaders and other actors within the organisation.

Chapters Two and Three contain a cursory review of related literature to stimulate theoretical awareness, and identify areas where a fresh empirical perspective was required. These two Chapters should not be taken as an attempt to provide a comprehensive discussion of relevant literature or pre-emptive theoretical framework of the nature of contemporary work on a phenomenon (McCallin, 2003:206). This is in line with the grounded theory method, which requires that a comprehensive review of literature takes place, once the theory is generated from data.

Chapter Two reviews literature on strategic leadership. The Chapter argues cogently that strategic leaders of SMEs engage in the activity of doing strategy in the day to day life of the organisation, and that this has strategic outcomes. It is this theoretical light that provides insights on how strategic leaders actually engage with strategic management in small and medium enterprises. Furthermore, the Chapter examines the roles of strategic leaders in creating, maintaining, transmitting, and changing organisation culture.

Chapter Three is about understanding culture. The Chapter explores the elusive concept of culture broadly before focusing on organisation culture and basic cultural assumptions in the context of solving problems of internal integration and external adaptation. The study considers basic assumptions which are deeper, unconscious and taken-for-granted as the essence of culture. Furthermore, the Chapter indicates that this study focuses on the sub-culture of strategic leaders in agri-based processing SMEs.

Chapter Four focuses on research methodology. The Chapter discusses the philosophical underpinnings of research, before focusing on qualitative research methodology and the grounded theory method used in this study. The Chapter also explores the divergence between the co-originators of grounded theory. A justification for the adoption of Strauss and Corbin‟s (1990) approach to grounded theory in this research is also presented. Furthermore, the Chapter

details the research process followed in the study, including sampling, data collection and analysis, and the procedures employed by the researcher to ensure rigour. The ethical aspects of conducting the research are also discussed.

Results of this study are presented in Chapters Five to Eight. Notably, Chapters Five to Seven are more descriptive, while Chapter Eight is more conceptual and constitutes a full presentation of the theory. The descriptive Chapters are building blocks for the more conceptual Chapter, which presents a fully developed and extended grounded theory. The differentiation of theory from description has been informative in structuring the presentation of this thesis. Strauss and Corbin (1990:29) raise two salient points on this subject. Firstly, theory uses concepts. Secondly, these concepts are related through statements specifying relationship. Additionally, Strauss and Corbin (1990:29) posit that "in description, data may be organized according to themes. These themes may be conceptualizations of data, but are more likely to be précis or summaries of words taken directly from the data". Guided by this counsel, the Chapters presenting results are initially descriptive and become progressively conceptual as they establish statements of relationships between categories, properties and their dimensions to integrate categories into a substantive grounded theory. Therefore, the grounded theory is fully and conceptually presented in the last Chapter of findings (Chapter 8). The structure of these Chapters is as follows:

- Chapter Five describes cultural assumptions of strategic leaders in various agri-based processing SMEs.
- Chapter Six presents a consolidation of the cultural assumptions in a cultural paradigm of strategic leadership echelon in agri-based processing SMEs.
- Chapter Seven describes strategising activities that strategic leaders were pursuing to manage, respond to or avoid critical incidents.
- Chapter Eight presents the substantive theory that has been generated in this study. Thus, concepts and categories discussed in Chapters Five to Seven have been used as building blocks of the theory which is fully and conceptually extended in this Chapter. The theory is about the influence of cultural assumptions of strategic leaders on their strategising activities for competing in the market.

Chapter Nine discusses the substantive theory generated in this study in relation to a number of other theories. Therefore, this Chapter locates the results of this study in the extant body of theoretical knowledge in various domains. This literature review, conducted after the theory is generated, has a different purpose from the initial one. At this stage, the literature review is more intense and covers diverse domains not included or fully developed in the two earlier Chapters (Two and Three).

Chapter Ten concludes by highlighting the value of the study, its limitations, and then making recommendations for future research.

CHAPTER TWO: STRATEGIC LEADERSHIP

> All men can see the tactics by which I conquer, but what none can see is the strategy out of which great victory evolved. (Sun Tzu, *The Art of War*, 400 BC).

> Organisations are not written in the natural order of things. They are the consequences of human action…organisations are expressions of will, intention and value…they are manifestations of people doing what they want to do or what they think they must do (Greenfield and Ribbins, 1993:103-104).

2 INTRODUCTION

As mentioned in the introductory Chapter, the research question in the study focused on how the cultural assumptions of strategic leaders of agri-based processing SMEs in Malawi influence their strategising to compete in the market. In the light of this, Chapters Two and Three explore literature on strategic leadership and culture respectively.

It is essential to clear up a point of potential confusion regarding the use of literature in this study. Guided by Strauss and Corbin (1990), the review of literature in this study follows methodological precautions of generating a grounded theory. Strauss and Corbin (1990) recommend that the literature review should be general and limited in the initial stages of a grounded theory study. The reason is that literature should not constrain the researcher in the generation of a theory from the data. Strauss and Corbin (1990) also caution researchers that the initial literature review should not bring about any relevant categories or relationships between the categories. Literature at this stage serves to orient, sensitise and familiarise the researcher with previous knowledge in the field, clear up thoughts and locate gaps in the existing literature (Graham and Thomas, 2008:118; Strauss and Corbin, 1990:35). It is also expected that experienced researchers may have prior experience of working on the research domain. As such, Strauss and Corbin (1990) encourage researchers to undertake a preliminary review of literature, as this is necessary to identify areas which require further research or fresh insights to appreciate a phenomenon.

In the words of Strauss and Corbin (1990:23), a grounded theory study "does not begin with theory, and then prove it. Rather, one begins with an area of study and what is relevant to that area is allowed to emerge". In the light of this, there is no need for a researcher to critically review all the literature beforehand, as no one is able to know in advance what categories will emerge in the study. Therefore, Chapters Two and Three serve as a mere background to the domain of this research. A detailed review of literature that is relevant to the findings takes place once the theory is generated from data (see Chapter Nine). The objective of a literature review at that stage will be to partly stimulate creativity in the analyses but also increase the validity of the research by locating the findings in the existing literature.

As a central point of departure, this Chapter advances a constructionist view of strategy. This view upholds strategy as the everyday activities of strategists in day-to-day organisational life (Jarzabkowski, Balogun and Seidl, 2007; Johnson, Melin and Whittington, 2003; Whittington, 2003). In this vein, the questions "what do the people engaged in strategizing actually do and how do they influence strategic outcome?" are fundamental to the exploration of strategy as an activity in SMEs (Johnson *et al.,* 2007:3). Strategic actors pursue actions, and configure resources consequential to the successful internal integration, completion of mission and external survival of the enterprise. Articulating this point differently, Johnson *et al*. (2007:3-4) argue for the positioning of everyday human action and interaction at the centre of strategy, as opposed to conceiving strategy as a result of one-off decisions by top management to be implemented through formal organisational structures and systems. This growing assault on the notion of strategy as what the organisation has (e.g. a formal plan) provides theoretical insights on how strategic leaders actually do strategic management in small firms.

Strategic leaders in agri-based processing SMEs have the duty to manage strategy and respond to the external environment. Like in any other organisation, strategic leaders play various roles and tasks in the organisation (Boal and Hooijberg, 2000:516-517; Covey, 1996:149-159; Richardson, 1994; Schein, 2010). This Chapter spotlights the role of strategic leaders in creating, maintaining, transmitting, and changing an organisation culture.

The aim of this Chapter is twofold. The first aim is to understand strategic management in the context of SMEs, and develop a broad understanding of strategic leadership The second aim is to explore the role of strategic leaders in the creation, maintenance, transmission, and change of culture. In pursuit of the above, the Chapter starts by considering the theoretical evolution of strategic management, before focusing on strategic management in SMEs. Thereafter, the Chapter focuses on strategy-as-a practice, and key actors in SMEs who strategise on how to compete, survive, and grow in the market. The Chapter also conceptualises strategy and competitive strategy, and concludes with an articulation of the relationship between strategic leadership and culture in the organisation.

2.1 THE THEORETICAL BASES OF STRATEGIC MANAGEMENT

Strategic leadership, strategy and organisation culture are central sub-fields in this study. These fall within the domain of strategic management. It is therefore fundamental to understand briefly the evolution of the field that is termed strategic management. To achieve this, a historical review of the major theoretical bases of strategic management seems instructive. Hoskisson, Hitt, Wan and Yiu (1999:417-456) indicate that the field started as a limited area focusing on business policy in business schools. According to Learned, Christensen, Andrews and Guth (1965:3) business policy involved those with primary responsibility for the entire enterprise. Alfred Sloan, the former President of General Motors popularised the notion of "policy", which was rigorously separated from operation (Sloan, 1963). As such, business policy was "the study of the functions and responsibilities of general management and problems which affect the character and success of the total enterprise" (Learned *et al.*, 1965:3).

Hoskisson *et al.* (1999) employ the metaphor of „swings" of a pendulum to offer a chronicle of four theoretical shifts between an externally focused, contingency perspective and the contemporary internal, resource-based view (RBV) in strategic management. Firstly, the early development of strategic management characterises an interest in strategy, structure, and internal competitive resources. This intellectual legacy is explicit in the early theoretical works that

include Alfred Chandler‟s (1962) seminal book on *Strategy and Structure*; Ighor Ansoff‟s (1965) seminal book on *Corporate Strategy*; Learned *et al.*‟s (1965) book on *Business Policy: Text and Cases,* and Andrew‟s (1971) proposal for assessing the internal and external environments (SWOT analysis). Thereafter, interest in the field of strategic management shifted externally to „industrial-level-economics‟. The emphasis was no longer on the „individual firm‟. Instead, the focus was on industry structure and competitive position. During this period, the field adopted terms such as strategic group to categorise strategic firms based on similarity within and across groups (Hunt, 1972). Porter‟s (1980) five forces model was adopted to focus on industry structure and competition, while Porter‟s (1985) generic strategies for a firm were used to gain an edge over other firms in the industry. The third swing in the evolution of strategic management was away from the industry and back to the internal firm mechanism. This time, the focus was on characteristics which influence performance and strategy based on organisational economics, such as transaction cost economics (Williamson, 1985) and agency theory (Jenson and Meckling, 1976). Lastly, strategic management has taken a swing to the contemporary internal resource based view. Initially popularised in the 1980s, RBV remains the dominant contemporary approach to strategic management. In this form, the RBV embraces strategic leadership and knowledge as unique resources for firms to cope in the 21st century‟s competitive landscape and globalisation (Grant, 2002:21).

The resource-based view (RBV) pioneered by Penrose (1959) argues that an organisation is a bundle of resources heterogeneously distributed across the organisation to implement value-creating strategies for exploiting market opportunities (Hoskisson *et al.*, 1999:438). The founding ideas of RBV are manifested in Penrose‟s (1959) “Theory of the growth of the firm”. The theory maintains that it is the heterogeneity and not the homogeneity of the productive service available or potentially available from resources that gives each firm its unique character (Hoskisson *et al.*, 1999:438). A more in-depth discussion of the RBV is beyond the scope of this study but some of the eloquent discourse on the matter is available in the works of Barney (1991); Barney (1995); Barney, Wright, and Ketchen (2001); Lado *et al.* (2006); Prahalad and Hamel (1990) and Wernerfelt (1984). The simultaneous rise of resource-based views (e.g. Barney, 1991; Wernerfelt, 1984) with strategic leadership (e.g. Cannella and Hambrick, 1993;

Finkelstein and Hambrick, 1996) and a knowledge-based view (Grant, 1996) affirm that the main sources of sustainable competitive advantages reside in the development and use of valuable, rare, inimitable, and unique (VRIN) resources (Barney, 1991; Hoskisson *et al.*, 1999:437). Resources are characterised as: (a) valuable, meaning that they exploit opportunities/and or neutralise threats; (b) rare among the current and potential competitors of the firm; (c) non-substitutable and (d) unique, that is they cannot have strategically equivalent substitutes which are valuable, or rare (Barney, 1991:105).

The contemporary RBV builds on the works of pioneers of strategic management such as Chandler (1962), Ansoff (1965) and Learned, Christensen, and Andrews (1965). For example, Chandler"s (1962:13-14) seminal work, *Strategy and Structure,* provides a definition of strategy which acknowledges the necessity and allocation of resources in achieving determined, long-term goals and objectives of an enterprise.

Literature is inundated with various scholarly attempts to define what strategic management is all about. Terms such as (a) scope of activity, (b) management process, (c) stages of activity, (d) overall effectiveness and choice of direction as well as (e) strategic links of the organisation"s internal and external environments have all been associated with strategic management. Emphasising activity, Goldsmith (1995:4) posits that strategic management is about a broad activity that encompasses mapping out strategy, putting strategy into action and modifying strategy or its implementation to ensure the achievement of desired outcomes. From a similar broad standpoint, some scholars advocate "process" and not "activity" to define strategic management. For example, Sanchez and Heene (2004:4) highlight management processes in their definition of strategic management. These two scholars propose that strategic management is the "management processes that define the organisation goals for value creation and distribution, and design the way the organisation will be composed, structured, and co-ordinated in pursuit of its goals for value creation and distribution."

Alternatively, some scholars, such as Ansoff and McDonnel (1990), Johnson and Scholes (1999) and Pitts and Lei (1996:10), all emphasise a sequential perspective, which specifies stages in

strategic management. In a two-stage model of strategic management, Ansoff and McDonnell (1990) separate goal setting (concerned with ends) from strategy (concerned with the means). This is not at variance with the view of Learned *et al.* (1965) who separates strategic planning and implementation. However, Porter clarifies that strategic planning or formulation and implementation are so interrelated and interdependent that the separation is only for purposes of studying these strategic management concepts. This gives credence to the view that there are different stage models of strategic management. For instance, Johnson and Scholes (1999) propose a three-stage model that links strategic analysis, strategic choice, and strategy implementation. Other scholars such as Pitts and Lei (1996:10) suggest a four-stage model of strategic management, which involves analysis, formulation, implementation, and adjustment or evaluation. It is imperative to ensure that the views of strategy in terms of stages are not confused in any way with levels of strategy. The understanding of strategic management from hierarchical relationships or links between various levels, embrace functional, business, and corporate levels of strategy (Louw, 2006:21-23).

It is evident that the notion of links is not just restricted to "stages" of strategic management model or levels of strategy. Strategic management is also interested in the link between the internal and external environments. A case in point is the strategic link framework by Louw (2006:21-23), who submits that strategic management is about the overall effectiveness and choice of direction which creates a strategic link of the organisation"s internal environment, termed the inside–out perspective, and the external environment, termed the outside–in perspective. The inside–out perspective compels strategic leaders to design and develop strategies around resources of the organisation and dynamic capabilities to exploit opportunities in the external environment. Interestingly, the inside–out perspective emphasises the strategic stretching of resources, capabilities, and value adding networks of the organisation in a synergistic manner to take advantage of external market forces and create a competitive advantage. The outside–in perspective, also known as market-driven strategy is determined by market needs and understanding of the external environment (Thompson and Martin, 2005:112-113). In this environmental-led view, strategic leaders in the organisation adapt resources, and dynamic capabilities to create a strategic fit with external opportunities. In this regard, several

scholars (see Sanchez and Heene, 2004:4; Louw, 2006:21; Lynch, 2003:7; Thompson and Martin, 2005:12-13) concur that strategic management involves balancing the internal environment (organisation resources, capabilities, values and goals) with the external environment to set a clear direction, means, and synergistically integrate activities and organisation structure to achieve effective performance. This brings reconciliation of the inside–out and outside–in perspectives of strategy.

2.1.1 Strategic management in SMEs

For many years, scholars (see Analoui and Karami, 2003; Poutziouris *et al*., 2004) seem to have studied strategic management mainly in large organisations, as if SMEs do not also face strategic issues in the internal and external environments in which they operate. Researchers who have considered SMEs have found that there is lack of strategic management and argue that strategic leaders in these enterprises are less rational, systematic and professional (Hall, 2002), and manage mainly through informal processes (Poutziouris *et al*., 2004). Among the several reasons offered as to why strategic leaders of SMEs do not engage in strategic management, are because they lack (a) managerial expertise, (b) financial resources, and (c) time to draw up plans when they should actually be busy doing strategy (Analoui and Karami, 2003:6).

However, strategic leaders of SMEs operate in a business environment where they respond to issues which threaten or enhance business performance. The term *strategic issue* refers to developments, trends, or events that emerge from an organisation‟s internal or external environments. Strategic leaders in SMEs do in fact recognise strategic issues as having significant influence on an organisation‟s prospect of reaching a desired future. Activities involved in strategic issues include seeking to influence the opinion and activities of superiors, subordinates or peers; seeking to change the organisation or its system; or seeking to secure and allocate resources to attain strategic outcomes (e.g. survival, completion of a mission, exploration or exploitation of opportunities). According to Ansoff (1980:133-134) a strategic issue may be a strength, weakness, external threat, a positive environmental impact or opportunity emerging from events (a) in the context of the firm; (b) from managers‟ perceptions

of future opportunities or threats or (c) their ambitions in shaping the future. At times, strategic issues and tasks are ambiguous and poorly understood, so that managers find them difficult to express, address or execute them (Ansoff, 1980).

Some of the strategic issues faced by strategic leaders in SMEs relate to survival, completion of mission, growth, and direction in a competitive environment. SMEs, like most other firms operate in an external environment that may typify (a) *volatility* (rate of change of situation and information), (b) *uncertainty*, (c) *complexity,* and (d) *ambiguity* (VUCA) (Thompson *et al.*, 2004:3). The forces in the environment surrounding an organisation can be characterised by changeability (degree to which there is likely change) and predictability (the degree to which such changes can be predicted) (Lynch, 2003:90).

The classical view of strategy upholds that strategic leaders grapple firstly with the question of "*Where are we now?"* Secondly, there is the question of "*Where do we go to?"* The final question relates to "*How we will get there?"*(Louw, 2006). Other scholars add the question of "*How are we doing?"* (Louw and Venter, 2006: xi). Scholars advocating the classical notion of strategy are somehow naive when they suggest that strategic leaders continuously think and plan around three key questions, which influence organisational leadership, strategies, and organisational architecture (Thompson *et al.*, 2004:3).

Strategy is not only influenced by the internal capacity of the organisation to move on its course into the desired future. The inward focus of strategy demonstrates a limited understanding of the external business environment which is necessary to develop a logical choice of direction, and execution of response to environmental changes. As such, it is important that SMEs are adept at creating value, based on the fit between internal resources and strategy, to mitigate the cost implications of misalignment between internal resources and the external environment. It is against this background that SMEs conceive and undertake strategic actions every day, whether or not they would use the term strategy to describe what they do (i.e. develop a vision, decide on a product range and lines, respond to competition, design organisation structure, manage supplier relations, etc.).

An early but informative study by Robinson and Pearce (1984) testifies that the use of formal and informal planning could not account for the lack of significant difference in performance of small firms that planned formally and informally. Planning is any reflective or contemplative activity that precedes the making of decisions. In informal planning there is integration of analysis and implementation in small firms (O'Gorman, 2003:412). The pre-eminence of action by strategic leaders in SMEs reflect that planning and execution occur simultaneously. Day-to-day action is considered as more significant than setting aside time for the distinct activity of producing formal plans. Large organisations pursue formal planning as a distinct activity from the day-to-day management of the business. Owner-managers or small entrepreneurs often see disadvantages in formalising the planning process (O'Gorman, 2003:409). These disadvantages include, but are not limited to (a) potential loss of control and diminishing of power if guarded information is disclosed; (b) potential loss of secrecy once information or plans are shared with subordinates or are documented; and (c) loss of flexibility.

Robinson and Pearce (1984) observed that research on strategic planning in small enterprises in the USA fell into four major areas. None of these areas or thrusts penetrates the micro-level activities of those who enact, develop, and deliver strategy. The four noticeable research areas focused on effort (a) to confirm empirically the presence or absence of strategic planning practices; (b) to provide empirical evidence of the value of strategic planning; (c) to examine directly or indirectly the appropriateness of specific features of the planning "process"; and (d) to examine empirically the "content" of strategies in small firms. Traditionally, strategic planning is associated with a detailed written plan, summarised as (a) you know where you want to go; (b) you know how to get there and (c) you know how to recognise it when you have arrived. In some organisations, formal strategic plans are hardly consulted once developed. It is clear that for decades the studies of strategic planning behaviour neglected almost entirely the day-to-day activities that are part of planning (Johnson *et al.,* 2007:10). It is only recently that more strategy research questions are being raised on the "doing" of strategy espoused in the strategy-as-practice perspective.

It is rather misleading to argue that the absence of formal planning suggests a lack of strategic thinking by SME owners or entrepreneurs. In fact most owner-managers of SMEs have a clear sense of strategic position and direction of their business such that management activity is typically focused on implementing this strategy (O'Gorman, 2003:412). Scholars who argue that SMEs do engage in strategic thinking and planning assert that the type of planning is contingent upon the stage of firm development (Berry, 1998; Robinson and Pearce, 1984; O'Gorman, 2003). Thus, strategic planning evolves and progresses to more sophisticated, formal strategic management over the lifecycle of the business (Berry, 1998:456). Other distinct issues highlighted in the research on small firm planning pertain to: (a) the time horizon which is short compared with large firms and (b) the informality of the process of planning (Robinson and Pearce, 1984). Strategic leaders of small enterprises complain that their time is scarce and difficult to allocate to formal planning in view of persistent day-to-day work pressure, environmental uncertainty and lack of expertise to undertake the planning process. (For barriers inhibiting the practice of planning in small business, see Berry, 1998:459-466; Robinson and Pearce, 1984; O'Gorman, 2003:412.)

Strategic planning as a one-off activity is criticised for being less flexible and responsive to changes in the environment. Furthermore, the use of "heuristics" to reduce complexities of decision-making undermines responsiveness (Tversky and Kahneman (1974), while bounded rationality casts doubt on the notion of the "rational" planner or decision maker in a dynamic context. Arguably, formal strategic planning is (a) rare in SMEs, (b) constitutes just part of strategic management, and is (c) not emergent enough to explain appropriately how strategic management is done in the ever changing and action-driven environment of SMEs.

Whittington (1993:3**)** provides four generic perspectives of strategy. Firstly, the classical approach to strategy is characterised by profit-maximisation as a singular goal, with a sequential separation of strategy conception and execution, and rational long-term planning by top-management as a way of achieving such a goal. This view is reminiscent of the military model of the solitary general not at the battlefront, but with ultimate decision-making powers and responsibility for plans transmitted for execution by his soldiers.

Secondly, the systematic perspectives of strategy are rational or deliberate in nature, and have a plurality of outcomes since decision makers are not isolated beings pre-occupied with maximising returns. Actually, systemic theorists are embedded in social and economic systems which impose demands on the enterprise and also influence the priorities, the appropriateness of actions of decision-makers and the outcomes. Most research on strategy in SMEs has adopted the classical notion of strategy, which fails to fit comfortably with the unique social systems of these enterprises. Consequently, systemic theorists argue that not all enterprises have profit-maximisation as a singular goal.

However, it can be argued that not all cultures may interpret events as a result of deliberate human or social action. For instance, some deterministic cultures would explain similar events as luck, fate, or history. What is paramount is that scholars should not lose sight of the fact that strategy should be sociologically sensitive. The social context is rich and complex enough to offer plural resources, norms, and values for different and unique business behaviours.

Thirdly, the evolutionary approach emphasises the emergent and fatalistic aspect of competitive processes of natural selection, and relies on markets for the outcome of profit-maximisation (Whittington, 1993:22). This approach to strategy question "management"s ability to plan and act rationally" while emphasising that the environment allows those that are fit and good performers to survive (Whittington, 1993:17). In other words, it is not managers but the uncontrollable and unpredictable markets that determine strategy for a company within a particular milieu. The evolutionary theorists strongly maintain that environmental fit is not an outcome of deliberate strategic choice as this may occur through chance, good fortune, or sometimes error (Whittington, 1993:17). This not only challenges the classical perspective but also paints a rather gloomy view of strategy as a conscious, calculative and rational process.

Finally, the proccessual approach to strategy characterises organisations and markets as messy; and strategy as emerging pragmatically or craftily from small, incremental steps which form patterns of actions. These actions are undertaken by strategic leaders and other organisational

actors within an imperfect context, and have a plurality of outcomes. There are internal limits and compromises in the organisation to the extent that the outcomes of strategy are diverse and not restricted to profit maximisation or maximising opportunity. Proccessual theorists believe in a strategy of incremental adjustment and fostering of core competences (Whittington, 1993:39). The processual and evolutionary approaches maintain that strategy emerges from processes, which may result from chance, confusion, conservatism, and not rational long-term planning. Interestingly, it is not possible to think through everything well in advance and this actually reinforces the blurred separation of strategy conception and implementation. According to March (1976) "strategy is discovered in action" while its coherence and consistency is only fully perceived in retrospect. The evolutionary and processual approaches to strategy uphold strategy as emergent (Louw, 2006:16). Emergent strategy is about the inexplicitly intended responses and unplanned patterns of decisions that emerge from adapting to changing external circumstances and the way strategy is interpreted (Grant, 2002:26).

Strategy is all about *how* and not the distinct classical sequence of formulation first, and thereafter implementation or policy creation and policy execution. This view is very helpful in understanding how strategic leaders of SMEs commit to pursuing a particular set of actions, for example, on how to grow the business, how to please customers, how to conduct operations and compete, how to improve financial and market performance.

2.1.2 Strategy as a practice

Three decades ago, Schendel and Hofer (1979:512) quoted a strategic management practitioner disenchanted with the value of academic strategy research and its perceived pragmatic usefulness. The practitioner said: "by and large you do research that is not relevant to us" (Schendel and Hofer, 1979:512). The practitioner"s disillusionment with the value of strategy literature is a recurrent phenomenon. A response to this is the more recent notion of strategy-as-practice (Johnson *et al*., 2007). It focuses on "what people do in relation to strategy and how this is influenced by and influences their organisational and institutional context" (Johnson *et al*., 2007:7). There is emphasis on the fact that strategy arises from not only formal organisational

processes, but also from everyday activities. This suggests that the pattern of "content" and "process" in the activities by multiple actors at various levels within and outside the organisation has the potential to reveal the doing of strategy. This seems a useful approach to gain insights into strategic management in SMEs. Strategy may be construed as making sense of the market and competition, and systematically devising initiatives; designing and executing decisive actions, whether documented or not, to get and maintain competitive advantage, while mindful of the activities of rivals. The emphasis on doing, is in line with scholars who are concerned with strategy as what people do and the context in which they do it (Jarzabkowski, 2004:531-547; Johnson *et al*., 2007; Johnson *et al*., 2003; Whittington, 2006).

Three discrete and interrelated social phenomena of a theory of practice are very important to appreciate strategy as practice (Whittington, 2006). Firstly, practices are part of the context and refer to institutionalised and organisational practice, which "people engage with" to facilitate their strategic activity (Johnson *et al.,* 2007:26). In the parlance of Whittington (2002), practices are: "the „done thing", in both the sense of accepted as legitimate and the sense of well-practiced through repeated doing in the past" (Whittington, 2002:3). Practices manifest in the form of institutional procedures and systems (e.g. strategic planning, tools and techniques of strategic analysis). Practices also refer to shared routines of behaviour or scripted behaviour such as agenda-driven behaviour in meetings; and strategy episodes, which are common across organisations. In this light, practices are more specific, structured, repetitive elements of practice, or traditions, norms, rules, and routines in an organisation. As such, practices refer to tools and concepts, which are interrelated and facilitate the creation and realisation of strategy in an idiosyncratic and local micro-context (Whittington, 2006). In the words of Reckwitz (2002: 249), practices are:

> routinized types of behaviour which consist of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, things and their use, background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge.

Routines are typically (a) repetitive, (b) interdependent actions by multiple actors, (c) form patterns that are recognisable, (d) and act as a guide to strategic activity (Feldman and Pentland, 2003:95). According to Feldman and Pentland (2003:95), a routine has two aspects, namely, the performative and the ostensive. The performative aspect is about the action or performance of the routine (routine in use) while the ostensive aspect is the ideal or schematic form of routine or the routine in principle (Feldman and Pentland, 2003:95). The ostensive aspects of routine (a) shape the perceptions of what a routine is or how things are supposed to happen; (b) originate from the subjective understanding of different people, which (c) eventually become aligned and coded as the operating procedures or norms that are taken for granted.

Secondly, Whittington (2006) observes that the two terms, „practice" and „praxis" are used somewhat interchangeably. Practice denotes teleology, "an activity seeking a goal" while practices are the "ingrained habits or bits of tacit knowledge which comprise the activity system" (Turner, 1994:8). Turner argues that practices both shape and are shaped by goal-seeking behaviour in a recursive relationship. In a similar vein, Johnson *et al*. (2007:26-27) echo the view that practice is about the activity itself – "what people actually do". People engage with practices when doing strategy (e.g. rules of action and references on expectations). Practice is synonymous with the performative aspect of routines (Feldman and Pentland, 2003). With a focus on performance, performative routines are "specific actions, by specific people in specific places and times" (Feldman and Pentland, 2003:101). Concisely, practice is "a way of thinking invested in a way of acting ... which cannot be disassociated from the art of using" (De Certeau, 1984: xv). On the other hand, *praxis* denotes all the various intra-organisational work by strategy practitioners that are required for strategy formulation and implementation. In other words, praxis is about the actual activity, what people do and the relationship between these activities and the context (societal, institutional, or organisational) in which they happen (Whittington, 2006).

Thirdly, practitioners are strategy"s actors; they do the work of making, shaping and executing strategy within the organisation or as external strategy advisers (i.e. consultants). Strategising as

doing strategy occurs at the intersection between practices, praxis, and practitioners, as shown in Figure 2 (Jarzabkowski *et al*., 2007).

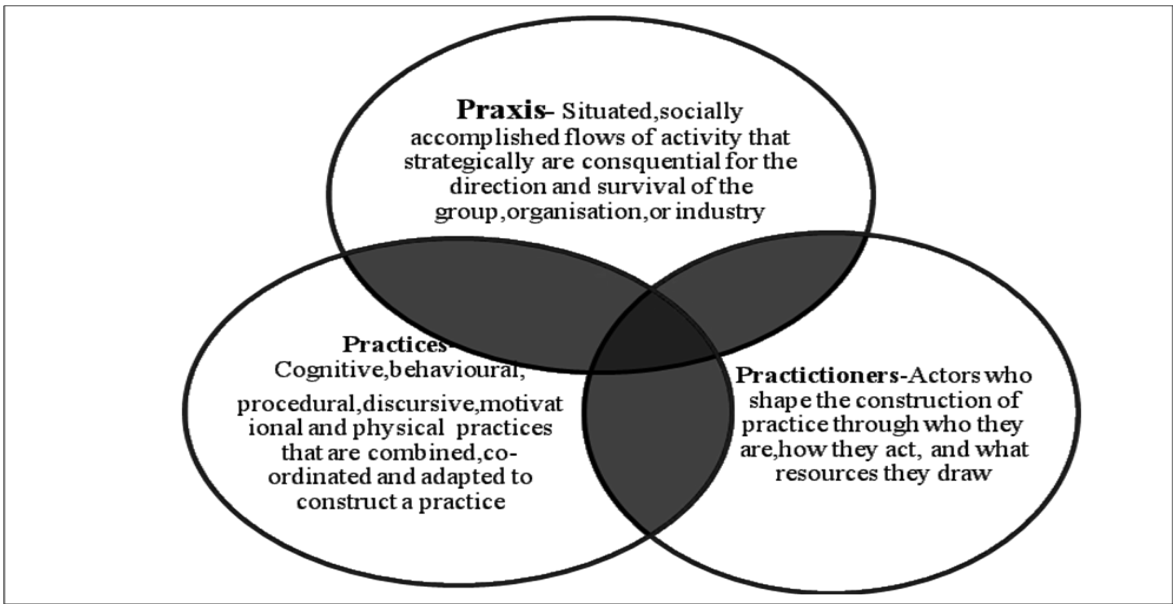

Figure 2: Conceptual framework for analysing strategy-as-practice
Source: Jarzabkowski et al., (2007:11).

Practices are diverse and variable, being combined and altered according to the uses to which they are put and the way that they alter the activity in which they are applied (De Certeau, 1984; Seidl, 2007). In this regard, practices remain instrumental and appropriate for more use if they continue to serve a particular set of ends (e.g. cultural and technical legitimacy). The myriad of interactions through which strategy is performed over time contains a scope and potential for recursive, adaptive or dynamic mutation that offer new modes of acting while retaining some traces of the past (Emirbayer and Mische, 1998).

Three dimensions of agency view strategists as active participants in the subjective creation of situated activity. These are (a) iterative, (b) projective, and (c) practical-evaluative dimensions (Emirbayer and Mische, 1998). Firstly, iterative agency is an active form of strategising, involving intent, skill, and knowledge in the selective recognition and implementation of on-

going practices. Strategists have templates, heuristic devices, or routines for conducting much of the work of strategising (e.g. increasing capacity, or allocating resources). The process of selecting pre-existing patterns, recipes, or routine by strategic actors involves acting through practical consciousness and procedural memory to exploit existing resources (Giddens, 1984). Iterative agency becomes a problem when the selected patterns or recipes fail or become recursive. The failure of iterative agency is manifested when actors (a) reconstruct the past mindlessly; (b) overlook the active character of strategy; (c) reinforce rigidity and biases, and (d) create inertia (Jarzabkowski *et al.*, 2004:530-560). Secondly, the strategist uses projective agency of the future, which fits well with the notion of strategic thinking and acting (Child, 1972). The strategist is a visionary who tries to impose his will upon anticipated futures.

Thirdly, the strategist uses practical-evaluative agency, which involves practical wisdom to swing between the iterative and projective agency in order to „get things done" within the uncertainties of any given situation, past actions and future aspirations. The enacting of either iterative or projective agency involves the exercise of real-time judgements in a context typified by ambiguity, uncertainty, and conflict between means and ends (Emirbayer and Mische, 1998:994). Even when strategic actors project the future, they cannot know its outcome. Thus, practical-evaluative agency requires reflexive actors to mediate between the past and future in ways that may challenge and potentially transform the existing practices. Thus, an important focus for a researcher is to investigate how and why strategic actors adopt, implement and use certain strategic activities in different contexts in order to sustain or create new strategies (Jarzabkowski, 2003; Whittington, 2003). In doing this, the researcher has to focus on the actors, the activity, context and the community of practice which are central in understanding the practice. It should be pointed out that some scholars of practice (see Giddens, 1984; Turner, 1994) have adopted a macro-level understanding of practice to elucidate social order and relationship between agents and socially produced structures (i.e. the systems within which human actors carry out their practices).

This study subscribes to a micro-level perspective of strategy practice, which is about the interactions between actors and structure that develops through the emergent, situated actions

and between actors and the unique environment of their actions. Strategies are made and re-made continuously in this context. At the local organisational level, strategising as a practice denotes a continuing organisational capability and not a product in itself. It is what strategists do, how they do it and the effect of what they do. In this regard, strategising is the continuous formation and transformation of patterns through on-going and intertwined processes of strategic thinking and strategic acting in the organisational context (Melin *et al.,* 1999:5). Strategising requires skilled ability to discover purpose, create and use resources, and guide the supporting activities to shape the activity of strategy over time (Emirbayer and Mische, 1998:994; Huff *et al.*, 2009:13).

Critics such as Williamson (1991) dismiss „strategising" as a worthless search for winning positions and ploys, which seriously undermine the real business of „economising". Williamson (1991) overlooks the fact that strategising is a quest for the generally best way of competing, rather than an effort to be all things to every customer. Actually, strategising is the manner (how) in which an organisation competes to deliver unique value in a changing world. Strategising may connote the ability to do things well and repeatedly. The superior ability of strategising is likely to be deeply entrenched within the firm's structures, resources, culture and processes. However, this ability may become a threat to an organisation if it creates rigidities or biases which impede the capacity to adapt quickly to be in tune with the competitive environment.

As Hamel (1998: 11) emphasises aptly:

> Strategists may have a lot to say about the context and content of strategy, but, in recent years, they have had precious little to say about the conduct of strategy – that is, the task of strategy-making ... What we need is a deep theory of strategy creation.

In pursuit of this, a researcher of strategy as practice has five key questions to address and establish conceptual orientation of any empirical research adopting strategy-as-practice. These questions are (a) what is a strategy? (b) Who is a strategist? (c) what do strategists do? (d) what

does an analysis of strategists and their doings explain? and (e) how can existing organisation and social theory inform an analysis of strategy-as-practice? (Jarzabkowski *et al.,* 2007:7).

Strategic leadership theorists assert that a top management team interfaces between the firm and the external environment. Members of this team are powerful, and crucial to the firm‟s outcomes because of the decisions they are empowered to make. This is very true when decision-making power is based on ownership or delegated authority. Literature on strategic management underscores the view that the owner-manager in small and medium enterprises is simultaneously involved in strategic and tactical decision-making and actions that ensure stability and viability of the enterprise under uncertainty (Analoui and Karami, 2003:12). Ultimately, the owner-manager bears the accountability and responsibility for what happens to the organisation (Hambrick, 1989:5).

However, research efforts that focus only on top managers or even on middle managers as strategic actors promote ideological managerialism, and this is a risk to strategic management (Knights and Morgan, 1991). In SMEs, lower-level employees do not have formal strategic roles, although their actions and influence have significance for the survival of the firm. The view that effective organisations have leadership at all levels within the organisation provokes questions regarding the existence of distributed or shared leadership in SMEs. It is worth highlighting that the notion of shared leadership may not sit well in the context of SMEs, where the ultimate and unequivocal interest for the enterprise to survive resides predominantly with the owners or top managers.

2.1.2.1 Strategic leader and plurality of strategy actors

Strategic leaders enact strategy in a social context where they influence other people but also respond to actions by others in the business arena. As such, scholars of strategy as practice grapple with thorny questions premised on a social constructionist notion of strategy. Some of these questions seek to unravel (a) what is a strategic activity? (b) Is strategic activity exclusive to top management? (c) Does strategic activities involve people at different levels within the

organisation? and (d) Is strategic activity influenced by people outside the organisation? One approach to dealing with these questions is to focus on those activities that draw on strategic practices, such as strategic planning, annual reviews, strategy workshops and their associated discourses. However, this approach is insufficient, as it narrows the analytic focus to how practitioners interact with and deploy specific strategic practices, and excludes other aspects of the wider strategy-as-practice agenda (Whittington, 2003). Furthermore, formal practices (e.g. strategy workshops, annual reviews) are mostly not well suited to the organisational context of SMEs, which are largely informal.

2.1.2.1.1 Nature of strategic activity

Strategy-as-practice involves the work content (various practices of strategists) and processes that strategists engage in and the nature of the practice itself. Alternatively, Johnson *et al.* (2003) suggest a broader view of activity to address the challenge of conceiving an activity as strategic. This view considers an activity as strategic if it is consequential to the strategic outcomes (e.g. directions, survival, and competitive advantage). These consequences of a strategic activity are evident at the level of analysis that is adopted (i.e. group level, organisation level, industry level) in a study (Johnson *et al.,* 2003).

Strategic leaders who are at the centre of an activity are more suited to define both the activity as strategic, and the hoped-for strategic outcomes that orient it (Johnson *et al*., 2003). This establishes how to examine an activity as strategic; who contributes to the activity; how it is constructed; what dynamics influence, or shape the activity; and with what consequences. The leaders or managers in an organisation can provide a perspective on the actions of plural actors in a strategic activity. This suggests that the lens of entrepreneurs or owner-managers or key strategic leaders of SMEs are sufficient to determine the pattern of collective activities as strategic. It is worth echoing the caution to micro-strategy oriented studies that there is the danger of treating every individual activity or action as strategic. Strategy-as-practice research is not about non-strategic issues such as observing individuals flipping hamburgers (Johnson, *et al.,* 2003).

From the competitive perspective, decisions or activities are strategic if they consciously make the organisation do something differently from its competitors (Porter, 1980:7). This is especially true when a particular way of doing something is sustainable or difficult for rivals to imitate. Activities that simply increase productivity by making existing methods more efficient only achieve operational efficiency. These activities are not strategic because rivals can easily imitate them. Although a firm must engage in both operational and strategic activities, it is the strategic activities that allow it to develop a sustainable superior performance. The synergy between complex interactions of different activities produces value, not the activities in themselves. One can synthesise that strategic activity is characterised by (a) complexity and synergy, that is, a plurality of actors, dynamic influences (Johnson *et al.,* 2003), plus synergy between complex interactions (Porter, 1980); (b) a long-term outlook; (c) major significance of outcome (i.e. strategic consequence (Johnson *et al.,* 2003); (d) difficulty of reversibility; and (e) sustainability partly due to the difficulty of imitation (Porter, 1980).

This study adopts a constructionist perspective of strategy as a practice. Multiple actors in an organisation strategise through their actions, interactions, negotiations and situated practices to accomplish activities (Jarzabkowski, 2005; Johnson *et al.,* 2003: 15). For instance, operative personnel do not have formal authority position to engage in non-operational issues but contribute to strategic effort. Strategic outcomes can be traced back through strategic interactions all the way to the detailed fabric of operational interactions. The social position of operative personnel actually combines official and unofficial aspects of their position to influence other stakeholder‟s attitudes, actions and interests.

On this basis, some strategy-as-practice researchers may attempt to get a holistic understanding of strategy by using strategic actors at all levels of the organisation as participants in strategy research. It is indeed unquestionable that strategising is done by many actors to secure the enterprise. Undoubtedly, various internal and external actors contribute to the construction and enactment of strategy through their actions and interactions. As much as strategy-as-practice

focuses on the "doing" of strategy by multiple actors, there is a danger that it may be all embracing if the boundary is not well defined.

Scholars have to be cautious that strategising may become an open-ended concept, especially that (a) not only top managers but also other organisational members contribute to strategising effort; (b) the danger that strategising includes any activity whether formal or informal that might contribute to the orientation of the organisation and (c) that a strategising process may not have precise final outcomes, or the outcomes may not be related to micro-actions. In particular, scholars of micro-strategy are warned to avoid the risk of treating every activity as strategically relevant and consequential (Johnson, *et al.,* 2007).

This study gives privilege to the viewpoint of owners/key leaders in SMEs to understand the doing of strategy and content of strategy that involve various strategic actors. Because of enterprise size and increasing opportunities for interactions in SMEs, strategising by lower-level employees in SMEs occurs within the realm of control of strategic leaders, unlike in large organisations where subordinates are largely remote from their superiors. As such, the standpoint of strategic leaders in SMEs provides a useful way of closely reflecting on the activity of multiple strategy practitioners in the day-to-day organisational life and their contribution to preserve or change competitive advantage.

Strategising provides a conceptual bridge between strategic thinking and acting. It also bridges the conceptual separation of strategy formulation and strategy implementation (Wilson and Jarzabkowski, 2004). This bridge is pragmatic and emphasises the primacy of strategic thinking and action that adapts to changing circumstances. It is the formalisation and separation of strategic thinking and acting that is at the centre of notions of anti-strategic management in SMEs. Strategy is what members of the organisation do and not what the organisation has. As such, strategy is an activity rather than a property of the organisation. Research with a focus on micro-actions and interactions faces challenges such as (a) the lack of an outcome – the „so what" problem – due to the strong focus on the empirical micro-level situations and actions through which strategy is constructed, and (b) micro-explanations, which may be inconsequential in any

wider sense than the specific situation to which they pertain (Johnson *et al*., 2003). Some outcomes from micro-interactions of several strategic actors may not be of strategic consequence, but remain cumulatively significant as "way-stations in a series of on-going events. They may be the results of previous events but they are also the starting points for subsequent activity" (Johnson *et al*., 2007:75). Scholars of strategy-as-practice are cautioned to link the "doing" of strategy to "outcome".

The perspective of strategy-as-practice provide new richness to various research topics because it is less characterised by what theory is adopted than by what problem is explained (Jarzabkowski, 2005). The practice-based view has the potential to illuminate the practical problems of "doing strategy" posed in existing strategy research. For example, strategy-as-practice may illuminate specific explanations and specifics of practical or concrete actions embedded in dynamic capabilities for practitioners to understand (Jarzabkowski, 2005; Johnson *et al*., 2003). Subsequently, the micro-level research focus on the pattern of actual activities of people and processes makes strategy-as-practice appropriate for the generation of more pragmatic, original theory and removes the division between strategy content and process. Having discussed the view that entrepreneurs/owners and key leaders of SMEs are strategists, it is logical for one to question what they exactly do. Therefore, the next section focuses on unmasking strategy, before discussing competitive strategy.

2.1.3 Conceptualising strategy

The question of definition and origin of strategy deserves much attention, bearing in mind that different definitions are to be found in the literature. There are myriad definitions of strategy (Mintzberg and Quinn, 1996:3; Porter, 2001). For example, there are views that strategy is primarily about the questions of (a) how management intends to grow the business, (b) how it will build customer loyalty, (c) how it will innovate better and out-manoeuvre rivals, (d) how each function will operate, and (e) how performance will be enhanced and monitored (Thompson *et al.*, 2004). This illuminates how complex the concept of strategy is. The origins of strategy are deeply rooted in warfare history. Overtime, strategy has evolved from its initial roots in the art of

leading the military to the field of business management (Heracleous, 2003:3). The first formal discourse on the "Art of War" was by Sun Tzu written about 500 BC (Louw and Venter, 2006).

Strategy derives from the Greek word, *strategos*. The term strategy combines the word *strato* for *"arm"* and *agein* for *"lead"* (Cummings, 1993). As such, strategy literally means the work of generals who protect and enhance sovereign interest whenever there is any rivalry (Cummings, 1993). Sun Tzu emphasised that generals should be creative to deceive enemies, destroy the will of enemies to resist and also erode the sense of security of command through surprise, speed, accurate intelligence, appropriate form of attack and continuous change (Cleary and Tzu, 1981). Strategy has one goal: that of winning against competitors or rivals in absolute and unambiguous terms. Accordingly, military victory is a consequence of careful, creative and invisible preparation coupled with the exercise of calculated risks (Cleary and Tzu, 1981). Building on this background, strategy scholars outside the military domain have developed and evolved their own unique definitions that seek to take on board issues of collaboration, networking, and co-opetition as well. An early theorist in strategic management, Chandler (1962:13-14) proposed a definition of strategy in his seminal work, *Strategy and Structure.* Strategy is "the determination of basic long term goals and objectives of an enterprise and the adoption of courses of actions and the allocation of resources necessary for carrying out the goals" (Chandler, 1962:11-13). Thus, Chandler (1962), the founding father of strategic management is credited for the iconic sequence of "structure follows strategy" in traditional large-scale enterprises.

The seminal work of Ansoff"s (1965) another early strategic management theorist suggests an alternative view of strategy as "a common thread" that pervade the activities of the firm and product-market decisions. Strategy involves decisions about four components, which are (a) product-market scope, (b) growth vector, (c) competitive advantage, and (d) synergy. Lastly, the seminal work by Learned *et al.* (1965) acknowledged that the challenge in formulating strategy pertains to identifying and reconciling four important aspects. These are (a) market opportunity, (b) firm competence and resources, (c) manager"s personal values and aspirations, (d) and obligations to segments of society beyond stockholders. Scholars in the business arena consider

strategy as a composite description that covers the scope of the targeted product market, deployment of resources to achieve firm objectives, and competitive advantage (see Figure 3).

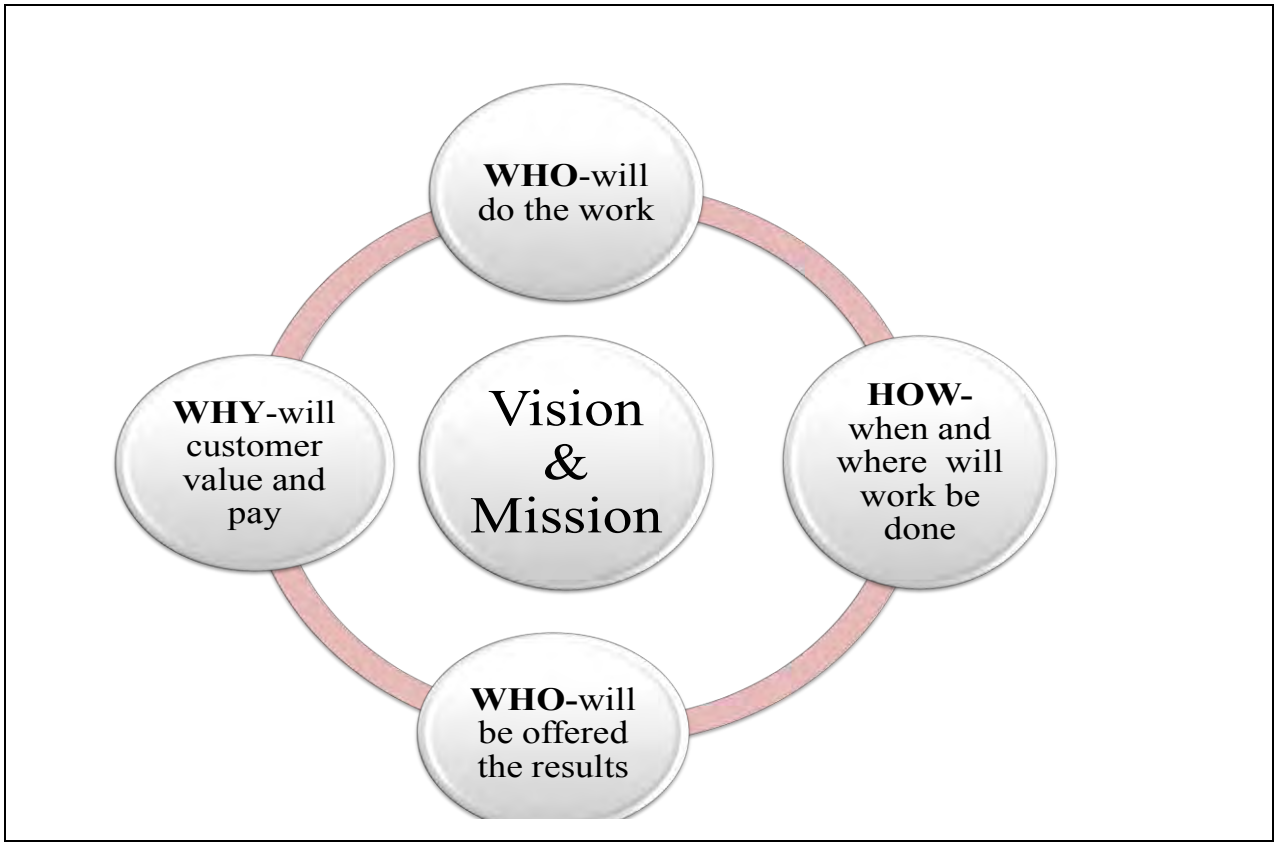

Figure 3: Visual Definition of Strategy
Source: Huff *et al.,* 2009:6

Historically, trends of thought on strategy have evolved from two key questions that were used to understand strategy (Hofer, 1975). Firstly, what business or businesses should we be in? Secondly, how do we compete in a given business? Other scholars such as Drucker (1977) contemplate these two questions in terms of efficiency and effectiveness. Efficiency is doing things right, while effectiveness is about doing the right thing. Effectiveness ensures long-term survival, as it relates to whether the focus of the business is correct regarding customers, competitors, and trends in the industry (Drucker, 1977). Efficiency ensures short-term survival, because of emphasis on producing a profit from existing activities. Integrating these two

questions or issues achieves a fit between the internal and external environment, which creates an advantage that customers actually value. This advantage distinguishes the business from competitors and is termed competitive advantage (Drucker, 1977; Mintzberg, 1995; Porter, 1996).

In the words of Mintzberg and Quinn (1996:3) strategy is the:

> *pattern* or *plan* that integrates an organisation‟s *major* goals, policies, and action sequences into a *cohesive* whole. A well-formulated strategy helps to *marshal* and *allocate* an organisation‟s resources into a *unique* and *viable* posture based on its *relative internal competencies* and *shortcomings*, anticipated *changes in the environment* and contingent moves by *intelligent opponents"* (emphasis included in the original).

This definition confirms that strategy is a unifying, coherent, and integrative blue print of the organisation, which is sensitive to environmental changes and competitor activities. Porter (1996:68-70) postulates a different view of strategy as the creation of a unique and valuable position, involving a different set of activities from that of rivals. Strategy involves all the critical activities of the firm and provides a sense of unity, direction, and purpose while facilitating changes induced by the environment. Sedona and Lewis (2003: 240) conclude that:

> ... In essence, Porter argues that strategy involves defining a company‟s long-term *position* in the marketplace, making the hard *trade-offs* about what the company will and will not do to provide value to customers, and forging hard-to-replicate *fit* among parts of the "*activity system*" the firm constructs to deliver value to customers, all with a view to making a superior *return on investmen*t. (Emphasis included in the original)

Strategy is a complex phenomenon, which has multiple meanings, and which takes into account changes in the external environment, the actions and interactions of other actors and also the effects of one‟s own actions on other units. In 1988, Mintzberg developed the 5Ps (plan, pattern, position, perspective, and ploy) framework, which shows five different meanings of what

strategy is all about (Mintzberg and Quinn, 1991:12-16). Later Mintzberg developed the 5Ps further into ten schools of thought on strategy (see Mintzberg *et al.,* 1998). The 5 Ps framework defines strategy in multiple ways. Firstly, strategy *is a "plan"* which gives overall, conscious direction and intended course of action into the future on how to deal with a situation. Giving credence to this, other scholars talk of strategy as "guiding principles" (Ansoff, 1965), a concept that integrates the major policies, and action sequences of an organisation into a cohesive whole (Mintzberg and Quinn, 1991:4). Strategy as a plan has connotations of an abstract and prospective orientation of dealing with an imagined and anticipated situation or future reality. One may contest the feasibility of assessing strategy before the unfolding of consequences of the strategic plans.

Secondly, the meaning of strategy takes cognisance of resultant behaviour as critical in defining strategy. Bearing this in mind, strategy is *a pattern* evident in emergent decisions, not purposeful, intended outcomes of a pre-conceived plan (Mintzberg and Waters, 1985:257). In particular, strategy is the consistent pattern, which emerges over time from a series of decisions. Thus, strategy is a realised pattern in a stream of decisions or behaviour which management have displayed over time (e.g. consistently low cost airlines such as Kulula, 1Time).

Thirdly, strategy as a *"ploy"* refers to a narrower plan (set of co-ordinated action to realise intent that is part of the plan). As Mintzberg and Quinn (1991:13) put it, strategy as a ploy is specific manoeuvring to outwit a competitor.

Fourthly, strategy is a "*position"* for the company in its environment. Environment is the keyword here, as the organisation has to create a position for itself in relation to its competitors and other external stakeholders through a targeted plan. Alternatively, the position may emerge through a pattern of behaviour. The SWOT analysis by Andrews (1971) and the work of Porter (1980) are well-known in this respect. This conception of strategy as a position can be seen as an outcome of either proactive or reactive endeavour to create a fit between the firm and the environment (Mintzberg 1995, 17-18). Other scholars relate this definition to the outside–in perspective or a market-driven strategy (Thompson and Martin, 2005:112-114).

The last P in the framework is "*perspective*". The notion of strategy as "perspective" refers to the fundamental way in which staff members see the world, the identity of their organisation from inside the organisation, and see themselves as doing things embedded in or guided by the culture and ideology of an organisation (e.g. the "Nandos‟s way, MacDonalds‟s way"). Strategy is an abstraction, an invention or a figment of someone‟s imagination which has come to exist in the minds of other people. D‟Aveni (1994) extends the view of strategy by suggesting that it is about the creation of advantage, but "also about the creative destruction of the opponent‟s advantage." Section 2.1.3.1 discusses further the aspect of competition and competitive strategy.

To understand strategy in general, scholars have to consider three cardinal dimensions of strategy. These are (a) formal conception of the future direction developed at various levels (corporate, business, and functional) or the emerging, consistent pattern of decisions and actions; (b) being future driven or hindsight driven; and (c) strategy as an environment led position or an internally driven perspective. Mintzberg and Quinn (1991:96) propose that "strategy develops somewhere on a continuum between full intention by management to pure emergence despite, or in the absence of, intention". Although strategy may be purposeful, unintended outcomes emerge as well. The pattern view of strategy argues that the job of the manager in the complex reality of modern organisation is not to programme employees but rather give them a strategic vision, created by hard data provided by the strategists (Mintzberg, 1994: 107). Strategy is a pattern that can be delineated in a stream of emergent decisions. This is a counterpoint to rational, intended strategy. The rationalistic approaches to strategy formulation and implementation give false causality, similar to the "ritual rain dance that has no effect on the weather... but makes those who engage in it feel that they are in control" (Ackoff, 1981:359).

The next section delves into the content of competitive strategy.

2.1.3.1 Content of Competitive Strategy

Crouch (2008:14) argues that "marketing concentrates a firm"s attention on its clients with an eye to its competitors, strategy concentrates attention on competitors, with an eye on clients". This reveals the contest of whether competitive strategy aims to achieve a relative advantage over the rivals who would interfere with the aims of an organisation or aims at the customer in the light of competitive choices.

Fundamentally, one can argue that strategy defines the interactions between a firm and one or a group of stakeholders in a competitive market. According to Grant (2002), strategies develop specifically to guide the engagement of the company with customers and competitors. These constitute the competitive strategy. This "narrow stakeholder view" excludes other critical players in the value chain and competitive battle (e.g. suppliers). The term competitive strategy encompasses the notion of change in normative mechanisms, internal capacity, and or interactions with stakeholders to create value, achieve growth, survival, and or competitive re-positioning. A cursory analysis of stakeholders shows that numerous players are affected by, and affect the business activities of an enterprise (e.g. government, competitors, employees, suppliers, customers, partners, owners, and community).

Porter (1996:13) is one of the eminent scholars who submit that competitive strategy comprises deliberate choice of a different set of activities by an organisation to compete and deliver a unique mix of value or to perform different activities than rivals. The essence of competitive strategy is in the activities that are different (Porter, 1996:68-70). The competitive strategy of an organisation is solely a plan for competing successfully, and specifies efforts to please customers, offensive and defensive actions, response to market conditions, and scheme to strengthen the market position (Jesselyn Co, 2006:246).

The concept of the value chain (Porter, 1980) highlights the interdependencies that exist when defining, refining, communicating, distributing value by the organisation, and finally selecting value by the customer. Given this understanding of value, competitive strategy is about an

integrated set of choices made by a firm about the creation, resourcing, positioning, communicating, and delivering of value in a particular market or industry to gain or sustain an edge over competitors.

Competitive advantage is evident when a firm is more profitable than its rivals are, or surpasses them in other valued aspects of performance (Huff *et al.,* 2009:19). Specifically, competitive advantage is an edge over rivals in attracting buyers. Porter (1985) identifies three types of generic strategies at industry and organisational level that create competitive advantage by influencing the activities of the value chain. A generic strategy is a classification of strategic choices that are applicable across industries and organisational forms. Firstly, cost leadership strategy occurs when a company prices its services or products to enjoy superior profits because its costs are lower compared to those of rivals. Secondly, differentiation strategy puts emphasis on the firm adding value in areas of real significance or value for different customers willing to pay a premium price for the distinctiveness. Lastly, managers can use cost and differentiation strategies to focus efforts on a particular segment of the market.

Porter (1985) discourages firms from mixing strategies to avoid being "stuck in the middle." Cost leadership and differentiation strategies may seem mutually exclusive. However, it is possible to have lower costs and differentiated products. For instance, Toyota may be the overall cost leader in the automobile industry but still differentiates all of its cars (e.g. Corolla versus Lexus). This disagrees with Porter"s (1996) advice of choosing between pure cost leadership, focus or differentiation strategies. Conversely, Sanchez and Heene (2004) argue that managers in organisations face the challenge of combining the strategies to offer differentiated products to markets at a profit while selling at competitive prices (see Bowman and Faulkner, 1996).

Firms that create sustainable competitive advantage have (a) unique competitive position; (b) clear trade-off and choices vis-a-vis competitors; (c) activities tailored to the company strategy; (d) a high degree of fit across activities; and (e) a high degree of operational effectiveness (Porter, 1996). In this regard, a competitive advantage can be simply any strength or any type of ability a firm uses to beat rivals.

Competitive advantage is sometimes defined with undertones of providing incremental value. For example, Thompson (2001:1123) defines competitive advantage as "the ability of an organisation to add more value for its customers than its rivals and thus attain a position of relative advantage." Walker"s (1992:35) view of competitive advantage is that it is a "fundamentally advantageous position from which to compete."

To be sustainable, a competitive advantage should not only be a durable basis of customer preference, but also be tested by three criteria. It should (a) create sufficiently significant difference, (b) be sustainable against environmental change and competitor attack and (c) be recognisable and linked to customer benefits (Lynch, 2003). This is not very much at variance with the resource-based view of a firm that places primacy on four attributes of resources to create strategies that confer sustainable competitive advantage (Barney, 1991:105).

Ohmae (1982) cautions scholars against the legacy of military strategy, which focuses on beating competitors. For example, Ohmae (1982) asserts that strategy is about serving customer"s real needs, bearing in mind that competitive advantage is simply the perceived value of service or product determined by customer acceptance. This implies that the customer is the meaningful judge of competitive advantage. This provides a different view of competitive strategy as well as competitive advantage. In seeking competitive advantage, a firm should examine and consider what Ohmae (1982) calls the 3 Cs – *competitors*, *customers*, and the *company's resources*. Again, firms have to take customers as their primary focus, not beating rivals in terms of strategy (Ohmae, 1982). The customer-centric view of a firm reasons that if a firm first takes care of its customers" interests, this will satisfy the needs of the company.

Ohmae (1982) argues that, the integration of customer-based strategies, competitor-based strategies and company-based strategies (to maximise its strength relative to competition) create a sustained competitive advantage. Customers determine how well a company is performing by buying or not buying its services or products (Ohmae, 1982). Competitors differentiate their offerings based on image, product, and reputation, proven quality, distribution, after-sales

services and performance. Compatible with these views, competitive strategy in a firm focuses on creating and sustaining an edge over the competitors‟ offerings, and integrates upstream, lateral, and internal stakeholders integral to the value creation, resourcing, refinement and delivery, according to the customer‟s view. Drawing from Crouch (2008:14) competitive strategy is concerned with both the competitor activities and what customers value in the market.

Strategic leaders conceive competitive strategy, which plays a crucial role in creating and sustaining competitive strategy. Nieuwenhuizen (2003:14) draws from entrepreneurship to echo that leadership of the enterprise is important, starting from the initial discovery of opportunity and throughout the process of exploiting the market opportunity. In most scholarly works, leadership stands out as one of the most significant factors that influence the success or failure of various activities, such as military campaigns, and business or management performance (Bass and Stogdill, 1990; Gabrielesson *et al*., 2007; Hambrick and Mason, 1984; Hambrick and Pettigrew, 2001). However, there is a unique type of leadership that determines what type of business or businesses to engage in. Furthermore, this type of leadership also determines how to compete in the chosen business. This is strategic leadership. The next section explores strategic leadership in the organisation to highlight the role of strategic leaders in creating, maintaining, transmitting, as well as changing organisation culture.

2.2 THE STRATEGIC LEADERSHIP CONCEPT

Over the years, leadership has been mainly studied in terms of supervisory leadership, emphasising the leader-follower relationship (Crossan *et al.,* 2008). Mindful that this study is not about leadership in general, it is, however, instructive to briefly examine the concept of leadership and how it differs from strategic leadership. In simple terms, leadership is about influencing the behaviour of other people to move in a direction they ought to. In a similar vein, Yukl (2006:8) defines leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. In a nutshell, leadership theory is about those

people in the organisation who embrace processes in which influence is used to direct and co-ordinate activities of a group towards its objectives (Morsing and Oswald, 2009:85).

The seminal work of Katz and Kahn (1966:308-335) differentiates three types of leadership in organisations. These are strategic, operational, and tactical leadership. Boal and Hoojiberg (2000) argue that strategic leaders create the meaning and purpose of the organisation, and that operational leaders supervise the execution of that purpose and enactment of that meaning within the organisation. Tactical leaders are distinguished as those who develop tactics or plans for a specific action, while strategic leaders are those who draw from a macro-lens and develop the overall scheme or strategy for leveraging resources to obtain a competitive advantage (Louw, 2006:12).

After examining similarities in various definitions of leadership, Bass (1994, cited in Vecchio, 1997:17) observed that:

> leadership has been conceived as a focus of group processes, as a matter of inducing compliance, as an exercise of influence, as particular behaviours, as a form of persuasion, as a power relation, as an instrument to achieve goals, as an effect of interaction, as a differentiated role, as an initiation of structure and as many combinations of this definition.

There are two key distinctions between leadership and strategic leadership (Hambrick and Pettigrew, 2001). Firstly, while leadership occurs at any level in the organisation, strategic leadership theory refers specifically to people at the apex of the organisation. Secondly, leadership research has a micro-focus on the tasks of leaders and followers and the relationships between them. In this respect, leadership research focuses on the leaders‟ traits, style, context, and the nature of interactions among leaders, followers and context (see Graen and Scandura, 1987; Lord and Maher, 1991; Meindl, 1993; Yukl, 2010). Research on strategic leadership is different and tends to focus on “executive work” not merely as a relational activity but also as symbolic and strategic activity (Dennis *et al.*, 2007; Hambrick and Pettigrew, 2001).

After a broad survey of theory and leadership research in formal organisations for 50 years, Yukl (2010) asserts that the extensive research work on leadership behaviour has largely been divided into three areas: task-oriented, relation-oriented and participative leadership. It was mainly from the 1980s that strategic management theory became increasingly concerned with strategic leadership or top-level management (e.g. Chief Executives or divisional managers), groups such as top management teams (TMT), or other governance bodies, like boards of directors (Hambrick and Pettigrew, 2001). Hoskisson, *et al*. (1999:440) traces the early roots of strategic leadership to the writings of Barnard (1938) and Selznick (1957). In these early writings of Barnard (1938) and Selznick (1957), one of the roles of top management is „to establish and convey "organisational meaning" and maintain institutional integrity" (Hoskisson, *et al*, 1999:440).

However, it was Hambrick and Mason"s (1984) seminal work in the form of upper echelon theory that prompted renewed research interest in the effects of strategic leaders on their organisations (see Boal and Hooijberg, 2000:515-516; Canella and Monroe, 1997:219; Hoskisson, *et al.*, 1999:440). As a specific domain of research, strategic leadership is criticised predominantly for being able to establish various roles of strategic leaders without actually paying attention to their practices or the day-to-day activities through which these roles are put into action. Scholars of strategy-as-practice (Jarzabkowski *et al*., 2007; Johnson *et al.,* 2007; Johnson *et al.,* 2007) observe this as a gap in the existing strategic leadership literature. From a methodological perspective the gap is reflected in the literature on strategic leadership which is largely based on quantitative data that is gathered retrospectively (Yukl, 2010). The natural scientific mode of inquiry is perhaps not the most appropriate for strategic leadership as it is not a natural science subject. It is less surprising that strategic leadership – a human endeavour – needs to benefit more from different research approaches which embrace and even revel in the complexity and ambiguity of this phenomenon.

A substantial variety of research on top managers and their organisations has emerged and drawn heavily from the seminal work by Hambrick and Mason (1984). Hoskisson *et al*. (1999:417-456) in their review of the development of strategic management from 1980 to 1999 reveal that

research has related the characteristics of strategic leaders to strategic decisions and organisational performance. For example, scholars found an association between (a) organisational performance and the experience of executives; (b) organisational performance and the performance record of executives and (c) organisational performance and top management size, composition, and tenure (Haleblian and Finkelstein, 1993). A relationship between top management characteristics, and strategies and structures was also delineated (Miller and Drodge, 1986; Certo *et al*., 2006).

It can be argued that the focus on strategic leadership at the apex of the organisation suggests that strategic behaviours are limited to the top level only. This is contrary to social realities in the organisation where strategic behaviour is evident among the lower-levels of management as well. For instance, teams involved in strategic decisions that affect the bottom line often comprise non-executive group members as well. Given this fact, the focus on strategic behaviour at the top of the organisation only may be partial. As such scholars (such as Jarzabkowski *et al*., 2007; Johnson *et al.,* 2007; Whittington, 2006) propose a micro-perspective of leadership which looks at the behaviour of all organisational members (e.g. operatives, managers, and executives).

Strategic leadership can be defined in many ways. Firstly, strategic leadership is described as about "people who have overall responsibility for an organisation, the characteristics of those people, what they do, and how they do it" (Hambrick, 1989:6). Later this notion of strategic leadership was refined and extended to include how strategic leaders affect organisational outcomes (Finkelstein and Hambrick 1996:2). As such, strategic leaders are distinct because of their position, which has great significance on outcomes.

Secondly, Rowe (2001:83) provides an alternative definition of strategic leadership which fits within the broad viewpoint by Finkelstein and Hambrick (1996:2). In the words of Rowe (2001:83), strategic leadership is "the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organisation, while maintaining its short-term financial stability." A weakness of this definition is that it does not specify the characteristics of strategic leaders, and also fails to indicate if these leaders have overall

responsibility. On a more positive note, the definition deliberately includes a strategic focus that combines present (day-to-day) and future organisational concerns.

Thirdly, Ireland and Hitt (1999:43) add the aspects of cognition, change, and flexibility to the definition of strategic leadership. They define strategic leadership as "the ability to anticipate, envisage, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organisation." This definition focuses on the various abilities of strategic leaders to work with others. However, it suffers from the common shortfall of failing to identify clearly the locus and scope of responsibility of the leaders.

This study adopts the definition of strategic leadership by Finkelstein and Hambrick (1996:2) for two reasons. Firstly, the definition specifies the hierarchical level of leadership and presumes that strategic leaders will have direct effect on organisational outcomes. However, this is in no way meant to disregard the contribution of lower level employees to strategic behaviours in the organisation. Secondly, the definition is broad enough to integrate various leadership behaviours such as transactional, transformational, situational, and functional leadership.

Within this notion of strategic leadership, one can observe that the behaviour of strategic leaders differs very much from that of middle managers (Vera and Crossan, 2004:223). The central responsibility of the strategic leadership of an organisation is to initiate, and ensure the successful implementation and management of organisational change (Boal and Hooijberg, 2000:516-517). Broadly, Boal and Hooijberg (2000:516) identify three broad concerns of strategic theories of leadership, namely (a) leadership „of" organisations; (b) the evolution of an organisation as a whole, including its changing aims and capabilities; and (c) people at the top of the organisation. As such, leadership theories based on dyadic relationship between supervisors and their followers "within" the organisation are not suitable to explain strategic leadership which happens at the apex of the organisation (Vera and Crossan, 2004:223-223).

The emphasis on the strategic element or hierarchical position of strategic leadership seems to downplay the role of relational aspects between top management and organisational members

(Raes *et al.,* 2007:362). Leadership theorists posit that the pattern of relationships within the organisation, and not the mere notion that "great men sit at the top" makes it possible for strategic leaders to exert influence, implement decisions, and enhance organisational performance (Clegg *et al.*, 2006). Managing relationships with lower-level employees is part of the vital task of strategic leaders. Top management may play the role of evaluating and controlling, empowering and enabling, or endorsing and supporting, while organisational members may be required to follow the system, learn and improve or experiment within acceptable risks levels. This view questions the study of intra top management team factors (e.g. decision-making process, team composition) and how these relate to organisational performance as if the top management team is an independent entity which directly influences organisational performance without any intermediary process or agents.

The question of who constitutes the top management team is also a significant one that preoccupies scholars of strategic leadership. Conceptually, top management refers to the "dominant coalition" (Raes *et al.,* 2007). The team and its powerful members provide an interface between the firm and the environment. The top management team is powerful and makes choices and actions, which affect the entire organisation (Carpenter *et al.,* 2004:753). As much as membership of the upper echelon identifies strategic leaders, researchers of strategic leadership need to go beyond this indicator and gauge the degree of organisational involvement of these leaders. Pettigrew (1992:178) advises researchers that "rather than assuming titles and positions as indicators for involvement, the first task... is to identify which players are involved and why." Top management team is "the aggregate informational and decisional entity through which the organisation operates and which forms the inner circle of executives who collectively formulate, articulate, and execute the strategic and tactical moves of the organisation." (Raes *et al.*2007:361).As an inner circle or a team of leaders, they share common cultural assumptions in the organisation.

From a cultural perspective, the TMT has a sub-culture, which is termed the executive culture (Schein, 2010:62-67). This is one of three cultures in an organisation. The operators have an operator culture while engineers have an engineering culture. Similarly, the top management

team has a set of basic tacit assumptions about how the world is and ought to be that they share, and which determines their thoughts, perceptions, and feelings, and to some degree their overt behaviours (Schein, 2010:63). The strategic leaders‟ cultural assumptions operate as interpretive filters of the importance of issues, the cause and effect relationship between such issues, and direct behaviour and action accordingly (Schein, 2010:28-30). The cultural assumptions of strategic leaders influence their strategic reasoning and how the firm create, resource and deliver value (Singh *et al.*, 2007:287). Schein (2010:63) assert that "whatever other preoccupations executives may have, they cannot get away from having to worry about and manage the financial issues of survival and growth of their organisation".

As if to highlight the dearth of strategic leadership theory grounded in African context, House and Aditya‟s (1997) extensive review of extant leadership theory attest that 98% of extant leadership theory originates from the United States, through studies of American leaders. The contextualisation of strategic leadership within Africa has two major potential contributions (Zoogah, 2009:202-206). Firstly, it may extend our unique understanding of leadership beyond developed and Western contexts. Secondly, it may also assist organisations in Africa to develop the requisite competence. Strategic leadership in Africa needs to focus on what executives at the strategic apex do. This should also extend strategic leadership studies to seek answers on why (cognitive rationale), when and how (process) this type of leadership is manifested in an African cultural context (Zooogah, 2009:206).

2.2.1 Strategic leadership theories

This section is a discussion of strategic leadership theory and its conceptual weaknesses. Research on leadership has traditionally developed according to three streams of theory. Firstly, there is the upper echelon theory (Hambrick and Mason, 1984). Secondly, there are charismatic theories of leadership (e.g. Conger and Kanungo, 1987; House, 1977); transformational or transactional theories of leadership (e.g., Bass and Stogdill, 1990) and the visionary theory of leadership (e.g., Bennis and Nanus, 1985). Thirdly, there are the cognitive complexity and social intelligence approaches, which suggest that leadership hinges more on what leaders have in their

heads than any other factors (Hooijeberg, *et al.,* 1997). Cognitive complexity theory refers to the mental processes related to analysis of information and posits that individuals are likely to interpret better what is going on in the environment when they have cognitive complexity. Complementing this notion is the social intelligence perspective which underscores the importance of interpersonal and social skills (i.e. empathy, motivation, and emotional intelligence of leaders). To avoid potential prejudice and bias prior to field work guided by the grounded theory method, the Chapter is not discussing any leadership theory other than the upper echelon theory.

Having stated this, the researcher faces the necessity of explaining why only the upper echelon theory is discussed in this Chapter. Firstly, the upper echelon theory focuses exclusively on strategic leadership and delimits the distinctive level at which this study seek to understand leadership. Other theories straddle the strategic leadership level and other levels within the organisation. That is, charismatic leader or transformational leader can be a section head within an organisation or head of the organisation. Secondly, the upper echelon theory is discussed mainly because it has seminal value to the domain of strategic leadership. As such, the value of reviewing the upper echelon theory to this study is informative in establishing the fundamental tenets and a broad understanding of the diverse empirical research that has been conducted to explore the upper echelon theory.

2.2.1.1 Upper echelon theory

The seminal work on the upper echelon theory by Hambrick and Mason (1984) signified two key shifts: (1) from supervisory leadership within to strategic leadership of the organisation and (2) from a micro-focus to a macro-perspective of leadership (Boal and Hooijberg, 2000:515-516; Hoskisson, *et al.*, 1999:440). The upper echelon theory is one of the key approaches in the scholarly literature on strategic leadership (Canella and Monroe, 1997:214).

The upper echelon theory is founded on Child‟s (1972) concept of strategic choice, which argues that top management make strategic choices (as opposed to determinism) and that their decisions

have an impact on the performance of a firm. The upper echelon theory upholds that characteristics of executives serve to filter and distort information in a four-step process. The executive‟s experiences, values and personalities affect their (a) field of vision, (b) selective perception, (c) interpretation and (d) strategic choice (Hambrick, 2007:337). Prior determinants or intervening factors such as previous organisational action and self-reinforcing strategies, the industry environment (e.g. industry volatility and life cycle) and intent of controlling parties such as the board of directors, shape managerial discretion and choice (Hambrick and Mason, 1984:197).

Hambrick and Mason‟s (1984:193-206) upper echelon theory focuses on the dominant coalition. This theory asserts that an organisation is a reflection of those who are the top managers. The characteristics of the upper echelon are classified into two, namely: psychological, such as cognitive base and values, and measurable managerial characteristics, such as age, tenure in the organisation, functional background, education, social economic roots, TMT characteristics and financial position (Hambrick and Mason, 1984:193-206). The upper echelon theory proposes that "organisational outcomes – both strategies and effectiveness – are viewed as reflections of the values and cognitive bases of powerful actors in the organisation" (Hambrick and Mason, 1984:193). The cognitive bases referred to are a set of "givens" which the decision maker brings to a situation. These relate to (a) assumptions or knowledge about future events, (b) knowledge of alternatives, (c) and knowledge of consequences related to the alternative. Values are the principles for "ordering consequences or alternatives according to preference" (Hambrick and Mason, 1984:195).

Broadly, the cognitive perspective of the upper echelon resonates with this study, which adopts a cultural dimension to explore strategic leadership. From the cognitive view, early theorists of the upper echelon theory considered psychological measures as more able to reveal the types of values, beliefs, and behaviour inclinations of TMT regarding performance and formulation of strategy (Finklestein and Hambrick, 1996:46). However, Hambrick and Mason (1984) were well aware that psychological dimensions are relatively difficult to measure compared to the observable demographic characteristics of the upper echelon.

Avoiding the difficulties of measuring psychological dimensions, Hambrick and Mason (1984:196) opted for the methodological convenience of using observable managerial characteristics although they "may contain more noise than purer psychological measures." It is on this basis that early development of the upper echelon theory proposed that background and demographic characteristics of top managers influence their assessment of the environment (e.g. strategic problems and opportunities), and the strategic choices which affect organisational outcome. There are suggestions that the demographic data of top managers have predictive significance on choice of strategy and performance levels of the organisation (Hambrick and Mason, 1984). In this vein, performance relates to terms such as effectiveness and efficiency (Hambrick, 1989). From an organisational or stakeholder view, Finkelstein and Hambrick (1990) operationalised performance as sales growth, return on investment, return on assets, etc. Some scholars used other firm-level behaviours such as strategic change (Lant *et al.,* 1992) and strategic persistence (Finkelstein and Hambrick, 1990) to operationalise organisation performance.

The exclusive focus on demographics or executive background as a primary indicator of top management‟s mind set and potential behaviour fails to consider other structural determinants of behaviour such as corporate governance and organisational structure. In fact, this exclusive focus on executive demography does not provide deep insights into the relationship between TMT and organisational outcomes. There is need for studies to open up this black box to understand the actual internal processes and mechanisms that explain the impact of TMT on organisational outcomes (Finkelstein and Hambrick, 1996:46).

Although numerous studies confirm the relationship between demographic variables and outcomes, there have been conflicting results. For instance, studies have shown a positive association of tenure heterogeneity with higher performance of firms in the oil industry and tenure heterogeneity with revenue growth for semiconductor firms (Murray, 1989). On the contrary, research has also revealed that tenure heterogeneity is negatively associated with firm performance. For example, Hambrick *et al.* (1996) found that heterogeneous teams in the airline

industry reacted slowly to competitors‟ actions, while Smith *et al.* (1994) found that teams with high tenure heterogeneity showed lower returns on investment in high-technology firms. The conflicts in the research findings are partly attributed to the differences in conceptual definitions and empirical measures used for TMT (e.g. TMT as excluding or including the board of directors, differences in hierarchical position or actual degree of involvement in decision processes, and variations in TMT sizes). Subsequently, Finkelstein, and Hambrick (1996) expanded the upper echelon theory to embrace the psychological factors of top managers, group aspects, and contingent aspects, to gain a more complete view of how these influence information processing and strategic decision making.

Critics have levelled a number of criticisms against the upper echelon theory. Firstly, these studies have a questionable assumption that measures of demographic heterogeneity can be a proxy for cognitive heterogeneity and the world view of strategic leaders (Carpenter *et al.*, 2004; Priem *et al*., 1999). The focus on executive demographics or composition as a proxy for processes, cognitions, and behaviours in the upper echelon theory is erroneous. The relative ease of obtaining demographics over process measures in the upper echelon theory reinforces this focus. As such, some scholars denigrate the upper echelon theory as a "theory of group composition" and not leadership (Boal and Hooijberg, 2000:524).

Secondly, the upper echelon theory obscures the processes that link the composition of the upper echelon or group composition with decision-making and organisation performance. In other words, the theory fails to explore how group composition impacts on internal processes (e.g. conflict management, communication), group psychosocial factors (e.g. norms, shared mental models), firm and organisational level variables. TMT research pays too little attention to the actual mechanisms that serve to convert group characteristics into organisational outcomes and the actual participation in choice and decision processes by individuals due to the tendency of attaching significance to titles or hierarchical positions (Carpenter *et al.,* 2004:761-768).

Following a review of 188 articles published in *The Leadership Quarterly* for the decade after 1990, Lowe and Gardiner (2001:494) are convinced that scholars do not know much about the

processes that result in top management decisions. In this regard, Carpenter *et al.* (2004) specifies three understudied process issues. These issues are summarised as (a) how TMT in an organisation affects the range of strategic choices; (b) what information-processing approaches are used by effective individual top managers or the TMT; and (c) how the upper echelon sense problems, make decisions, learn and change. This state of knowledge evokes serious questions. In particular, scholars question the ability of upper echelon theory to explain versus predict phenomena or offer a prescription to managers versus a mere description of consequences.

Thirdly, the upper echelon theory is weak as it looks at leadership from a view which is too elitist and too simplistic as well. The theory suggests that only those that hold the "right" characteristics are able to lead well. This is an elitist view of leadership which considers decision making in terms of the background of the leader only and leaves their followers as valueless objects of the organisation. Furthermore, the upper echelon theory gives leaders simple excuses for only being able to understand and see certain aspects of the business and the environment. The upper echelon theory suggests that a leader has limited vision within the organisation and what they choose to pay attention to can be determined by the characteristics they have (Hambrick and Mason, 1984). The theory overlooks the requirement that a leader has to be accountable for his role in shaping the organisation. In this way, upper echelon theory reinforces elitism and self-centeredness of leadership, which does not take seriously the idea of accountability within leadership. However, leaders who make the effort to connect or relate (horizontally and vertically) with their followers and relevant stakeholders are more likely to have a better understanding of the environment and significant issues that require their attention.

There is a call for the upper echelon theory to remain connected to the various levels of the organisation. A study of executive boards by Gabrielsson *et al.* (2007) found that past theories which explained how the upper echelons lead, are becoming less applicable to the boardrooms of today. Board members and other top leaders in organisations often perform in a "black box" or vacuum (Gabrielesson *et al*., 2007). These strategic leaders cut themselves off from the rest of the organisation and this is becoming a problem.

The upper echelon theory is also criticised for the view that the leader is seen as the only force that shapes the organisation. This is in contrast to the notion that effective and healthy organisations are not simply a reflection of the upper echelon, but instead reflect both the leadership and the followership.

Lastly, most demographic-based studies of the upper echelon fail to account for the impact that situation-specific factors have on top management team process and performance (Papadakis, *et al.,* 1998). The effectiveness of a TMT may vary greatly from one situation to another (Katzenbach, 1998). In this case, demographic analysis is not able to clearly provide a complete explanation that captures variations in TMT performance. This is primarily because the team composition does not always change frequently. In this vein, there is need for a theoretical explanation of how situational factors and team attributes work together to shape TMT processes and organisational outcomes.

It is a widely shared notion that the extant body of organisation studies, theories of leadership and management have generally not included the voice of Africans or other non-western perspectives (Christie *et al.*, 1994; Prasad, 2006). For example, literature portrays African leadership and management philosophy as only using one or a few cultural identities, which are unchangeable and believed to bind all Africans together (Mkomo, 2006). The samples used in studies which suggest one or few cultural identities tend to be small to be representative enough of the African cultural reality they purport to portray. One example is the national culture study by Trompenaars (1993) which included South Africa only, from the whole of Sub-Saharan Africa. African leadership and management occur within the heterogeneous and dynamic cultures in Africa. African leadership and management cannot be fully captured by a focus on one or just a few countries (Heuvel, 2006:4; Jackson, 2004:92).

It is comprehensible that although Africa is a composite of tribal groups, there are similarities between the different African countries and ethnic cultures that suggest Africanity. Awedoba (2005:21) defines Africanity as a "special configuration of various features and cultural patterns that may be encountered in the study of African modes of livelihood, beliefs, attitudes,

behaviours, and even in languages, and artistic expression." Several scholars (see Khoza, 2006; Mangaliso, 2001; Mbigi, 2005) have suggested that Ubunthu has potential for helping to understand leadership in the African context. Other than acknowledging the existence of the *Ubunthu* perspective of leadership, the researcher refrains from reviewing this theoretical domain further at this stage, as it has potential to bias the process of developing a grounded theory which bears on leadership in Africa. As such, the literature on *Ubunthu* may be reviewed in-depth after the grounded theory is developed in this study.

It is argued that the search for African leadership and management is confronted by (a) mis-representation of African leadership and management in western literature (e.g. authoritarian, inflexible and insensitive) Odhiambo (1995); (b) western contexts of leadership which are inadequate to address the unique leadership and management challenges in Africa, and (c) the irrelevance to communal cultures of theories developed within individualistic cultures (Mkomo, 2006:2). A review of leadership in African organisations by Ndongo (1999:110) reveals that there are no indigenous African models of leadership. The majority of the leadership studies use western and traditional theories, while the few existing studies on Africa have mainly reviewed leadership concepts and neglected empirical study of leadership styles and practices used in African organisations (Zoogah, 2009:208-217). According to Ndongo (1999), the few scholarly works on leadership in African organisations have focused on operational or supervisory levels and ignored strategic leadership.

The success of African leadership styles and management principles are contingent on their cultural suitability to the societal context. Some scholars criticise leadership perspectives based on western knowledge as culturally inappropriate in Africa (Khoza, 1994; Mutabazi, 2002). Jackson (2004) describes western leadership and management styles as instrumental. Thus, people serve the needs of the organisation. The western leadership and management thoughts are predisposed to adversarial relationships fostered between the managed and the manager, buyers and suppliers (Khoza, 1994:121). More importantly, western-based value systems stress the importance of individualism and related self-centred concepts (e.g. self-fulfilment, self-interest,

and self-development). Alternatively, Khoza (2006:11-17) asserts that African leadership is different, as it focuses on the community concept of business organisation.

Having discussed the concept of strategic leadership, and the upper echelon theory, it is instructive to delve into the specific roles played by these leaders in the organisation. This will be the focus of the next section.

2.2.2 Roles and activities of strategic leadership

Scholars highlight different roles of strategic leaders (Amos, 2007; Boal and Hooijberg, 2000; Ireland and Hitt, 1999; Hart and Quinn, 1993; Quinn, 1988; Richardson, 1994; Covey, 1996) which are indicated in Table 2. In this respect a role is a way of doing, and is taken up or terminated in concert with changing contextual demands or circumstances. The roles defined by Covey (1996:149-159) enshrine the view that an organisation is not a purely rational and functional instrument without any social dimension. According to Covey (1996), strategic leaders have three basic functions, namely (a) path finding, (b) aligning, and (c) empowering. Path finding involves tying the organisation‟s value system and vision with a mission and the environment together in a strategic plan to create a state of relative commercial advantage. Aligning is about ensuring that the organisational structure, systems, and operational processes contribute to achieving the mission and vision. Empowering is stimulating the latent talent, ingenuity, and creativity in people to accomplish the mission.

TABLE 2: ROLES OF STRATEGIC LEADERS

Authors	Strategic leaders` roles
Covey (1996)	Path finding; aligning; empowering
Boal and Hooijberg (2000)	Making strategic decisions Creating and communicating a vision of the future Developing key competencies and capabilities Developing organisational structures, processes, and controls

	Managing multiple constituencies Selecting and developing the next generation of leaders Sustaining an effective organisation culture and infusing ethical value systems into the organisation‟s culture
Ireland and Hitt (1999)	Determining the firm‟s purpose and vision Exploiting and maintaining core competences Developing human capital Sustaining an effective organisation culture Emphasising ethical practices Establishing balanced organisational controls
Amos (2007)	Setting organisational direction Lead/drive the strategy Staff the organisation and manage social capital Build and utilise core competencies Create organisational alignment
Hart and Quinn (1993)	Visionary; taskmaster ; motivator; analyser
Quinn (1988)	Eight competing leadership roles simultaneously: Innovator; broker; facilitator; mentor; coordinator; monitor; producer; and director

Source: Own

Boal and Hooijberg (2000:516-518) propose three complex roles of strategic leadership which occur throughout the entire life of the organisation, irrespective of stage of growth. The first role requires strategic leaders to create and maintain absorptive capacity (the ability of the organisation and its members to keep on learning) and involves recognising, assimilating, and applying new information towards new goals. Secondly, the strategic leader creates and maintains adaptive capacity, or strategic flexibility, which involves the ability to change due to variations in conditions. This role resembles what Covey (1996:149-156) calls “alignment.” Thirdly, the strategic leader requires managerial wisdom – a combination of discernment and

"Kairos time". Discernment is fundamental to managerial wisdom. Discernment refers to the ability to "perceive variation in the environment… and an understanding of the social actors and their relationships" (Boal and Hooijberg, 2000:518). Discernment is also labelled as social intelligence or interpersonal intelligence when discussed to mean understanding of others. Kairos time is the capacity to take the "right action at a critical moment" or "kairotic moment" (Boal and Hooijberg, 2000:518). Similarities can be drawn between managerial wisdom and what Covey (1996) terms empowerment, especially that the execution of both entails some ingenuity and social intelligence.

Hitt *et al*. (2001:497-513) also focus on six key functional and social actions that strategic leaders perform to successfully implement organisational strategy. Strategic leaders (a) determine the strategic direction, core ideology and the envisioned future; (b) continuously exploit and maintain a unique mix of core competencies in the implementation of organisational strategy; (c) and acquire and maintain human capital as part of strategy formulation and implementation. Furthermore, strategic leaders also (d) shape and sustain an organisation culture that serves as a source of competitive advantage; and (e) reinforce ethical practices within the organisation so that the interest of the organisation transcend managerial opportunism. Finally, (f) strategic leaders establish balanced organisational controls supportive of strategic change that serve as parameters for strategy implementation, monitoring, and adjustment.

Strategic leadership roles occur on a continuum. The complexity of current organisational situations requires strategic leaders to be multi-skilled and able to fulfil multiple roles. Guided by this notion, Richardson (1994) adopts a historical approach that examines the role of strategic leaders on a continuum of nine roles. These roles are the (a) classical administrator, (b) design school planner, (c) role playing manager, (d) political contingency responder, (e) competitive positioner, (f) visionary transformer, (g) self-organising facilitator, (h) turnaround strategist, and (i) crisis-avoider strategist.

The different views on the roles of strategic leaders suggested by these various scholars can be amalgamated into three common streams, namely (a) vision and path finding, (b) human

development and management, and (c) organisational functioning. Firstly, vision and path finding roles have been conceived differently by these scholars as follows: determining and communicating vision and purpose (Boal and Hooijberg, 2000; Huff *et al.*, 2009; Ireland and Hitt, 1999), setting direction (Amos, 2007) being a visionary (Hart and Quinn, 1993) and director (Quinn, 1988). Secondly, the role of human development and management incorporates empowering followers, developing key competencies and capabilities, managing multiple constituencies, selecting and developing the next generation of leaders (Boal and Hooijberg (2000), staffing the organisation and managing social capital (Amos, 2007). This also embraces motivation of employees (Hart and Quinn, 1993). Finally, organisational roles of strategic leaders incorporate developing and aligning organisational structures, processes, and controls, being a competitive positioner, turnaround and crisis-avoider strategist, sustaining an effective organisation culture, and infusing ethical values into the organisation‟s culture.

With the proposition that one of the roles of strategic leaders relates to the creation and sustenance of an effective organisation culture, the next section seek to explore the relationship between strategic leadership and culture.

2.3 THE RELATIONSHIP BETWEEN STRATEGIC LEADERSHIP AND CULTURE

In exploring the relationship between strategic leaders and culture, this section discusses how culture is created, maintained and changed in the organisational context.

2.3.1 Creation of culture

In an old but relevant article, Trice and Beyer (1993:256) defined the two key aspects of cultural leadership as (a) initiating or recognising sets of "comprehensible and convincing ideas" that free people from uncertainties; (b) and the communication of these ideas repeatedly so that they are shared by others. A leader who influences the ideologies or beliefs, values, norms and the forms of expressing these to the extent that they are shared by members of an organisation qualifies as a cultural leader (Trice and Beyer, 1991). Managers and others are not cultural leaders unless

they influence how their followers collectively think and act. The social processes through which cultures are created and sustained require the efforts of cultural leaders.

Three major theories on the creation of culture can be identified in the literature (Dyer, 1985; Pettigrew, 1979; Schein, 2010). Firstly, there is the theory which suggests that founders and leaders bring with them a set of assumptions, values, perspectives, and artefacts to the organisation and impose them on their employees (Pettigrew, 1992). Secondly, there is the theory that proposes that culture emerges as members of the organisation interact with one another to solve the fundamental problems of internal integration of the group members and environmental adaptation (Schein, 2010:197-218). Thirdly, there is the theory which contends that individual members of an organisation may become "culture creators" by developing solutions to individual problems of identity, control, individual needs and acceptance that are then passed on to the succeeding generation of members (Dyer,1985).

The three theories suggest that culture in an organisation may develop through interactive or prescriptive sources (Dyer, 1985). Interactive sources of culture entail staff members interacting with each other and their environment to create an emergent organisation culture (Dyer, 1985). On the other hand, leaders, individuals or a group of individuals in an organisation prescribe the sources of values, and beliefs. This creates prescriptive sources of culture (Pettigrew, 1979; 1992). Culture forms quickly around recognised needs, settings, and specific task requirements (Kilmann, 1985). Kilmann (1985:343) shares the view that important behaviours and attitudes of members in the organisation evolve as they struggle to make the organisation work. Similarly, the reward system, policies, procedures, and rules governing work in an organisation reinforce those behaviours and attitudes that are important. This furthers the development of the initial culture. In this way, top executives pass their tones, standards, focus, and assumptions through the organisation. The way chief executives and senior managers of the company conduct themselves has a profound impact on how other people in the organisation conduct themselves (Kilmann, 1985:357). The actions of leaders in response to critical incidents become issues that members remember. The actions of key individuals, founders or top managers provide cues for

what the organisation really wants, what really counts, and this becomes the unwritten rules of the game that members adopt as norms for protection and survival in the organisation.

The central assumption is that top managers have discretion or latitude in changing the organisation. This echoes the notion of strategic choice, functionalism, or upper echelon perspectives. This is a prescriptive, top-down culture creation model, where the guiding principles of culture are set at the top and transmitted down to the lower layers (Dyer, 1985; Pettigrew, 1979; Trice and Beyer, 1993).

However, there are objections to the notion that top-down managerial methods create or change culture (see, for example, Dyer, 1985; Kilmann, 1985; Pettigrew, 1979; Wilkins and Patterson, 1985). It is argued that the top-down approach focuses on rational planning, which imposes the values of a few people on the many. The top-down view also make controversial and implicit assumptions that (a) culture can be changed in a precisely intended direction through clear and careful planning; and that (b) acting in value-oriented ways by executives present clear signals that everyone will want to follow and will actually know how to follow (Dyer,1985; Pettigrew (1979a). In the light of this, Wilkins and Patterson (1985:279) argue that the creation of culture is participatory, and not a top-down issue. Culture, they say, consists of conclusions and past experiences which form a cultural repertoire of what group members believe works and does not work. The processual view of culture advocates that culture persists and is maintained or changed by the continuous creation and recreation, through member interactions, of shared meanings and interpretations, and the significance they attach to what occurs (Schein, 2010:197-235). In this way, the creation of culture is a process which involves interactions of members of a cultural group and the continuous creation and modification of interpretive schemes and patterns of interaction.

Schein (1984:8-11;2010:215) gives support to the interactive, processual view, upholding culture as learned through two interactive mechanisms, namely (a) reduction of anxiety and pain (social trauma model) and the (b) positive reward and reinforcement success model. Fundamentally, cultural learning involves continuous problem solving by a group. Organisation culture arises

based on the histories and experiences of the founders and those members who shared the experience of critical incidents of successes and crises in the organisation"s history, and formed cultural assumptions of the world and how to survive in it (Schein, 2010:219-220). The social trauma model or anxiety and pain reduction model suggest that the initial trauma of a new group, along with crises of survival make members share perceptions, and develop ways of avoiding and dealing with discomfort and pain by creating ritualistic ways of thinking, feeling and behaving (Schein, 1984:8; 2010:13-19). Learning based on trauma is difficult to change, because people are not inclined to test for any changes in the cause of anxiety in the environment once they learn to avoid a painful situation (Schein, 1984:8; 2010:215). Cultural learning based on the positive reinforcement model is different and premised on the idea that people repeat what works and ignore what does not. Group members learn from positive reinforcement that produces responses, which perpetually undergoes validation and tests of success in the environment. The group change or adapt responses that fail to yield success on a regular basis (Schein, 1984:10).

In addition to the processual notions of organisation culture creation discussed above, literature also highlights three different culture-creating processes (Dyer, 1985). These are (a) a rational, problem-solving process, (b) a political process and (c) a non-rational, symbolic process. Firstly, organisation culture is the learned solutions that become assumptions regarding problems and the way members perceive, think, and feel in relation to those problems. Schein (1984:9) argues that for a group to survive it has to develop the capacity to solve problems of external adaptation and survival. The external problem solving involves five aspects: (a) mission or reason for existing; (b) concrete goals derived from the core mission; (c) organisational structures and decision-making processes as means to accomplish the goals; (d) information and control systems as means of monitoring progress; and (e) remedial measures if goals are not attained.

Similarly, Schein (1984:11; 2010:18) asserts that for a group to function, it must face internal integration problems. The group has to integrate through six elements, which are (a) a common language and shared conceptual system; (b) a way to define boundaries and select membership; and (c) a way of allocating authority, power, status, property, and other resources. Furthermore, the group needs (d) norms to handle interpersonal relationships through the style and climate of

the organisation; (e) criteria for giving rewards and punishment); and (f) a means of coping with unmanageable, unpredictable, and stressful events (Schein, 1984:9). Schein (2010:18) insists that any description of the creation of culture involves all these external adaptation and internal adaptation issues and not simply particular aspects of the organisation (e.g. how people are managed). It is vital to note that "the content of culture derives from a combination of prior assumptions and new learning experiences", which all influence the problem-solving processes that create culture (Sathe, 1985:136).

Secondly, the political process of culture creation is to maintain power relationships, in addition to solving problems. According to Munby (1984), culture does not develop through legitimate, self-generated consensus. Culture emerges as an ideological manifestation of the deep structure of power relations. Cultural assumptions, stories, and metaphors in organisations can function ideologically to produce and reproduce the forms of organisational reality necessary to sustain the interests of the dominant group (Munby, 1984:196).

Thirdly, as Pettigrew (1979:574) and others (see Dandridge *et al*., 1980) argue, there is a non-rational process of culture creation in the organisations, in which symbols play a significant role. Symbols have consensual and denotative functions that direct the action of individuals towards common goals in collective efforts (Dandridge *et al*., 1980; Pettigrew, 1979:574). Pettigrew (1979:571) considers the content and processes of these collective efforts to create organisation culture through series of social dramas. The social dramas provide explanations of the past, present and future as the organisation grows, evolves and transform over time. According to Pettigrew (1979), it is the founders of an organisation who generate order, purpose, and commitment through their feelings, actions, ideology, language, ritual, and myth. The founders create culture and symbols and manage meaning (Pettigrew, 1979:572). Symbolism is an inclusive concept, but in this context symbols can be seen as "objects, acts, relationships, or linguistic formations that stand ambiguously for a multiplicity of meanings, evoke emotions, and compel men to action" (Cohen, 1974:23). Symbols arise out of the processes in which a group of people use vocabulary or language, and formulate beliefs, rituals, and myths to structure activities and purposes in the culture of the organisation. Through various interdependent forms

and functions of symbols, language, ideologies, beliefs, rituals and myths, a culture evolves that attempts to solve problems of internal integration and external adaptation (Dandridge *et al.,* 1980). Instead of there being a top-down creation of symbols, an organisation‟s members together create, sustain and manipulate the meanings of symbols to engage in a guided, group interpretation of reality (Barley,1983:394).

2.3.2 Maintenance and transmission of culture

A group and its cultural norms maintain and influence the behaviour of members towards the desired mission. Kilmann (1985:104) aptly summarises the power of a cultural group to shape and direct member behaviour by saying:

> First, the impact of one group on its members is very powerful indeed. If a group is cohesive... There will be strong pressures on each member to adopt whatever the cultural norms specify. Second, if the cultural norms are supportive of the organisation‟s mission, the efforts of members will continue to yield high performance.

This suggests that culture has an invisible power that controls people and maintains culture (Klimann, 1985). Put differently, culture is the unwritten rules in the organisation about behaviour, embedded in consensus among members on what constitutes appropriate behaviour and social reality. Any flouting of these unwritten rules results in pressure or even formal sanctions to get an offending person to alter their behaviour. In this vein, Dandridge *et al.* (1980) argue that symbols in a cultural context function as a descriptive means of control and maintenance of a system. Firstly, verbal symbols comprise myths, legends, stories, rumours, jokes, and names, which provide an expression of the organisation. For instance, informal cultural networks (of spies, story-tellers, and whisperers) communicate, transmit, influence and maintain culture within the organisation (Dandridge *et al.*, 1980). Secondly, action symbols, which include rituals, celebrations, and rites of passage (e.g. anointing heroes), concretise and reinforce the values and beliefs of the organisation. Action symbols provide justification and

guidance to peoples‟ actions. Lastly, material symbols (artefacts) refer to clothing, workplace decorations, tools, etcetera, that express the organisation‟s cultural values and beliefs.

In the case of assumptions, Schein (2010:235-236) emphasises the role of leadership in the transmission and maintenance of culture. Leaders have numerous powerful ways to embed their own assumptions in the daily life of their organisations (Schein, 1985:243). Schein (1985:243) aptly assert that leaders embed their assumptions:

> Through what they pay attention to and reward, through the role modelling they do, through the manner in which they deal with critical incidents, and through the criteria they use for recruitment, selection, promotion, and excommunications, they communicate both explicitly and implicitly the assumptions they hold.

However, there are circumstances when members of a cultural group persist out of habit in behaviours that were successful in the past but are obsolete. In such cases, there is no adaptation or change; instead, routines prevail in the organisation. Leaders must provide security to help group members deal with the anxiety of giving up old, stable and successful response pattern while learning and testing new ones (Schein ,2010:215-231). In this sense, culture is a learned set of responses that evolve as part of the learning history of the group (Schein, 2010:217)

2.3.3 Changing culture

Any attempt to change culture involves one or both of the two major elements of culture, namely, content and strength of culture (Sathe, 1985). It is therefore the magnitude of change in cultural content and or strength of the prevailing culture that creates resistance to cultural change. As such, resistance to change in content of culture is limited when such change focuses at fewer or less central assumptions (Sathe, 1985).

There are different models for dealing with change of culture at different levels. Pettigrew (1979) asserts that change in leadership brings a change in organisation culture. Schein (1985:27) argues to the contrary, that management of cultural change is not dependent on the leader as a creator of

culture, but on the circumstances that the organisational leader finds him or herself in. Either an externally induced crisis or internal forces may push the organisation and its leadership to change the culture. This may not require leadership change at all, as the leader endorses the change.

Some scholars argue that culture creation and change occur in phases (Schein, 1985). This thinking is in line with the tradition of phases in development of the firm, which dates back to Edith Penrose‟s (1959) classic, *The Theory of Growth of the Firm*. Penrose suggests five phases to this growth, summarised as (a) pre-start and actual start-up; (b) survival; (c) first growth; (d) expansion; and (e) global perspective (Newton, 2001:18). From a cultural perspective, Schein (1985:27) collapses the stages that an organisation‟s culture goes through into three stages, arguing that each of the stages has unique major cultural issues. He proposes that these major developmental stages are (a) birth and early growth, (b) organisational midlife, and (c) organisational maturity. Furthermore, he posits that each stage has a change mechanism and a degree of self-awareness that is significantly at work. Cultural change is possible, depending upon the degree to which the organisation is ready to change to the next stage.

During the birth and early growth phase, leaders and members in the organisation nurture culture to grow. However, interactions between leaders and other members embed the most important elements of culture in the structure, and processes of the organisation during the midlife phase of the organisation. The embedded aspects of culture also become taken for granted during this phase (Schein, 1985:25-28). The organisational midlife is associated with planned, incremental change and organisational development, technological appeal, change through scandal, myths, flexibility, and diversity of cultures (Schein, 1985:27-29).

Organisational maturity is the most important stage in cultural change. During this stage, some or all of the organisation‟s culture may become dysfunctional, while the competitive environment becomes more dynamic (Schein, 1985:27-28; 2010:217-218). Organisational maturity is associated with coercive persuasion, turnaround and re-organisation, and the destruction and rebirth of culture (Schein, 1985:27-41). Management-driven changes in core elements of culture can lead to successful organisational transformation. This is a functionalist view of culture,

which is a tool to re-orient organisational actions. According to Schein (1985:27-41), changing the culture involves developing new assumptions, changing structures and processes if necessary, rewarding evidence of new learning, creating new slogans, myths and stories, and, at times, coercing people into new behaviour.

Schein (2010:315-358) advises that leaders interested in planned cultural change have to identify sources of cultural risk in the organisation. This involves evaluating the ways that people usually handle tasks in key relationships and activities such as innovating, decision making, communicating, organising, monitoring, appraising, and rewarding. Leaders can identify sources of cultural risk by highlighting the task or relationship areas where major problems exist. This evaluation needs to embrace the structure, systems, and people. Given this understanding of cultural risk, leaders have options of cultural change strategy, which involve (a) cultural change that ignores the cultural risk area, (b) managing around culture risks by changing the implementation plan, (c) change culture to fit the implementation of strategy, or (d) change strategy to fit the culture. The decision to change culture is complex, and requires co-ordinated efforts by top leadership to change their own behaviour and signals they send to their subordinates and others in the organisation.

Leaders do not always initiate cultural change. It is argued that change in culture is sometimes triggered by crises or failure of habitual ways which call into question the leader"s ability to govern (Schein, 1984:9). The crisis challenges or destroys the pattern of symbols, beliefs, or structures that serve to maintain or sustain the underlying assumptions of the old culture. Once a leader emerges with a new set of assumptions to resolve the crisis, his or her cultural assumptions becomes the new cultural pattern, tested, and ratified until some future crisis (Schein, 1984:12; 2010:243). This cycle offers the leader an opportunity to initiate cultural change during times of crisis.

As highlighted earlier, some scholars discredit the view that culture changes through a top-down managerial approach. In particular, Wilkins and Peterson (1985:266) advocate a participative view of change in culture, based on an exploration of tacit assumptions and not overt values and

practices. In this view, organisations are conceived as cultures, that is, as socially constructed systems of meanings in which leaders participate. Strategy, structure, and power relations are all seen as expressions of this culture. This suggests that the relationship between leadership and organisation culture is quite complex. Schein (2010: xi) believes that culture and leadership are fundamentally intertwined and that the leader, as an individual, defines and nurtures the organisation culture. On the other hand, it is the organisation‟s culture which shapes the leader, who becomes one of the symbols of the organisation culture.

In this regard, the organisational-leadership relationship is about whether it is organisation culture that defines the leader or whether the leader shapes the organisation culture. In both cases, there is evidence that organisation culture is closely related to leadership but the complexity lies in the question of which concept influences the other. Due to size, small and medium enterprises have greater opportunities for communication and interaction to share the organisation‟s values and beliefs. In this context, the owner is powerful to legitimatise activities, so that culture change is likely to be top-down. Changing the culture involves the leader identifying the roots or primary site of shared understanding. This is called sourcing, while bounding is the identification of the extent, reach, or penetration of shared understandings in a group (Lous, 1985). These two elements reflect the extent to which a shared understanding is acceptable in an organisation, where it applies, and where it does not, before initiating any efforts towards change.

Wilkins and Peterson (1985) also raise a significant question regarding what elements of culture are open to change. Members of a cultural group manifest culture through shared values, beliefs, expectations, and assumptions. However, Klimann (1985) argues cogently that the change of norms is central to cultural change. Norms of a culture change through the day-to-day behaviour, while a change of assumptions requires a participative approach that takes on board all the previous decisions and actions, which is difficult (Kilmann, 1985). For example, some scholars consider people‟s assumptions about human nature as more difficult to examine and change than behavioural norms (Kilmann 1985). Scholars advocating for change of culture through people‟s behaviour agree that one “of the most effective ways of changing people‟s beliefs and values is

to first change their corresponding behaviours" (Sathe, 1985:244). However, there is need for caution, as behavioural change does not always correspond with cultural change. A true test of cultural change is whether the new behaviour persists after the leaders and the systems that helped to create the change in culture are no longer there (Sathe, 1985:254).

Whether culture is changed through changing norms, behaviour, or cultural assumptions, it is essential to consider organisations as open and interconnected systems in which culture is not a thing that is separate from the rest of the organisation (Kilmann 1985). As such, strategic leaders shaping and re-shaping culture should understand (a) the consequences of cultural change in all aspects of the organisation (strategy, structure, reward system, skills, work procedures, etc.) and (b) how these aspects need to be changed to support the overall strategy

2.4 SUMMARY

This Chapter has discussed strategising as how strategic actors "do" strategy in the business environment. Multiple actors have influence on the development and practice of strategy in an organisation. In the context of SMEs, owners /key managers are strategic leaders, distinguished by their executive work and strategic outcomes, as well as their membership of the upper echelon. This echelon has its own cultural assumptions of the organisational reality and the world which influences the strategy of competing in the market. Strategic leadership is therefore a unique internal resource of the firm.

This Chapter concluded by placing strategic leaders at the centre of culture management. Thus, strategic leaders know and understand what the organisation culture is, and modify that culture to meet the needs of the organisation as it progresses. With this view in mind, it seems fitting to end this Chapter with a simple identification of strategic leaders as the core of every organisation, as they have the power to influence and affect what happens "in" the organisation, which is highly significant.

At this stage, it is opportune to unpack the meaning of the term culture. As such, the next Chapter examines the concept of culture in an organisational context.

CHAPTER THREE: UNDERSTANDING CULTURE

> ...knowing "the done thing" locally is essential to being able to get things done (Whittington, 1996:732).

3 INTRODUCTION

Defining the highly contested concept of culture is a big challenge to many scholars. A fixed and universal understanding of culture is hard to pin down within and across disciplines. The concept of culture has been studied from different perspectives in disciplines such as psychology, applied disciplines of organisational behaviour and management science, just to mention a few. Although scholars argue that the concept of culture is mainly traceable to sociology and anthropology (Sackmann 1991), it is actually in the field of anthropology where it has been developed most fully (Pettigrew, 1979). Furthermore, culture has been extensively studied at national and organisational levels. It is therefore less surprising that there are myriad definitions of culture.

Drawing from Schein (1984; 2010), this study submits to a cognitive perspective of organisation culture premised on culture as a pattern of shared cognitions, perceptions, and feelings displayed by group members in an organisation. The shared cognitions, perceptions, and feelings by group members are tied together in a paradigm that explains values and observable behaviour or artefacts based on social reality (Schein, 1984; 2010). Leaders embed culture through interactions with members in organisational life (Hatch, 1993; Schein, 1984; 2010). Schein (1984:13-28; 2010:235) also asserts that organisation culture is a repository of the deepest cultural assumptions that have worked consistently well to solve problems, or avoid anxiety in a group and are passed on to new members as the correct way of perceiving, thinking and feeling towards problems. Strategic leaders in an organisation are members of a sub-culture and hold basic cultural assumptions which they continuously change or re-validate, subject to relative success in resolving or avoiding problems of external survival and internal adaptation.

The aim of this Chapter is to broadly understand culture and its dynamics while keeping an organisational focus and to also relate the culture of the organisation to the solving of problems

of external survival and internal adaptation of business in the environment. In serving this aim, the Chapter will initially discuss the anthropological origins and definitions of culture, and the multi-layered conceptions of culture. Thereafter, the Chapter will progress to discuss various schools of thought on culture. Finally, the Chapter concludes with a discussion of basic assumptions and their dynamics as the essence of organisation culture.

3.1 DEFINITIONS OF CULTURE AND ORGANISATION CULTURE

This section explores the anthropological origins of culture, the various understandings of culture in general, the historical origins of organisation culture, and finally focuses on the different definitions of organisation culture.

3.1.1 Anthropological origins of culture

To understand culture, it is instructive to trace the etymology of this word which appeared in the Oxford English Dictionary for the first time around 1430. The word culture is derived from the Latin world "cultura" which means "cultivation" or "tending the soil" to be ready to sow and grow fruits and plants **(**Douglas, 2001). Later, in the 19th century, culture was used to mean civilisation or refinement of mind, taste and manners (Douglas, 2001). Giving a satisfactory definition of concepts in an inquiry is a critical requirement in any discipline or any area of research. From the traditional anthropological perspective, culture originally described rituals, myths, languages, values, beliefs and practices of distant people in most cases from exotic places. Over the years, different definitions of culture have emerged and fuelled the theoretical debates in anthropology and other disciplines as well. A classical review of culture by two anthropologists, Alfred Kroeber and Clyde Kluckhohn (1952: 43-55) identified 164 definitions of culture. Up to now, consensus on the definition of culture remains elusive. A British anthropologist, Edward Taylor is widely claimed to be the one who introduced the first modern definition of culture in 1871 (Sackmann 1991:8).

As a point of departure, Taylor (1871, cited in Sackmann 1991:8) defines culture as:

> that complex whole which includes knowledge, beliefs, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society.

This early attempt to define culture by Taylor suggests that there is an ideational element of culture, which is represented as "beliefs"; and also a behavioural element represented by "practices" and conventions on how to act such as "habits", "morals" or "customs" and physical elements in the form of "arts". Subsequent to this definition of culture as a "complex whole", scholars tried to develop a universal and comprehensive list of all elements of culture. Havilland (1978) disagrees with the holistic definition provided by Taylor in 1871, mainly because it regards ideas (i.e. beliefs, law, knowledge) and objects as equal aspects of culture. As such, Havilland (1978:12) differentiates ideas from actions by defining culture as "a set of rules or standards which when acted upon by members of a society, produce behaviour that falls within a range of variance the members consider proper and acceptable". The definition by Havilland (1978:12) emphasises that the set of written and unwritten rules or standards are preconditions or inputs of behaviour on one hand, and the acceptable range of behaviour on the other as the outcome or output of the process of invoking these rules and standards. Additionally, Havilland"s (1978) notion of culture exposes the problem of what constitutes culture and also the relationship of the various aspects of culture. In this regard, Havilland (1978) suggests that ideas and behaviour are not equal parts of culture as portrayed by Taylor (1871, cited in Sackmann 1991:8).

It is noted that the concept of culture is elusive, partly because it is sometimes conceived as either an outcome or a process. This is part of the prevailing definitional problem of culture. From an outcome-oriented perspective, culture is conceived as a manifest pattern of behaviour or values, while a process-oriented perspective upholds culture as a mechanism for creating behavioural consistency or pattern among individuals (Martin, 2001:71). These differences in the ontological view of culture are partly exemplified by the definitions of Havilland (1978) which seems to portray culture in terms of process (stages with the preconditions of invoking rules, and then behaviour as outcome) while Kroeber and Kluckhohn (1961:181) underscore the "manifest pattern" of culture. Following a detailed review of over 164 definitions, Kroeber and Kluckhohn

(1961) give credence to culture as a manifest pattern of behaviour and values, and its historical and traditional aspect of acquisition and transmission. They suggest that:

> culture consists of patterned ways of thinking, feeling, and reacting, acquired and transmitted mainly by symbols constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of culture consists of traditionally (i.e. historically derived and selected) ideas and especially their attached values (Kroeber and Kluckhohn, 1961:181).

Succinctly, it can be distilled from these two anthropologists that the complexity of culture arises when culture is a product; is historical; includes ideas, patterns, and values; is selective; is learned; is based upon symbols such that it is an abstraction from behaviour.

3.1.2 Unpacking the concept of culture

In the theoretical complexity above, it is useful to thoroughly unpack the slippery concept of culture in general before situating it in the organisational context. Studies of culture are replete with a diversity of definitions of culture which actually should serve as important starting points rather than a last word on this matter. Many researchers have defined culture in different ways and also addressed and assessed diverse elements of culture. These elements vary in their subjectivity, observability and availability to both researchers and members of the cultural group (Schein, 1984:12-14). Although elements of commonality exist in the way researchers conceive of culture, much inconsistency and controversy remains evident in the literature.

There are instances when culture is depicted as an objective reality, compatible with a quantitative research endeavour to decipher, quantify, classify and compare differences and similarities of various cultures along certain dimensions. In this regard, the best known dimensional cultural model included five cultural dimensions which were used by a psychologist by the name of Hofstede (1980) in a study involving IBM employees. Hofstede (1980) classified and ranked 50 countries along the following five cultural dimensions: *Power distance*, which is about the extent to which members of a culture approve of unequal distribution of power.

Individualism versus collectivism defines the strength of ties between members in a culture. *Masculinity versus feminity* refers to the distribution of emotional roles between genders (e.g. masculine as competitive while women focus on quality of life and co-operative relationships). *Uncertainty avoidance* is related to the extent to which members of a culture feel threatened by uncertain or unknown situations. Lastly, *short-term versus long-term orientation* relates to the preference for a short or long-term perspective.

This model was further developed by Trompenaars and Hampden-Turner (1998) who proposed seven dimensions describing how people related to each other, are oriented towards nature, and perceive time. The five dimensions discussing the relationship among people include the dimension of *universalism versus particularism.* This dimension deals with what people consider as more important between rules which apply equally to everyone or particularised relationships in terms of how people relate to each other. *Individualism versus collectivism* is also a dimension which focuses on whether individuality, lack of sacrifice of individual interest for the greater good of the group or group loyalty reflect how people tend to relate with others. The cultural dimension of *specific versus diffuse* is about whether people separate their private life from their work life or not. Additionally, the cultural dimension of *achievement versus ascription* is about whether social rewards such as status or rank are assigned on the basis of what the person is by birth, family membership or whether individuals have to prove themselves to deserve or earn recognition, privileges and rewards in society. *Neutral versus emotional* as one of the dimensions of culture is about the degree to which individuals express their emotions or are emotionless. This dimension characterises individuals as being aloof and professional, or being emotionally charged. The remaining two dimensions relate to *time* orientation, which is mainly about whether people are more focused on sequential thinking and therefore execute one activity at a time (monochromic time), or whether people think about and execute as many of the sequential activities as possible in an asynchronous manner. The dimension of *nature orientation* focuses on whether people control their environment (inner-directed) or are controlled by it (outer-directed).

In a different perspective, Hall (1990) proposed three cultural factors, which were *context*, *time* and *space* regarding relationship of people. In this regard, the cultural factor of context was about the contextual elements which help people to understand the rules. Along this line, Hall (1990) distinguishes some cultures as *high-context* when there are many contextual elements which help people to understand such that much is taken for granted (i.e. Context bound; unwritten rules) while a *low-context* culture is characterised by very few contextual aspects that are taken for granted (context free). In such culture, more explanations are usually required so that there is less potential for misunderstanding. In the parlance of Trompenaars (1993), high context culture resembles particularism while low context culture is like universalism.

The cultural factor of *time* relates to either a focus on the past or future, and also time as monochronic or polychronic. Time is monochronic if people in a culture are oriented towards doing one thing at a time and scheduling of activities. This is different from polychronic time which is about people handling multiple tasks at the same time, and having the flexibility to change plans often and easily. Hall (1991) further posits that the cultural factor of space is more about marking out territory in terms of ownership. As such, cultures may be categorised as high territorial when people tend to mark out space as theirs and engage in boundary wars with neighbours. Ownership and territorial concerns or conflicts are characteristics of high territorial cultures. On the contrary, cultures may also be classified as low territorial when issues regarding ownership of space and boundaries are not very important so that people actually share territory and ownership very easily.

Some of the common criticisms of cultural dimensional models can be delineated. As the dimensional models tend to quantify and classify the complex phenomenon of culture, they are criticised as being overly reductionist. In other words, these cultural models are labelled as sophisticated stereotypes of culture which reduce the complex nature of culture into a static and brief cultural representation. Essentially, the quantification of culture along pre-determined dimensions undermines the changing and evolving aspect of culture. For a critique of cultural dimensional models, see Baskerville (2003), McSweeney (2002), and Williamson (2002).

A more dynamic view stresses that culture cannot be frozen and measured at a specific point in time (Sackmann 1991). Hatch (1993:661) echoes this notion by stressing that culture is continuously being shaped through co-occurring and circular processes. This shifts the view of culture from the structure of the whole that can be deconstructed into constituent parts to process, and again from an objective to a subjective perception of culture.

Alternatively, a cognitive definition of culture is offered by Hofstede (1991:5-7), a psychologist who considers culture "as "the collective mental programming that distinguishes the members of one group or category of people from that of others". Hofstede (1997) emphasises culture as a group-level phenomena that is reflected in the pattern of thinking, perceiving, feeling, acting and evaluating which members acquire and learn during a lifetime and this actually affects how they know and respond to the environment. Using the parlance from the computer world, culture may be referred to as the mental programs or software of the mind and connotes limited flexibility once programmed (Hofstede, 1997:4). This presents a view of culture as an attribute which the nation, organisation or a group "has" (Jaskyte and Dresseler 2004:267).

Hofstede (1997) uses a pyramid model of culture with three levels of mental programming to differentiate between culture and personality on the one hand, and culture and human nature on the other. In the view of Hofstede (1997), culture is a group phenomenon which is entirely learnt unlike human nature or personality. Human nature is universal and inherited while personality is an individual level phenomena, which is both learnt and inherited. The pyramid models differentiate various levels of mental programming as presented in Figure 4.

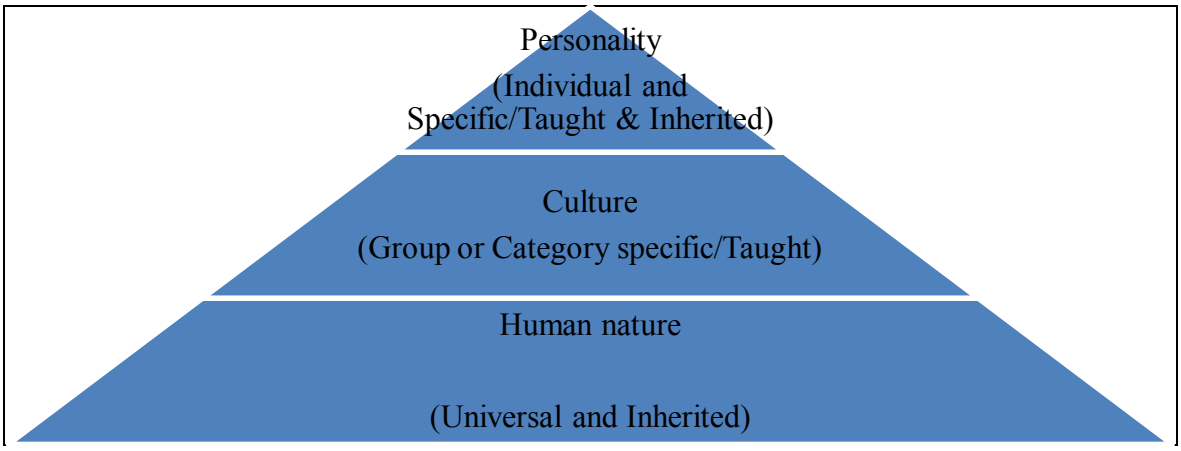

Figure 4: Hofstede"s Three levels of mental programming

Source: Adapted from Hofstede (2001:3)

Hofstede (1997) maintains that the most significant part of this mental programming process occurs during the first ten years of one"s life, and it is very hard to unlearn after this period. That is, the values and ideologies shaped during these first ten years of life are persistent. Contrarily, a process-oriented definition of culture is provided by Trompenaars (1993:24), who postulates that:

> culture is man-made, confirmed by others, conventionalised and passed on for younger people or newcomers to learn. It provides people with a meaningful context in which to meet, to think about themselves and to face the outer world.

The definition of culture by Trompenaars (1993:24) indicates four characteristics of culture, namely (a) culture is learnt, (b) transmitted to other generations, (c) adaptive, as it changes in response to various influences and conditions, (d) and integrated, in the sense that it permeates the society and guides how people think about themselves and the world. Trompenaars (1993) is a proponent of the view that culture resides in the ways in which it"s explicit and implicit aspects are used, rather than in the aspects themselves. These aspects of culture are used to guide sense-making and also convey meaning and the emotional reassurances that informs social interactions of people and activities of a group (Trice and Beyer, 1993). Deal and Kennedy (1982:605) surmises culture as "the way we do things around here". The definitions of culture which have been discussed illustrate the various adaptations to the original definition by Taylor but also the

differences in the emphasis of what components constitute (physical, behavioural, cognitive, and collective) culture. The diverse combinations of the elements that are considered to constitute culture compound the difficulty of achieving consensus on the definition. From the corpus of literature on culture, Sackmann (1991:8) summarises some of the various components in the scholarly definitions of culture. According to Sackmann (1991:8) these are:

> ideas, concepts, ideologies, values, attitudes, goals, norms, learned behaviours, symbols, rites, rituals, customs, myths, habits, or artefacts such as tools and other material representations.

The definition of culture by Hofstede (1991) has some relevancy to this study as it adopts a cognitive orientation to culture. This upholds culture as the consistent patterns of perceiving, relating and interpreting information that affects individual and group behaviour. The useful insights offered by the view of culture by Trompenaars (1993) hinge on (a) culture as conventionalised by people and also (b) the meaningful context which influences how people think about themselves and interact with the world.

3.1.2.1 A multi-layer perspective of culture

Several scholars (such as Daft, 1998; Schein, 2010; Trompenaars, 1993) conceptualise culture as a multi-layered phenomenon. Generally, scholars who have adopted a multi-level perspective also recognise that this reflects different levels of cultural consciousness in terms of implicit and explicit aspects of culture; with the outer layers of culture being more visible and objective, while the less conscious core of culture is deeper, implicit, invisible and subjective (Trompenaars and Hampden-Turner 1998). Comparatively, the outer, more superficial aspects of culture lend themselves to objective and quantitative research designs, while the deeper cultural aspects are more accessible through qualitative approaches such as grounded theory.

However, scholars expose the lack of a unified theoretical basis on this issue of layers of culture by disagreeing on the number of layers and also what the layers should be termed. For example Hofstede (1997:9-12) suggest an “onion-layers” model of culture with several layers which can

be broadly categorised into three outer layers comprising symbols, heroes and rituals. These outer layers are visible or superficial layers of culture, while the inner layer of culture or the core is invisible, subconscious and embraces values.

According to Hofstede (1997:9) *values* form the deepest layer of culture and are intimately intertwined with moral and ethical codes which determine what people think ought to be done. In a cultural group, values serve to identify the „likes" and „dislikes". The subsequent layers of culture comprise *rituals*, which are collective activities that are considered as socially essential, while *heroes* are the persons who possess characteristics which are highly rewarded and relied upon when things get tough (Deal and Kennedy, 1982). The structural arrangement of the layers of culture comprising values, rituals, heroes and symbols as proposed by Hofstede (1997) is likened to an onion, presented in Figure 5.

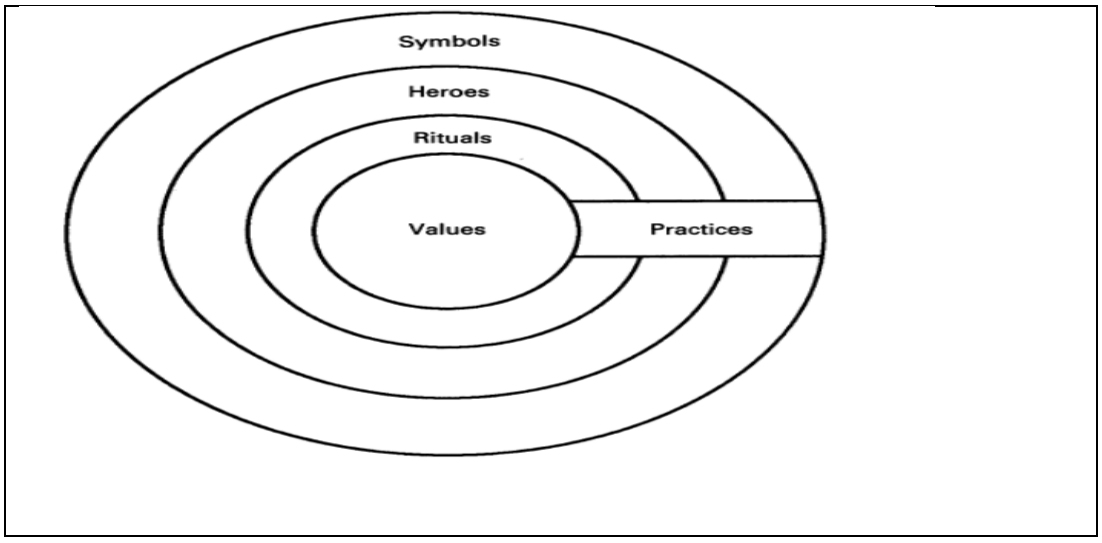

Figure 5: Hofstede`s "Onion" diagram: the layers of culture
Source: Hofstede (1997:9).

Symbols are the most overt elements of culture which have meaning for the individual or the group (e.g. things such as organisational layout, organisational landscape, or organisational dress).

Trompenaars‟ (1993) conception of culture in terms of onion-like layers of culture is different from those layers proposed by other scholars such as Hofstede (1997). Trompenaars (1993) argues that culture has three layers namely (a) *the explicit culture* which is the outer layer made of the visible part of culture (i.e. the visual, explicit reality of behaviour, such as dress); (b) the less visible middle layer of culture comprising *norms* (such as right versus wrong, which is reinforced by social control) and *values* (good versus bad, which are internally controlled) are upheld by the community; and finally (c) *the implicit culture*. This is the innermost layer of culture, which consists of the basic assumptions of a society (i.e. the series of rules and methods to deal with the regular problems a society faces). The onion model of culture by Trompenaars is presented in Figure 6.

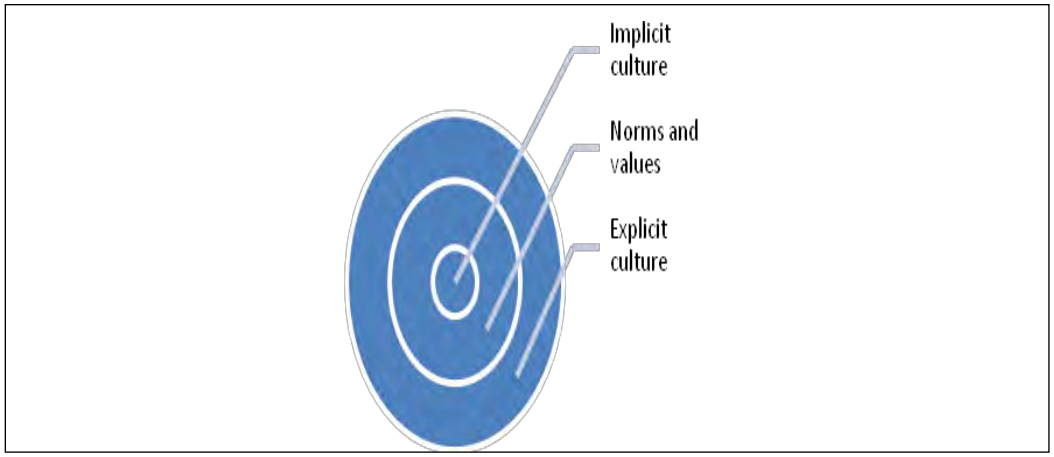

Figure 6: Trompenaars Onion layers of culture
Source: Trompenaars, 1993:23.

Although Hofstede‟s (1980) and Trompenaars‟ (1993) work were predominantly about national culture difference, their notion of culture as multi-layered is echoed by scholars of culture at organisational level. For example, Daft (1998) reiterates that layers of corporate culture are like an “iceberg” with an observable level (consisting of symbols, ceremonies, stories, and other visual expressions) which manifest the deeper values, underlying assumptions, beliefs, attitudes and feelings rooted in the minds of members.

Other levels where culture exists are regional (for example, a cluster of nations such as Sub-Sahara Africa), national, societal, ethnic, organisational, or group. In this regard, it is pertinent to question what differentiates national culture from organisation culture. National culture is succinctly defined as the values, beliefs and assumptions learned in early childhood that distinguish people from different nations (Hofstede, 1997:12). Hofstede (1997:12) uses nations as a surrogate for culture to consider national culture as the common, relatively intense mental programming of people in a country. The national culture dimensional models are purported to reflect the socialisation of citizens of a nation and the various cultural assumptions that the people bear (Hofstede, 1980; Trompenaar, 1993). According to Child (1981), national culture is entrenched in everyday life and is relatively unyielding to change.

From an organisational point of view, national culture is a central socialising and organising principle of employees‟ understanding of work, their approach to it, the way in which they expect to be treated, and is a reasonable and representative validation of societal values (Child, 1981). The influence of national culture on corporate culture is undeniable: everybody brings his or her cultural values, shaped by national culture, when he or she enters a firm (Hofstede, 1997). Primarily, national culture outlines a framework within which a great variety of organisation cultures and sub-cultures come into being. One thing that should be borne in mind is that each organisation culture blends national culture and other sub-cultures with business aspects in a unique way, even when the organisations are from the same country. This study views culture in the organisation from the point of view of hands-on key leaders or owners of SMEs.

Any given group like an organisation has a culture of some sort, if:(a) it has been together long enough (stabile) to have a shared history of social learning from (b) significant problems and solutions, (c) has had the chance of solving challenging problems and experienced the effects of their solutions together(Schein, 2010:16-22). Therefore, differences in history, problems faced and their solutions shape different beliefs and values, which translate into different behavioural patterns across groups. Organisation culture is always in construction, such that an understanding of the present is informed by a construction of past reality and relating events that occurred over time in an organisation‟s life (Pettigrew (1997). Inevitably, “proccesual” studies have temporal

modalities or interconnection of the past, the present and the future (Pettigrew, 1997:340). This raises the question of whether the study of culture should be designed (a) as a retrospective reflection by participants ;(b) as a focus on real-time social interactions; or (c) a combination of both. The retrospective design requires further clarity on how far back one can go without amplifying problems of recall by participants, or how hindsight bias distorts the past events which participants express. On the other hand, real-time studies engender problems of access and the difficulty of capturing fortuitous activities.

A psychologist, Edgar Schein (1984: 4) developed a cognitive typology which reflects that organisation culture is a deep phenomenon which manifests itself at three levels (a) shared basic assumptions about how things are or should be, (b) expressed values and ideologies and (c) artefacts and creations at the superficial level. An artefact can be heard, seen, and touched, but its meaning is symbolic and contextualised, and therefore not easy to decipher. It is instructive to note that Hatch (1993:659) shares the view that assumptions are the taken for granted and undebatable beliefs about reality and human nature. Values are the espoused, overt social principles, philosophies, goals and standards that are considered to have internal worth.

Basic assumptions are deep and underlie values, as well as the artefacts and creations. As the essence of culture, "basic assumptions defines for us what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations" (Schein,2010:29). Initially, espoused values are manifested in behaviour (artefacts), which is directed at solving problems. The more we practice the same behaviours as successful solutions, the more we take them for granted regarding how things really are, or should be, in respect to that particular problem or situation. Basic assumption are thus socially learned responses which originated from espoused values and have gradually been taken for granted such that they are unconscious, and undebatable (Schein,1984:4; 2010:28-29). These levels of organisation culture reflect differing depths of awareness or consciousness of where culture is believed to reside. For example, according to Schein (1984) some levels of culture are unconscious in that those who are in the culture may find it difficult to recognise cultural characteristics because they have taken them for granted (Schein 1984; 2010). It is argued that

the explicit and observable layer of culture gives an impetus to researchers to adopt dimension-based approaches which classify or profile a particular culture (Sackman 1991:19-20). Culture is considered as an objective reality which can be accurately perceived and measured in the same way by anyone who views it. At the observable level, researchers encounter the problem of decoding the deeper, and more complex cultural assumptions which underlie observable reality (Schein, 2010:24). The three-level typology of culture by Schein depict artefacts, espoused value and basic tacit assumptions which are presented in Figure 7

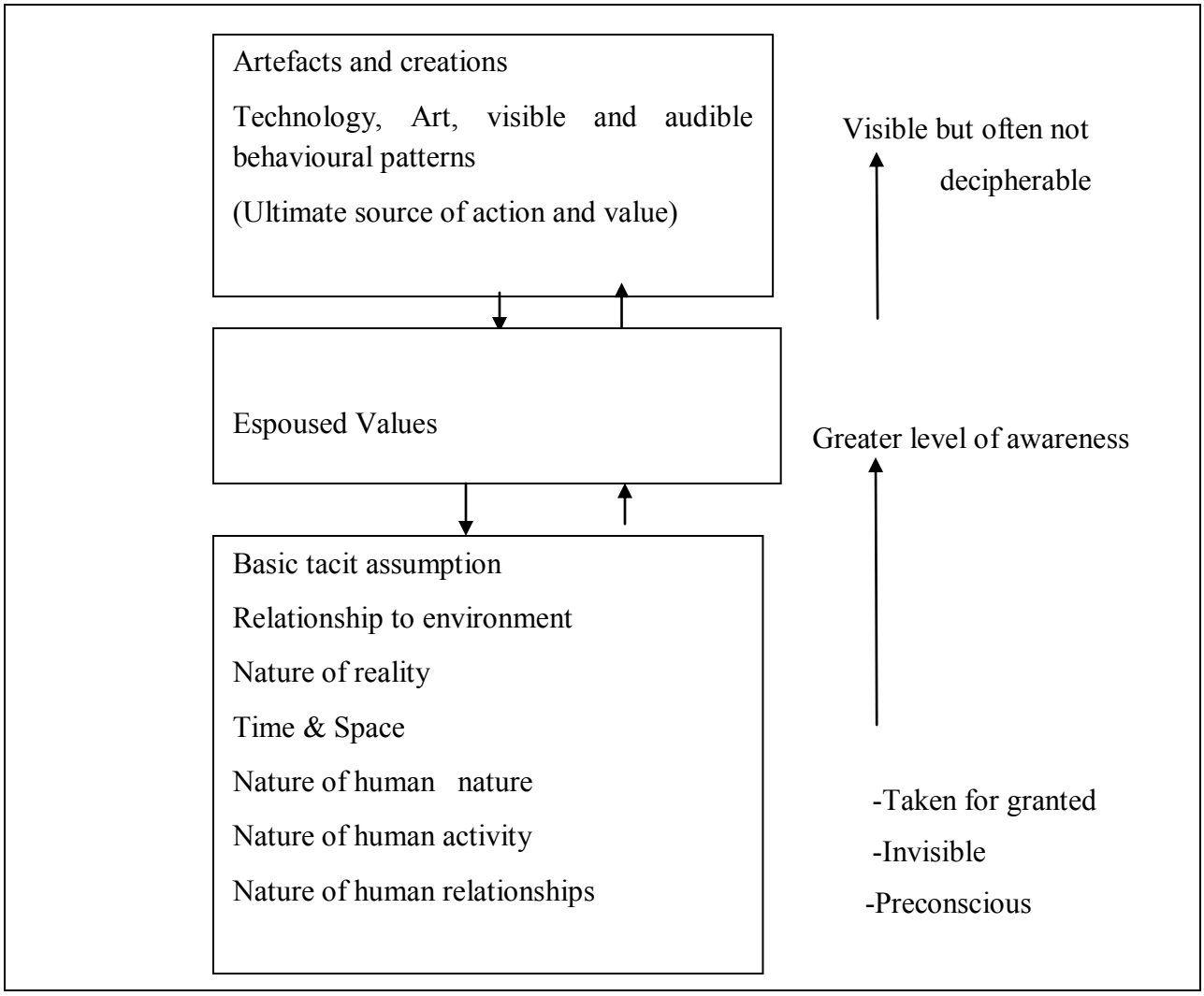

Figure 7: The Levels of Culture and Their interactions.
Source: Schein (1984:4)

Literature shows that some of these scholars who focus at the observable level of culture uphold an etic perspective. This perspective suggests that culture is a phenomenon which can be accurately and adequately broken down into quantifiable and measurable aspects by an outsider of a cultural grouping or researcher. It can be argued that measurement by researchers of observed behavioural regularities, for instance when people interact, can be misleading, as such regularities are not purely and always the result of culture. There is a need to also account for situational contingencies which are at play (Schein, 2010:20). Conversely, the emic view uses "insiders" of a culture to gain an in-depth understanding of culture as social reality which cannot be pinpointed dimensionalised and measured quantitatively (Alvesson, 2002; Schein, 1984).

3.1.3 Historical origin and understanding of Organisation culture

Organisational theorists have drawn the concept of culture from anthropology. The concept of organisation culture first entered the academic management literature through an article in the *Administrative Science Quarterly* by Pettigrew in 1979 entitled "On studying organisation cultures". However, the concept was widely adopted by management scholars in the 1980s (Deal and Kennedy, 1982; Schein, 1984; 2010). The major scholarly review of organisation culture by Ouchi and Wilkins (1985) revealed that interest in the study of organisation culture was largely influenced by the economic conditions of the 1970"s when international competition grew and more foreign companies had factories in the United States. In particular, the success of the Japanese in many industries invoked questions among Americans about whether the differing corporate values, attitudes and behaviours were responsible for their usually excellent performance. At that time, there were few structural differences between the American companies and their competitor Japanese companies, European companies and other Asian competitors (Desphande and Webster, 1989).

In the early 1970, organisation sociologists started to realise that the traditional models of organisations were not sufficient to understand observed gaps between organisational goals and actual performance, and the difficulties between strategy and implementation. For example,

formal models of organisations included (a) systems, (b) structure, and (c) people, but excluded culture. Consequently, models of organisation started to include culture and structural characteristics of the organisation (Ouchi and Wilkins 1985).

Since then, the concept of organisation culture has been extensively researched. The early studies of culture at organisation level focused on the behaviour of employees and managers in the organisation. For example, Pettigrew"s (1979) research of a private British boarding school focused on the role of leaders and leadership on organisation culture and traced the influence of strong and idiosyncratic leaders in the history and development of a school as an organisation. Additionally, individuals or newcomers to the organisational setting became enculturated as they learnt and internalised the organisation cultural pattern, adapted to its values, norms and practices through organisation socialisation. A quick sample of studies on organisation culture reflects a variety of foci. Firstly, researchers such as Hofstede *et al.* (1990) have studied and compared organisation culture in firms from different countries. Secondly, there are studies which have focused on the impact of national culture on the interpretation and response of managers to strategic issues in an organisation (Schneider and Meyer, 1991:307-320). Thirdly; some studies have explored how founders or key leaders shape organisation culture (Pettigrew, 1979). Fourthly, some scholars have created typologies of culture (e.g. Deal and Kennedy 1982) while others have conceived of organisation culture as interwoven to form a cultural web (Johnson and Scholes, 1999). Fifthly, some scholars have contested that organisation culture is a fundamental dimension that permeates all the subsystems in the organisation (Alvesson, 2002:26).

3.1.3.1 Defining organisation culture

Smith and Shibury (2004:136) reviewed the literature on organisation culture spanning several decades prior to 2004 and suggested characteristics of organisational/corporate culture. Similarly, Mall *et al*. (2001) identifies four main themes in the discourse of organisation culture. Drawing from the commonalities in the works of these scholars, one discerns that organisation culture has been characterised as: (a) holistic, (b) historically determined through the interactions

of members who shared the experience of successes and crises in the organisation‟s history, and formed cultural assumptions of the world and how to survive in it, (c) learnt the correct ways for employees both old and new to behave and also perpetuate organisational growth and survival, (d) shared and socially constructed through interaction between the cultures which members and the leader initially bring to the organisation, and then moderated by the organisational context and task environment, (e) difficult to change, (f) core assumptions that are frequently hidden and unconscious to most organisational members but have profound influence on their behaviour; and (g) a belief system, which can be categorised into fundamental guiding beliefs and daily beliefs. These guiding beliefs provide context for the practical beliefs of everyday life (Mall *et al.*, 2001). The everyday beliefs as part of the company culture are dynamic and situational as they change to match the context. More importantly, guiding beliefs give direction to daily beliefs and rarely change as they are in the realm of universal truth (Sun, 2008:138).

Schein (2010:18) provides an insightful definition of organisation culture which embodies cultural characteristics such as (a) pattern of elements into a larger paradigm or "Gestalt"; (b) depth typified by being persistently valid, powerful and unconscious;(c) structural stability which implies culture is shared and also stable; and (d) breadth, which means that culture is pervasive and influences all facets of a group‟s functioning. Schein (1984:9) asserts that organisation culture is:

> a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

A human being is endowed with a need for cognitive order and consistency, and stability (Schein, 1984:6-10). As such, the learning mechanism of repeated success or failure of ways of possible problem solving or anxiety avoidance are adopted by a group as valid, and taught to new members to provide stability and meaning. It is clear that culture is a group phenomenon and not simply individual cognitions. Schein (1984) proposes that the group shapes the

behaviour of members in purposive ways to attain congruency with the goals of a cultural group. As such, one can see culture as the distinct character, the shared place and time and the distinct ways of thinking, feeling and doing things which characterises a group. Cultural assumptions of members underlie the automatic behaviour and cognitive patterns that provide them with meaning, stability, and comfort when faced with ambiguous situations regarding the functioning of the group (Schein, 1984). In a recent publication, Schein (2010:13-18) reiterates that culture is about a set of patterned, basic tacit assumptions about how the world is and ought to be that a group of people have learnt and shared. Actually, this determines the group member‟s perceptions, thoughts, feelings and their overt behaviours. The socialisation process in the organisation, particularly for new members, adds to the strength of a culture by suggesting what values, beliefs, and behaviours best fit within the organisation (Schein, 1984). Schein (1984:13) upholds that it is only by surfacing the underlying assumptions that a culture can be understood and the overt behaviour properly interpreted.

Deshpande and Parasuraman (2001) are some of the scholars who advocate Schein‟s (1984) approach. Deshpande and Webster (1989) put forward a definition of culture after reviewing more than one hundred studies in organisational behaviour, sociology, and anthropology. In line with the cognitive orientation, Deshpande and Webster (1989:4) defined organisation culture as "the pattern of shared values and beliefs that help individuals understand organisational functioning and thus provide them with the norms for behaviour in the organisation". Culture answers the question: why things happen the way they do (Deshpande and Webster, 1989:3-5). As such, culture is the evaluations that members of a group learn to make of the social reality and context of the organisation that actually guides their behaviour.

Scholars such as Green (1988), Higgins and Mc Allaster (2004), and Parker and Bradley (2000) have tried to discredit the cognitive view of culture advanced by Schein (1984). Firstly, Parker and Bradley (2000) argue that it is difficult to access assumptions which are unconscious and deep-seated in the minds of members of a cultural group or interpret artefacts which may have various meanings. It is on this premise that they recommend that when researching organisation culture, the focus should be at the level of values. Values are what the organisation claim to

believe. Values govern and provide rationale for behaviour. This level of understanding organisation culture is characterised by the lack of visibility of values which are in turn inferred from interviews with key members of the organisation or analysis of content of artefacts (e.g. documents, charters). This suggest that values are often embedded in organisational documents (i.e. charters, missions, and vision statements, policy statements, procedures and process manuals, goals, strategies) and other observable artefacts. The notion of values as culture is widely manifested or espoused in company slogans (a memorable motto or phrases used in the commercial setting as a repetitive expression of an idea or purpose), mission statement (a statement or description of the purpose of an organisation), local and personal values within the organisation.

Schein (1984:3) argues that values refer to the "espoused" values of culture, which members ideally or rationally present as reasons for their behaviour. The underlying or "unconscious" reasons for their behaviour remain unfathomed. In this regard, values help to understand culture but do not explain the essence of culture, simply because they are mere manifestation of basic assumptions (Schein, 2010:16-17). In some cases, situational contingencies or operating values differ from espoused values. People may behave contrary to their espoused values and this asserts that values do not explain the driving force of culture. The driving forces of culture are the cultural assumptions that are realised as values and manifested as overt behaviour. Culture is what underlies the climate or what happen in a particular context. For example, an organisation like the police service may claim ethical and moral standards or values but it is possible for police officers to engage in corruption.

Secondly, Higgins and McAllaster (2004:67-73) suggest that the study of organisation culture should focus on artefacts and tangible items which are easily accessible. Higgins and McAllaster (2004) underscore this point by arguing that artefacts are the key to differentiating one organisation from another, as well as the most useful of cultural variables for bringing about change. In an organisational context, Schein (1984:3) agrees that understanding culture at this superficial level involves visible and tangible aspects of the organisational life such as the behavioural patterns of how each person visibly interacts with other members and with

organisational outsiders, dress code, public and company documents, and technology. It also includes how the work space is organised, structures and processes, as well as rituals. Although data about artefacts in an organisation is easy to collect and describe, it is tricky and hard to interpret as scholars may not often find the underlying reason "why" people behave in the way they do (Schein, 1984:5). Alternatively, an artefact is also vulnerable to multiple interpretations and meanings. Artefacts are the attributes or results of activity (grounded in values and assumptions) and can be seen, felt and heard by the uninitiated observer or anyone outside the cultural group (Hatch, 1993: 658-667).

Thirdly, Green (1988:7-11) contests that Schein‟s view of culture presupposes that individuals exercise choice about their behaviour in an organisational context. In reality the behaviour of people in organisations is actually encouraged, facilitated, manipulated or coerced through managerial control toward homogeny (Green, 1988:9-11). Green (1988:9) also criticises Schein (1984) for narrowing the interfacing role of culture with the external environment to adaptation. This impoverishes the concept of organisation culture because it exaggerates and privileges the intentional and rational aspects of managerial action. The notion that culture may be implicit in social life, and emerges naturally as individuals transform themselves into social groups (i.e. organisation, departments, and tribes) guided by what managers approves as correct is naïve and deserves more theoretical exploration to embrace lack of shared intention between managerial and employee action and unintentional social interactions and consequences in a cultural group.

According to Schein (1984:4), organisation culture can only be fully understood if both the observable and unobservable aspects of culture are studied. Schein (1984:3) argues that the basic tacit assumptions are the ultimate source of action and values in a culture as these help members of an organisation to understand and ascertain both the overt behaviour and values of organisation culture. In this regard, culture itself is an interpretive scheme or way of perceiving, thinking, and feeling in relation to the group‟s problems (Schein, 2010:142). Actually, those group members with sufficient experience to understand this deepest level of organisation culture usually become so used to its attributes overtime such that they take them for granted and reinforce the invisibility of their existence in the organisation. Additionally, these are elements of

culture which are often taboos to discuss inside the enterprise or exist without the conscious knowledge of the members of the group. The challenge is to raise the unconscious assumptions into the conscious levels of motivated insiders for a researcher to access. Schein (1984:12-14) offers different suggestions of how basic assumptions can be surfaced and studied.

Hofstede (1997), Schein (2010) and others (e.g. Trice and Beyer, 1993) share the view that organisation culture is historical, enduring and pervasive as it resides in every fold of the organisation. In support of this view, Bro Uttal (1983, cited in Sun, 2008:137) defines organisation culture as:

> a system of shared values (what is important) and beliefs (how things work) that interact with a company‟s people, organisation structures and control systems to produce behavioural norms (the way we do things around here).

3.1.3.2 Organisation culture web

It is within the notion of culture as a pervasive and ethereal medium in which members live and through which they act, that Johnson (2000:404-408) view organisation culture as a web. In this regard, organisation culture is an invisible web spun by its members over a period of time, binding together values and expectations while forging bonds between people in a group. The paradigm is the centre piece to the web of organisation culture and defines the way the world is and should be (Johnson and Scholes, 1999:74). Johnson (2000:405)asserts that the ideological influence of the paradigm is manifested and embedded in a web of not only symbolic and political aspects but also structural and systemic elements of the organisation which help members in interpreting and providing responses to circumstances encountered by the organisation (see Figure 8).

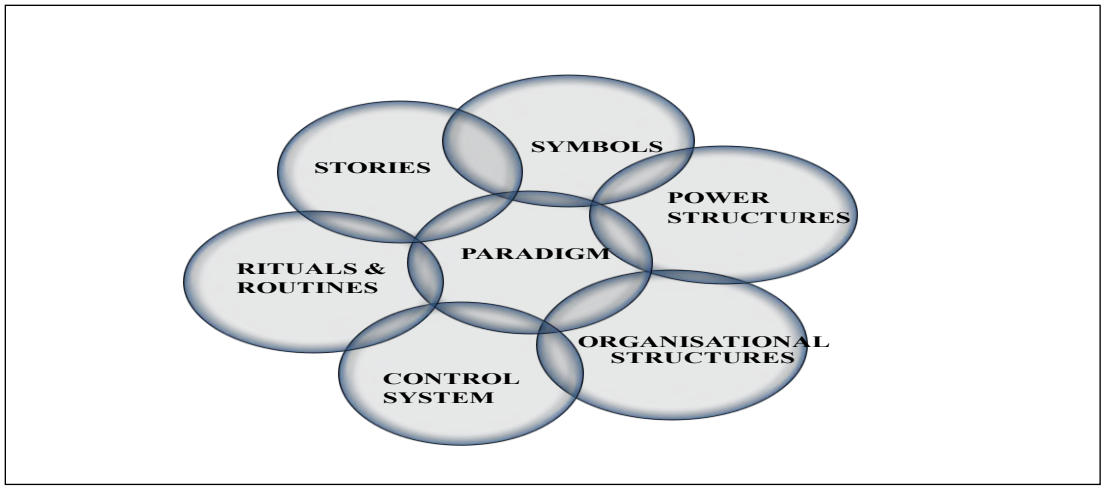

Figure 8: Culture web of an organisation.
Source: Johnson (2000:407).

Johnson (2000:405-408) identify seven key elements of the cultural web and assert that (a) *paradigm*, espouses what the organisation is about, what it does, its mission, and vision, its value system. The (b) *control systems*, concerns the processes of monitoring and focusing attention and activity on what is seen to be important. It is noted that (c) *organisation structure*, focuses on the reporting lines, hierarchies and how the structuring takes effect, and the way work flows through the organisation; while (d) *power structure*, reflect who makes decisions, who influences the decisions and how widely they are shared and on what basis as well as how power holders constitute and institutionalise their meaning to enable assumptions to become the general interpretive framework of members. This call to question how past successes and heroic stories are embedded in the deeds of members. In the cultural web, (e) *symbols* refer to logos, designs, trademarks, and symbols of power, type of language and terminology used to express the role of people in it and help people make sense of events, and create symbolic identification with the organisation or decisions and induce commitment and action. The cultural web has (f) *routines,* which are the regular, predictable and patterned ways in which members of the organisation behave towards each other, perform their work and interact with the environment rooted in the heritage of the organisations. Lastly, (g) *stories and myths*, embrace what people talk about to

each other or outsiders, what is valued in the organisation and what characterises success or failure (Johnson and Scholes, 1999:74).

The idea that culture has elements which form a cultural web depict organisation culture as interwoven and therefore hard to change (Johnson, 2000). It can be argued that the organisation environment influences the variety of combinations of these aspects or elements of the cultural web that define and influence their context. Several scholars emphasise the mutuality of interaction of the organisational assumptions, political aspects, symbolic artefacts, structural, systemic, and routine aspects of the cultural web in the day to day organisational life (e.g. how the organisation organises itself, its relation with customers - internal and external - and also how it treats staff) (Johnson,2000:406;Johnson and Scholes,1999:74; Sun,2008:139).

The cultural web considers strategy, structure, symbols, rituals, control systems and power relations as expressions of culture. In some instances culture is viewed as one organisational element among others, here it becomes the overarching and integrating concept. However, some scholars still link organisation culture to specific elements of the web. In the process, organisational, managerial and business tendencies are differentiated as culture is classified using a specific set of expected or desired behaviour. Literature from interdisciplinary accounts of organisation culture (organisational behaviour, sociology, and anthropology) has generally looked at culture in terms of social relationships with limited studies that have positioned business in the fore of organisation culture (Alvesson, 2002:26; Deshpande and Webster, 1989). Nonetheless, some studies of organisation culture are focusing on the market, and for example, described four generic culture types, namely: market, adhocracy, clan and hierarchical culture (see Deshpande and Webster, 1989).

A large number of social relationship-oriented descriptors of organisation culture exist, exemplified by Deal and Kennedy‟s (1982) tough-guy-macho, work-hard-play hard, bet-your company and process culture types, which are based on a control system in the form of feedback/risk and reward. A typology by Handy (1985) describes culture from a perspective of organisation, in terms of power, role, task, and person cultures. Similarly, the six culture

descriptors by Hofstede *et al.* (1990) attempt to address diverse aspects of culture by focusing on organisational aspects and ignore aspects of business. The culture descriptors by Hofstede *et. al,*(1990) are (a) process-oriented versus results-oriented culture;(b)employee-oriented versus job-oriented culture;(c)parochial versus professional culture;(d)closed system versus open system culture;(e) tight-control versus loose-control culture; and (f)normative versus pragmatic culture.

3.1.3.3 Cultural dimension in subsystems

Somewhat in line with the notion of the cultural web, Alvesson (2002:26) contends that corporate culture, as it is referred to in the private sector, is a fundamental dimension that permeates various subsystems of organisations, namely organisational structure, technology, strategy and the business concept. In essence, organisations deal with issues of a business nature such as customers, markets, competitors and other business-issues which are part of corporate culture. From this basis, Alvesson (2002:72) asserts that the definition of corporate culture should explicitly revolve around the business concept formed by a clear distillation of issues relating to the market where the firm compete, range of products /services provided, organisation structure adopted and resources being relied on. According to Alvesson (2002:72) the "business concept represents harmony between the market, the product and the organisation". Additionally, Alvesson (2002:26) posits that culture is not outside anything, but rather tightly connected to another subsystem (i.e. strategy of the organisation). This re-positions the concept of organisation culture to the foreground and every fold of business, structure, technology and strategy in the organisation and also the interaction with the world as illustrated in figure 9.

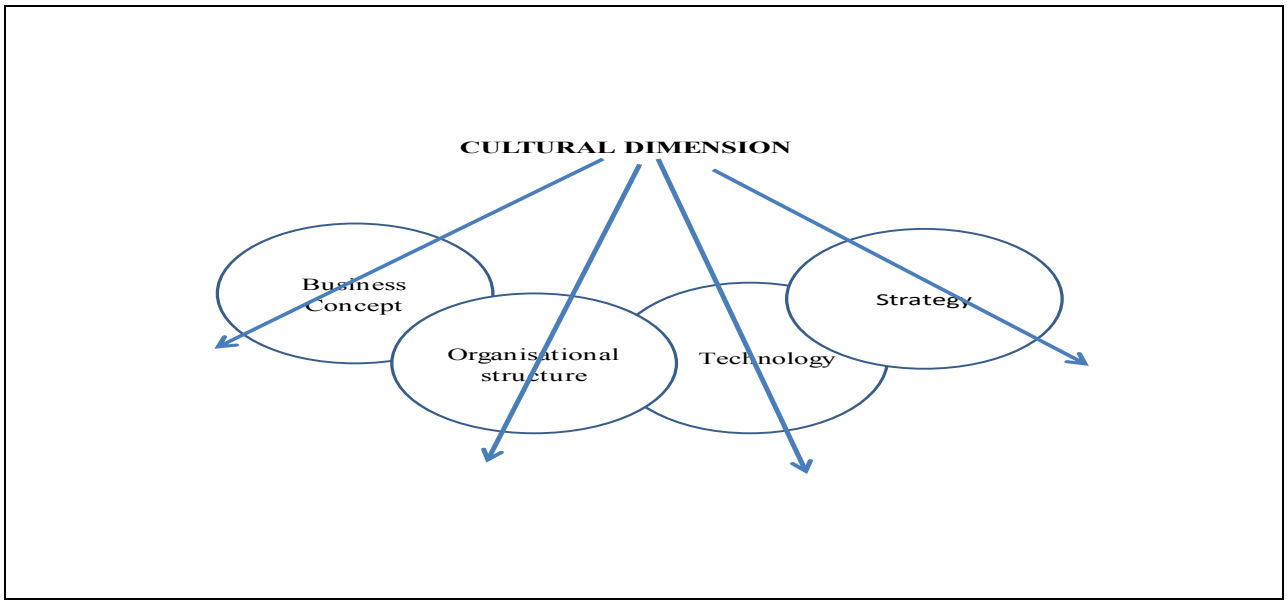

Figure 9: Culture as metaphor: a fundamental dimension which permeates various "subsystems" Source: Alvesson (2002:26).

Corporate culture as a centrepiece of business is no longer considered at the same level as strategy, technology, or organisational structure (Alvesson, 2002). According to Alvesson (2002 corporate culture is the organisation. It is not just one of the elements in the organisation. Culture guides the day-to-day behaviour and shapes a future course of business action.

This notion is echoed by Brown (1997:197) who upholds that "culture acts as a perception filter, affects the interpretation of information". Culture provides a framework for employees to comprehend the environment, and understand their role and place in the organisation. Furthermore, Schein (1984) and Hatch (1993) stress that the hard elements of the organisation such as organisation structure and technology are artefacts which merely reveal the basic tacit assumptions and are not the essence of culture.

Subsequent to the review of the ontology of culture and various definitions of organisation culture, the definition by Schein (1984) is adopted in this study of cultural assumptions of strategic leaders and their strategy of competing in SMEs. The choice of Schein's (1984) definition of organisation culture is influenced by two reasons, namely (a) the focus on solving

problems of internal functioning and external adaptation, which are paramount demands of businesses, and (b) the dynamic aspect of basic assumptions. Basic assumptions change or stabilise according to their repeated and consistent success in solving problem and avoiding of anxiety faced by strategic leaders and group members. The next section draws our attention to schools of thought on organisation culture to clarify and highlight some of the challenges in the studies of culture in organisations (Martin, 1992; Sackmann 1991).

3.2 SCHOOLS OF THOUGHT ON ORGANISATION CULTURE

Within every field of enquiry, there are various schools of thought or "research tribes" who contest the field, seeking to establish their own position and to discredit opposing views. The study of culture is no exception (Sackmann 1991). Conceptually the researcher needs to identify the tribes marking their territory in the study of culture. The researcher‟s assumptions about the nature of organisation culture will shape what the researcher is looking for and how it can be accessed. For example, the researcher needs to examine the assumptions made about the degree of uniformity or variation at which organisation culture can be manifested in an organisation. Organisation culture can be assumed to be uniform, differentiated or fragmented (Martin and Frost 2004). On the other hand, Sackmann (1991) identifies three broad perspectives of organisation culture found in management literature. They are the holistic, variable, and cognitive perspectives. These perspectives of organisation culture shed light on how organisation culture is researched. The schools of thought on culture by Martin (1992) are presented first before those identified by Sackmann (1991).

3.2.1 Integrationist perspective of culture

The integrationist perspective focuses on patterns, commonalities, or the wide appeal within the organisation as a cohesive whole. Scholars subscribing to this perspective refer to culture as "collective consciousness" or "collective programming" (Hofstede 1980), and "underlying shared assumptions" (Schein, 2010) or simply group values (Sackmann 1991). This view focuses on consensus, common sets of values, and norms that are clearly expressed and understood by

the majority within an organisation, enabling members to behave in a meaningful way towards others and to interpret the meaning of the behaviour of others in various contexts (Jaskyte and Dresseler 2004; Hofstede 1980; Sackmann 1991;Schein, 2010).

In an organisation, the content of what is shared as culture may be deciphered by considering the sites and sources of cultural content (Louis, 1985:130). Sites of potential culture, or aspects of shared understandings within an organisation, may be found at various levels(e.g. operators, top managers (Schein, 2010). Shared understanding may develop among members occupying a vertical slice of an organisation (e.g. a department represents a vertical slice while a set of leaders of equal standing and horizontal classification represents a horizontal slice such as similar ranking officers in the army, judges in a legal system, and executive officers in the organisational context.

In addition to these sites of potential culture, there are other sources of culture which are external to the organisation, and are termed trans-organisational sites of culture. Trans-organisational sources of shared understanding in an organisation may be exemplified by the national culture where the firm is located, the ethnic culture of workers, the local geography of the community, by occupational and professional groupings and in the culture of the industry that the firm is located in. Louis (1985:130) posits that the source, or where a particular shared understanding is rooted and how widely it is shared or extends within the network is a challenge for researchers to determine, bearing in mind that employees are engaged in many different levels of society and have many different affiliations within the daily work life and life outside work.

The roots and extent of culture can be traced by assessing the historical, psychological and sociological aspects of the penetration of shared understandings (Louis, 1985; Sathe, 1985,Schein,2010). The historical aspect is about the stability or consistency of the shared understanding over time while the sociological aspect hinges on pervasiveness, how far and wide the culture reaches. The psychological aspect of penetration is mainly about the degree of homogeneity or consistency of shared understanding among members of the culture. It is the (a) pervasiveness,(b) homogeneity and (c) stability of an understanding that actually reveal the

degree to which a particular understanding is actually a culture of a group. According to Kilmann (1985) taboos in a culture shows shared understandings of what is permitted or not, and what is considered as deviant. Taboos convey a powerful and shared sense of meaning and order, as well as boundary of behaviour(Schein,2010).

The integrationist view is characterised by a pattern of consistency of interpretation of cultural manifestations, organisation-wide consensus, and clarity (Jaskyte and Dresseler 2004:267-268; Martin, 1992). As Martin and Frost(1996:613) aptly put it:

> every careful ethnography or qualitative study that tries to challenge the integrationist assumptions is countered quickly by yet another assertion that any culture can be a haven for homogeneity and harmony-a place where management‟s values are shared by all and an employee‟s task is simply to find a culture where he or she will „fit in.

Culture is considered as a unitary outcome, a state which belongs to the group. Schein (1984) even argues that whatever is ambiguous is not part of culture. Strong consensus or individual behavioural consistency tends to change gradually or through revolution as new values or beliefs replace old ones. The early studies of integration approach showed that organisation culture has many manifestations, namely espoused values, formal and informal practices, stories about employees, and rituals (e.g. Christmas parties and retirement dinners, organisation-specific jargon, humour, and architecture within the organisation (Pettigrew, 1979).

Researchers guided by the integrationist view have tended to try and unpack cultural manifestations in studies with individuals and then ascertain the degree of consensus among them. Alternatively, these researchers determine if interviewees respond in ways similar enough to make reasonable inferences of operating with the same understanding of cultural aspects. The integrationist perspective of organisation culture considers change, conflict and ambiguity within the cultural system as a type of temporary perturbation directed at equilibrium (Greenwood and Hinings, 1988). The unitary view of organisation culture is criticised for oversimplifying the characterisation of culture in terms of homogeneity of values, beliefs or assumptions. The

integrationist paradigm also raises doubt about the degree to which members behave or think in line with the prescribed norms and expectations of the group to perpetuate the unified culture. Individual deviant behaviour may be attributed to (a) poor socialisation, (b) less homogenous procedures of employee selection, (c) a weakening of the culture, (d) or temporary confusion in the process of re-adjustment, and may therefore be dismissed as not part of the culture. The need to see culture as uniform is a useful and powerful force to employees. This can help employees to minimise anxiety in the face of uncertainty. Conversely, those in power in an organisation may construe uniformity as self-serving as it advances their critical agenda of how to get everyone to agree with their vision of the organisational future.

3.2.2 Differentiated perspective

A differentiated perspective of organisation culture acknowledges cultural heterogeneity and plurality within the organisation, as well as the potential for conflicting sets of values or beliefs (Martin 1992). Culture is therefore based on the notion that (a) interpretations of manifestation by members are not consistent, suggesting that consensus exist in varying degrees; (b) integration and clarity of manifestations occurs only within a sub-culture – but even at this level inconsistencies will exist; and that (c) culture is seen as consisting of overlapping sub-cultures.

According to Johnson (2000), individuals may have varying beliefs about many aspects of their world, but there is some level of agreement of core sets of assumptions, without which a cultural group could not function. Differentiation studies of culture are sensitive to inconsistencies such as the differences between stated attitudes and actual behaviour, between formal practices and informal norms, between one story and another, and above all the differences between the interpretations of one group and another (Cameron and Quinn, 1998). Brooks (2007:4) observes that members can resonate with a culture of a group (i.e. workplace, football team, national) while still making decisions that appear to be inconsistent with the culture, or accept cultural phenomena without necessarily liking it. In this context, the member is simultaneously integrated in and fragmented from the cultural norm.

Other scholars place emphasis on idioculture (i.e. "own" and not sub-culture), which is a system of knowledge, beliefs, behaviours and customs shared by members of an interacting group to which members can refer as the basis for further interaction (Bolon,2004:230). The idioculture and sub-culture are either harmonious or counter cultures and challenge the integrated perspective of culture. Schein (2010:57) suggests that organisations are not unitary but multicultural and have executive, engineer and operator cultures, which have different sub-cultural assumptions. According to Schein (2010:63) the executive culture in an organisation, is about the basic cultural assumptions of executive or top management team based on the fact that they share similar environment and concerns. Despite the various pre-occupations of executives, their world view is built around the necessity to maintain the financial health of organisations (Schein, 2010:63). The engineering culture is about the design element of the technology underlying the work of the organisation. Members of this culture in the organisational context are the designers, or technocrats who drive core technologies and use the world-wide occupational community as their reference. The underlying assumptions of members of the engineering culture are derived from their education (e.g. nature can and should be mastered (Schein, 2010:61). Lastly, the operator culture is the internal culture based on operational success and includes line managers and workers who deliver the products and services to bring about the mission of the organisation. Schein (2010:58) argues that operators share assumptions which among others include: "the success of the enterprise ... depends on our knowledge, skills, learning ability and commitment", and "the action of any organisation is ultimately the action of people. We are the critical resource; we run the place".

According to Martin (1992), behavioural norms and practices are likely to vary across organisational sub-units and are not necessarily common to all individuals involved. Scholars use the term sub-culture to characterise subsets of organisational members. Four fundamental aspects which characterise a sub-culture are: (a) members interact regularly with one another, (b) identify themselves as a distinct group within that organisation, (c) share the same problems, and (d) take action on the basis of a common way of thinking that is unique to the group (Hatch, 1997; Martin, 1992; Schein, 1984; 2010). It is instructive to highlight the most important difference between organisation cultures and sub-cultures. Schein (2010:20 argues that

organisation culture refers to the overall organisation while sub-cultures reside in multiple small cultures existing within the organisation. Sub-cultures contain elements of the main culture, such as core values, practices and behaviours but have also distinctive characteristics, reflecting the particular values of sub-groups. Sub-cultures are often stronger than the main culture. They can influence perceptions, attitudes, and behaviours of members to a greater extent than the main organisation culture. In fact, clashes between the organisation culture and sub-cultures or between sub-cultures may cause problems in the organisations (i.e. problem of strategy implementation (Martin and Siehl, 1983), As such, Detert *et al.* (2000) proposed that future researchers should look into the role of organisational sub-cultures to understand the peculiarities of groups in the organisational context, as well as why some change initiatives succeed while others fail.

Sub-cultures have been represented through the hierarchical and functional boundaries within and across the organisation (Schein, 2010:67-68). Rosen (1991) distinguishes between horizontal and vertical sub-cultures. Usually, horizontal sub-cultures depict functional, occupational, or job differences but with a roughly similar status while vertical sub-cultures reflect hierarchical differences such as groups of high and low status employees (Rosen, 1991). Alvesson (2002:157) argues that "generally, the idea of a single organisational level corporate culture, frequently accompanied by the assumption of management being able to shape it, was very popular earlier... Today most scholars emphasize the presence of sub-cultures in organisations". The assumption of consensus within the sub-culture or idioculture is powerful and weakens the holding power of the integrationist view of culture (Martin, 1992). However, although sub-cultures are coherent, consistent and stable wholes, they are not necessarily consistent with the main organisation culture.

The differentiation view of culture upholds the environment as segmented. Different sub-cultures within the same organisation experience different kinds and rates of change (Martin, 1992). Thus, organisation culture is not unitary but rather a nexus where environmental influences intersect, creating a nested, overlapping set of sub-cultures within a permeable organisational boundary (Martin, 1992:111-114). The differentiation perspective characterises cultural change as localised within one or more sub-cultures (Meyerson and Martin, 2007). The differentiation

studies of organisation culture describe and expose whatever inconsistencies and sub cultural differences exists. In essence, differentiation studies of culture define culture in terms of inconsistency (Alvesson, 2002; Martin, 2002).

3.2.3 Fragmentation perspective

Finally, a fragmentation perspective is described along the lines of the same aspects, namely, the degrees of consistency, consensus, and clarity (Martin, 1992; Meyerson and Martin, 2007). Firstly, the fragmentation perspective is typified by multiple interpretations of the manifestations of a culture which are neither clearly consistent, nor clearly inconsistent such that the relationship among interpretations is complex, containing elements of contradiction and confusion. Secondly, there is no consensus that is organisation-wide or specific to a given sub-culture. This is primarily because consensus among individuals is transient and issue-specific, producing short-lived affinities that are quickly replaced by a different pattern of affinities, as a new issue draws the attention of a different subset of cultural members (Kreiner and Schultz, 1993). Thirdly, the fragmentation perspective posits that the essence of any culture is pervasive ambiguity (Feldman, 1991). In this vein, ambiguity is defined as irony, paradox, and contradiction because of multiple meanings. Ambiguity is centralised or rather a core issue in most fragmentation studies. Inevitably, this focus on ambiguities suggests that the certainties that portray the integration view and the clearly defined differences of the differentiation view of culture seem to be oversimplifications of organisation culture. The fragmentation perspective of culture echoes that cultural change is in constant flux, rather than an intermittent disturbance in a relatively stable state (Feldman, 1991). The lack of consistency, lack of consensus, and ambiguity are the features of a fragmentation view of culture. The fragmentation notion of cultural studies is criticised for providing few guidelines for those who would want to actively control the change of culture (Cohen and March, 1974). Alvesson (2002:61) states: “I am, however, somewhat hesitant to give cultural ambiguity the prominence Martin accords it”.

Martin and Frost (2004) maintain that any organisation culture contains aspects consistent with all three perspectives. One useful approach that cuts across these three schools of thought in

studies of organisation culture centres on disputes between managerial and critical researchers. Managerialist research of organisation culture is characterised by (a) biases of management interest, (b) privileges of certain meaning constructions, (c) cultivates the desire for greater control and profitability, and (d) relies primarily on data from managerial and professional employees in any of the three schools of thought on culture. Additionally, managerial research considers ambiguity as a tool that management use to exploit differences in the interpretation of organisational events or "corporate values" to their advantage, or alternatively they deny the existence of ambiguity. Managers may exploit ambiguity by offering a false claim of clarity in a complex arena. The focus on leader or founder induced values and assumptions in Schein"s (1984) theory of culture suggests a relatively managerialist orientation to culture.

On the other hand, critical theorists express displeasure with the managerial biases of studies that tacitly or overtly serve the needs of management at the expense of other employees (Knights and Willmott, 1987). Critical theorists call for a focus on the views of all members of a culture, not just those at the top of a hierarchy (Martin and Frost 2004). The critical point of view abhor cultures which embodies an oppressive hegemony that successfully controls employees, in some cases even giving them a false consciousness that approves of their own oppression (Martin and Frost, 2004). The critical theory viewpoint goes beyond the delineation of sub-cultural differences and friction or resistance, to examine processes of organisational change. Thus, critical theorists seek to challenge the existing situation and secure benefits for those who are oppressed or are at the bottom of an organisational hierarchy (Martin and Frost 2004). Managerial and critical viewpoints therefore cut across the divisions drawn between the integration, differentiation, and fragmentation perspectives.

At this point, the discussion in the next section turns to three perspectives on organisation culture identified in the management literature by Sackmann (1991).

3.2.4 Holistic perspective

According to Sackmann (1991), the holistic view is drawn from the discipline of anthropology. This perspective combines cognitive, emotive, behavioural and artefact factual aspects to constitute a unified whole, namely organisation culture. This perspective underscores tradition and considers the emergent cultural system as an outcome of action but also as a necessary condition for future action. Sackmann (1991:18) argues that the holistic perspective is common in organisations because acquired and transmitted symbols define the shared ways of thinking, feeling and reacting. In modern organisations, the shared values are typically expressed as mission, vision and value statements, as well as in other artefacts.

One weakness of the holistic approach to defining culture is in the nature of the empirical research undertaken, where researchers deliberately choose to focus either on tangible or intangible elements of culture (Sackmann 1991:18). Researchers uphold different assumptions of culture. Those researchers who subscribe to culture as something an organisation has are tempted to focus on tangible elements while those who consider the organisation as culture tend to focus on the intangible elements.

3.2.5 Cognitive perspective

The cognitive perspective is premised on the notion that culture is a complex phenomenon which is made up of ideas, concepts, blueprints, values or norms (Sackmann1991:21). Proponents of this perspective assert that culture is what humans learn and it is the accumulated knowledge and important understandings shared by most members of a group that helps them decide what to do, when to do it, and how to do things (Sackmann1991:21). Concisely, the cognitive perspective of culture stresses that culture is a set of shared values or shared norms and expectations or those beliefs and expectations shared by most members of a group (Sackmann1991:21). Factors such as technology, leadership structure and internal business environment and external environment

influence the organisations differently such that no one organisation has the same organisation culture as another.

3.2.6 Variable perspective

According to Sackmann (1991:18-19) the variable perspective of culture in management literature draws heavily on functionalism. The manifestations of culture are seen as controllable variables in terms of verbal and physical behaviours, artefacts and their underlying meanings. The emphasis is on the observable behaviour that an organisation has. It is argued that types of culture are merely accurate ways of describing one aspect of how a specific culture manifest itself rather than implying that they are culture types (Schein, 2010:13-21). In this regard, organisation culture can be seen as types (typological approach) or a description of position on a number of continuous variables of culture. Researchers adopting this perspective face the challenge of decoding the cultural manifestations without imposing their own interpretation.

In the comparative management approach, culture is a variable exogenous to the firm. In this respect the analysis of culture is at the level of the environment. From the instrumental perspective, culture influences the development and reinforcement of core beliefs and values within the organisation (e.g. a national culture). Premised on this, cross-cultural studies of management search explanations for differences of organisational outcomes located in different cultural contexts (e.g. job satisfaction or effectiveness based on the differences in national cultures). Conversely, the contingency management perspective considers culture as an independent variable endogenous to the firm. In this light, culture consists of beliefs and values developed by and within the organisation (Deal and Kennedy 1982). In contingency models, measures of corporate performance are influenced by the shared values, beliefs, identities, and commitment of organisational members. At organisational level, culture as a variable can be used by managers to implement strategy and to direct the course of their organisations more effectively (Deal and Kennedy 1982). Furthermore, culture is variable that a manager can use to align culture and strategy. However, the inherent structural functionalist notions undermine the likelihood that multiple cultures, sub-cultures, and especially countercultures are contending to

define and provide for their members the meaning of situations within organisational boundaries. Organisational members belong to several sub-culture and multiple cultures within and outside the organisation.

The next section discusses the basic assumptions of culture as the core or essence of organisation culture and also how basic assumptions relate to values, and the artefacts. Furthermore, the section draws attention to the cultural paradigms that pattern assumptions, and the dynamic aspects of organisation culture. Finally, the section discusses how the dynamic processes in the Cultural Dynamics Model by Hatch (1993) have been used to modify the three-level typology of Schein (1984; 2010) in this study.

3.3 DYNAMICS OF ORGANISATION CULTURE

There are dynamic models which depict how organisation culture changes, and how culture is manifested in values, realised in artefacts, interpreted as symbols or assumptions, and also form part of symbolization, as the organisation resolves various internal and external problems.

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3.3.1 Dynamics of culture models

Cultures have dynamic properties which embrace change from within and outside an organisation that should be understood in the backdrop of stability (Gagliardi, 1986; Hatch, 1993; Schein, 2010). Change is conceived within the cultural dynamics models as an on-going cycle of interpretation by which individuals continually reinterpret events that enter the stream of cultural meaning within the organisation. As such, culture is both a process and an outcome, because it shapes human interactions and is also the outcome of those interactions. Cultural dynamics consider stability and change as dual products of the same cultural processes. Hatch (2004) identifies three theories with a dynamic orientation to culture, namely Schein‟s (1984) three-level typology of culture conceived first, thereafter Gagliardi‟s (1986) three types of culture change theory, and then Hatch‟s (1993) cultural dynamics model. The model by Gagliardi (1986) and that of Hatch (1993) were both built on the groundwork of Schein.

Firstly, the three-level typology of culture by Schein (1984) is portrayed (See 3.2.21) as a "top-down change" flowing from the hierarchy of assumptions, values to artefacts. Artefacts are realisations of values, while values are manifestations of basic assumptions (Hatch, 1993). From a managerial and functional perspective, culture changes through actions of a transformational leader who aligns the organisation culture with a new vision. Transactional leaders work within the organisation cultures following existing rules, procedures and norms. Nonetheless, a mixture of transformational and transactional leadership is needed in order to maintain a sustainable and competitive culture. Additionally, the transformation of values and beliefs into basic assumptions which are take-for-granted is dependent on success criteria and reflect an aspect of the dynamics of organisation culture. However, Hatch (1993) identified a lacuna regarding the processes between the various cultural elements of the typology of organisation culture proposed by Schein (1984). Hatch (1993) proposes four processes that underlie both cultural change and stability to reflect a dynamic view of organisation culture which is not only uni-directional from value, artefacts, symbols to assumptions The modification to the typology of culture recommended by Hatch (1994) embraces dual processes that interact to constitute and reconstitute assumptions, values and artefacts in a cyclic pattern.

Secondly, the three types of cultural change model by Gagliardi (1986) adopt a managerial focus but remove the leader from the centre in preference of organisation-wide view to explicate the relationship between culture and strategy. The cardinal proposition in this unidirectional model of change of over time is that different strategic moves have different effects on organisation culture. According to Gagliardi (1986), stability and change are counter forces. The interaction of change and stability results into three outcomes, namely apparent change, incremental change, and revolutionary change of organisation culture. The first type of change is apparent change which is superficial change and maintains stability without fundamental effect on organisation culture. An example of this type of change is when strategy is aligned with organisation assumptions and values that a new problem is resolved using one of the existing strategies which are consistent with assumptions and values. In this respect, organisation cultures with this pattern of change actually remain the same (Hatch, 2004). The second type of change is incremental

change which also maintains stability but reach the deep level of values and assumptions unlike the apparent change. In this regard, strategy may be different but compatible with assumptions and value. The difference leads to inclusion of new assumption, values and artefacts that are part of the new strategy. Lastly, there is the revolutionary change where there is no stability as an imposed strategy which is incompatible with some key assumptions and values destroys old symbols and create new ones (e.g. a new CEO from outside an organisation pursuing new strategy). The conflict between strategy and values and assumptions either destroys or replaces culture or create resistance for strategy implementation.

Thirdly, the cultural dynamics model proposed by Hatch (1993) describes four cyclic cultural processes that link assumption, values, artefacts and symbols as elements of culture to explain both stability and change. The cultural processes are manifestation, realisation, symbolisation and interpretation. The cultural processes will be discussed in detail when attention is exclusively drawn to the cultural dynamics model of Hatch (1993). The typology of Schein (1984) and Hatch (1993) share the cognitive perspective, unlike the model by Gagliardi (1986). Similarly, Hatch (1993; 2004) focuses on the cognitive and also the circular processes of how elements of culture interact to shape and reshape basic cultural assumptions through change and stability. This is consistent with the centrepiece of this study, namely the change or stability of patterned basic assumptions of strategic leaders who are members of a sub-culture in an organisation.

The next section focuses on the dynamics of organisation culture. The concept of basic cultural assumptions by Schein (1984) and the cultural dynamics model by Hatch (1993) are discussed in detail. The model by Gagliardi (1986) is not discussed further, as it is (a) not within the study‟s cognitive domain and (b) only proposes unidirectional processes that bring about change or stability in organisation culture.

3.3.2 Cultural paradigm of basic assumptions

In essence, culture is the pattern or integration of basic assumptions into what is referred to as a cultural paradigm which helps members of a cultural group to make sense of the environment,

create order and cope with their worlds (Schein, 1984:4). In connection with this, a cultural paradigm is a "set of interrelated assumptions that form a coherent pattern" (Schein,1984:4). As reiterated in this Chapter, cultural assumptions are passed on to new members of the organisation. However, Schein (1984) considers culture to be stable until leaders act to change it by gaining sufficient support for a new value in the organisation‟s task environment. Schein (1984) does not specify the conditions for change through the influence of the leader other than the success factor.

Furthermore, the broad debate on what components of culture are more appropriate than others can be encountered when scholars think of patterning appropriate basic assumptions of a particular culture. In an attempt to resolve this issue, Schein (1984) was one of the first organisational theorists to borrow ideas directly from cultural anthropology. Schein (1984) borrowed the idea of basic underlying assumptions from Kluckhohn and Strodtbeck (1961). These anthropologists identified seven types of basic underlying assumptions that Schein (1984) re-interpreted as organisational. Subsequently, Schein (1985:86) posited that cultural paradigms form around basic underlying assumptions, which are about (a) the organisation‟s relationship to its environment, (b) the nature of reality and truth,(c) the nature of human nature, (d) the nature of human activity (e) the nature of human relationships, (f) the nature of time, and (g) homogeneity versus diversity. However, he cautioned that not all assumptions in a cultural paradigm would always be consistent.

Drawing from the view that culture is a solution to problems, Schein (1984:8) proposes logical categories of positive problem solving and anxiety avoidance to identify basic assumptions. The patterned and accumulated ways of perceiving, thinking and feeling in relation to a problem help members to avoid the anxiety of searching and testing new strategy. Schein (2010:18) asserts that the content of culture derives from two "archetypical problems" that any group or organisation faces. These are problems which relate to (a) surviving in and adapting to the external environment (see Figure 10) and (b) integrating the internal and interpersonal processes necessary for continued survival and adaptation of the cultural group.

Problems which determine the survival of the cultural group in the external environment are collectively termed "external adaptation problems" and are viewed through a problem-solving cycle, depicted in Figure 10. At each stage of the problem-solving cycle, solutions that are characteristic of the group"s own history and are based on learned assumptions, constitute part of the culture of that group (Schein, 1984:10). In this regard, there are functions which culture serves for a cultural group.

Essentially, culture operates as a self-steering system that learns from feedback on external adaptation activities. It works as a pattern of information and facilitate the exchange of understanding when solving problems. The problem-solving cycle is a dynamic way of understanding culture and gives insights not only into the existing culture, but also its formation, evolution and destruction. Figure 10 represents the problems of external adaptation and survival according to Schein (2010:74).

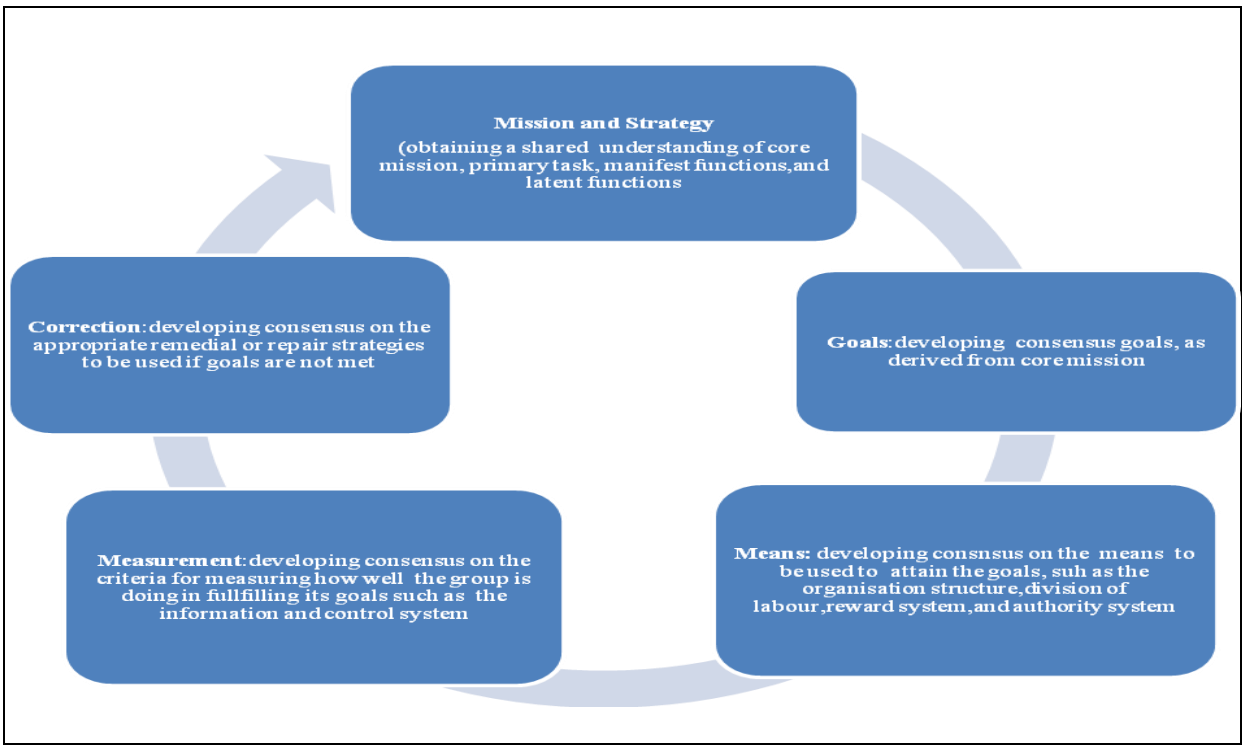

Figure 10: Problems of External Adaptation and Survival

Source: Adapted from Schein, (2010:74).

On the other hand, Schein (1984:11) also proposes a set of six logical categories for cultural assumptions regarding problems of internal integration. Essentially, a group cannot survive if it is not able to manage its internal affairs. Schein (1984) argues that there are major issues of internal integration around which solutions must be found. Every group faces each of these major issues regarding problems of internal integration as proposed by Schein (1984; 2010). However, the nature of the solutions may vary and make each organisation unique. The type of solutions reflects the biases of the founding and current leadership, previous experience of group members and the actual events being experienced in the organisation. It is vital to acknowledge that ability to solve problems of external adaptation is interdependent on the group being able to function (Schein, 1984). A group can only accomplish tasks, survive, and grow if it manages its internal group and interpersonal processes (Schein, 2010:93). These internal processes manifest major internal issues that occur with problem solving and task accomplishment. Table 3 depicts these major internal issues that any group has to address in order to function and accomplish tasks.

TABLE 3: THE PROBLEMS OF INTERNAL INTEGRATION

Creating a common language and conceptual categories: If members cannot communicate with and understand each other, a group is impossible by definition
Defining group boundaries and criteria for inclusion and exclusion: The group must be able to define itself. Who is in and who is out, and by what criteria is membership determined?
Distributing power, authority, and status: Every group must work out its pecking order, its criteria and rules for how someone gets, maintains, and loses power and authority. Consensus in this area is crucial to help members manage feelings of aggression.
Developing norms of trust, intimacy, friendship, and love: Every organisation must work out its "rules of the game" for peer relationships, for relationships between the sexes, and for the manner in which openness and intimacy are handled in the context of managing the organisation"s tasks. Consensus in this area is crucial to help members define trust, and manage feelings of affection and love.

Defining and allocating of rewards and punishments: Every group must know what is heroic and sinful behaviours are and must achieve consensus on what is a reward and what is punishment
Explaining the unexplainable: Every organisation, like every society, faces unexplainable events that must be given meaning so that members can respond to them and avoid the anxiety of dealing with the unexplainable and uncontrollable.

Source: Schein, (2010:94)

Some scholars have suggested alternative assumptions that relate to the (a) firm‟s orientation towards employees; customer; results; innovation; productivity and costs; (b) orientation of employees towards the organisation; and (c) the organisation‟s orientation towards technology (Sackmann 1991:26). The plethora of assumptions raises a dilemma when a researcher has to choose what assumptions are appropriate under what conditions. This dilemma is compounded by the fact that some of the assumptions of culture, exemplified by the notions of (a) culture as widely shared and (b) that leaders are responsible for forming culture have not been thoroughly tested (Sackmann 1991:26).

The gamut of assumptions offers researchers broad and diverse "sensitising concepts" to understand the concept of cultural paradigm that integrates basic assumptions in respect to problem-finding and solving.

3.3.3 The cultural dynamics model proposed by Hatch (1993)

Hatch (1993:658) criticises the model of culture by Schein (1984) for not specifying and providing an understanding of the dynamics of culture, or the interaction and interplay between assumptions, values, and artefacts. Schein‟s (1984) model explains a sequence of culture change, commencing with the leader‟s beliefs, which upon organisational success, transform into member assumptions. Hatch points out that Schein (1984) only views a sequential, top-down, evolutionary, and one-way temporal chain of events or direction of change from values to

assumptions, and with only a limited possibility of assumptions being changed by both values and symbols (Hatch,1993:679). Schein (1985:16) states that assumptions emanate from the solution to problems proposed by top management and:

> If the solution works, and the group has a shared perception of that success, [the value undergoes] a process of cognitive transformation into a belief and, ultimately, an assumption. If the proposed solution continues to work, thus implying that it is in some larger sense "correct" and must reflect an accurate picture of reality-group members will tend to forget that originally they were not sure and that the values were therefore debated and confronted.

While Schein (1984; 2010) proposes a top-down view of cultural process, Hatch (1993) elaborates on this view further by introducing circular processes which constitute and reconstruct culture. The cultural dynamics model by Hatch (1993:657-693) adds a process-based view of organisation culture, which explains the circular processes that interlink assumptions, values, artefacts, and symbols (see Figure 11).

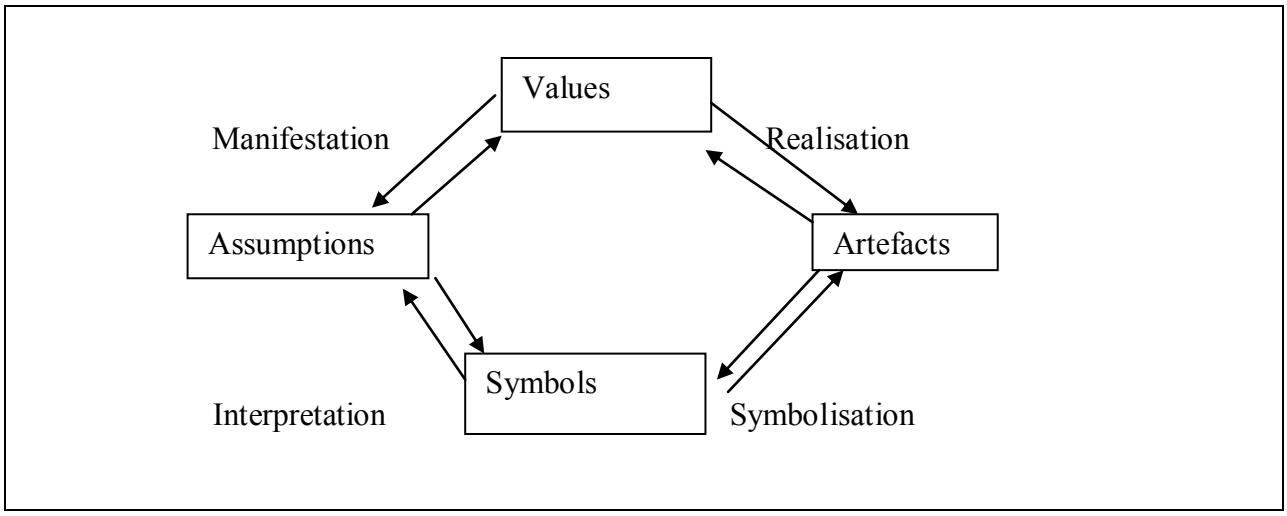

Figure 11: The Cultural Dynamics Model by Hatch, 1993
Source: Adapted from Hatch, 1993:660)

Four processes mediate the interactions among cultural elements. A symbolisation process converts artefacts into symbols while an interpretation process links symbols to basic assumptions. The process of manifestation changes basic assumptions into values. Lastly, values become artefacts through a process of realisation (Hatch 1993:657-693). In the Cultural dynamics model by Hatch (1993) the four cultural processes co-occur continuously in the constituting and reconstituting of culture in both stable and changing forms and conditions. The processes are about change or stability of assumptions, values, artefacts and symbols. The Cultural dynamics model by Hatch (1993) posits that the direction of change is not unidirectional as there are prospective and retrospective processes that create change in basic assumptions, value and artefacts. This view strongly challenges the top-down, unidirectional claim of change from basic assumptions to artefacts by Schein (1984). On the other hand, the continuous co-occurrence of processes of constructing and reconstructing basic assumptions which are continuously re-interpreted forms the basis of questioning and also discouraging scholars from the measurement of culture.

The process of manifestation allows assumptions to reveal themselves in perceptions, cognitions, and emotions of staff members. Manifestation involves the proactive translation of intangible assumptions into recognizable values through raising expectations that influence thoughts, feelings, and perceptions about the world and the organisation. Retrospectively, the attribution of success to new values may realign extant assumptions in a culture. The new values may also reaffirm existing assumptions if there is harmony (Hatch, 1993; 2004). The dynamic view of culture makes the manifestation of culture a dyadic process between assumptions and values. Hatch (1993) advises that the studying of manifestation processes should be about how various expectations of "how it should be" come about in the organisations and also "how certain values and expectations are carved from assumptions by captivating perceptions, cognitions, and emotions". Basic cultural assumptions shape strategic leaders‟ perceptions of reality, focus of attention and their subsequent action in the social world (i.e., how the world works what it is like, what kinds of actions are most likely to be successful and rewarded, fail and attract punishment, etc.).

Realisation is the process of making values real by transforming expectations into social or material reality and by maintaining or altering existing values or cultural expectations through production of artefacts (e.g. rituals such as office parties and organisation events, plans, policies or procedures in an organisation (Hatch, 1993:666). Realisation brings values into tangibility or activity into a tangible outcome. Thus, artefacts realised from values and expectations maintain or reaffirm these values and expectations. Values are realigned by new artefacts produced by novel values and expectations, challenging and adjusting extant values and expectations (e.g. radical innovation, an ambitious strategic plan). The process of realisation hinges on how values and expectations are used through production, reproduction and transformation of artefacts in the daily life of the organisation. However, it is argued that artefacts are fused with values and assumptions which change as the product itself becomes available to a much broader interpretive process than the one that formed the context of its inception (e.g. symbols). Typically, Schein (1984) consider symbols to be part of artefacts. Conversely, Hatch (1993) recommends that symbols should be separated from artefacts. She maintains that symbols involve a cognitive association with some wider, more abstract concept or meaning (Hatch, 1993:669). Gioia (1986) concurs with this view and provides a list of organisational symbols that, among others, include: logos, visual images, actions and non-actions.

It is proposed that artefacts and symbols share physical forms but differ mainly in how they are produced and used by members in the organisations. The dynamic view of culture upholds that symbols are more than representations of something, as they permit those who use them to supply part of their symbolic meaning or reality, which is not objective, as is the case with artefacts (Hatch, 1993). Symbolisation is explained by comparing the full meaning of the symbol to its literal meaning and this produces what is termed surplus meaning. Hatch (1993:670) maintains that symbolisation involves making cultural symbols from association between the objective form of an artefact and its literal meaning, and the surplus meaning that lie beyond the literal domain. On the other hand retrospective symbolisation changes symbolised artefacts by filling them with enhanced literal meaning. The specifications of surplus meanings associated with various artefacts are vital in understanding the process of symbolisation in the cultural dynamics model.

Finally, the process of interpretation reconstructs symbols and revises basic assumptions in terms of both current experience and pre-established cultural assumptions (Hatch, 1993). Cultural assumptions exposed during interpretation of symbols are open to the influence of new symbols while the interpretation of assumptions reconstructs the meaning of symbols. Members of an organisation internalise the culture and its inherent assumptions through their collective experiences of repeated success in using learned skills and prescribed techniques (Hatch, 2004). Previous assumptions evolve into those of the dominant or proposed culture. The hermeneutic view suggest that interpretation moves back and forth between the already known (basic assumptions) and the possibility of new understanding and revision of meaning (Hatch, 1993).

Hatch (1993) maintains that her model moves away from managerial to organisational theorising about culture. To this effect, management and its significance are not put at the centre of the cultural processes in her model, although they still have a considerable part in the processes. This study is unique, as it deliberately focuses only on the sub-culture of strategic leaders who are central because (a) they are owners or employed strategic leaders in SMEs; and also that they (b) engage in both day-to-day and strategic activities which shape and reshape basic assumptions and influence the strategy of competing in SMEs. As such, the social processes that change or stabilise basic assumptions through action and interaction among the various stakeholders (owners, managers, employees, suppliers etc.) in the organisational context are better explored, based on the hands-on experiences and interpretive lens of these strategic leaders in a SME.

3.4 SUMMARY

This Chapter has established that culture is a very dynamic, complex and contested concept. The phenomenon of culture has several layers and this affects how it is theorised, and studied by scholars. The level at which culture is considered bears very much on whether it can be dimensionalised and measured at the observable level or understood as a social construct existing at a deeper level. Furthermore, this Chapter has discussed a range of perspectives which reflect how the concept of culture has been conceptualised and researched. Organisation culture can be

assumed to be uniform, differentiated or fragmented (Martin and Frost 2004). On the other hand, Sackmann (1991) identifies three broad perspectives of organisation culture found in management literature. These are the holistic, variable, and cognitive perspectives.

This study adopts the cognitive definition of organisation culture developed by Schein in 1984. As such, organisation culture is a "pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 2010:18). The Chapter therefore takes issue with attempts to measure culture. Essentially, this is because culture is about a pattern of basic assumptions and may not be comprehensively captured through measurement or quantification. In this regard, culture is deeply embedded and unconscious, pervasive, and has influence on all aspects of how an organisation deals with primary tasks, internal operations and its environment. Shared basic assumptions are like an interpretive scheme, or way of perceiving, thinking, and feeling of members of a group in relation to the group‟s problems of external adaptation and internal integration. The Chapter has also argued that strategic leaders belong to a sub-culture within the organisation. As members of this sub-culture, strategic leaders have basic cultural assumptions which guide them in solving problems of internal integration, and external survival faced by an organisation. The next Chapter presents the research methodology that has been used in this study.

CHAPTER FOUR: RESEARCH METHODOLOGY

> .. If an act of knowing affects our choice between alternate frameworks, or modifies the framework in which we dwell, it involves a change in our way of being (Grene, 1969:84).
>
> … Better methods should give us better answers to old questions, but, perhaps more important, they should enable us to ask new questions (Raudenbush and Willms, 1991:3–4).

4 INTRODUCTION

This Chapter discusses the research methodology that has been used to generate a substantive theory on influence of strategic leaders‟ cultural assumptions on strategising in agri-processing SMEs in Malawi. In pursuit of this, there is wise counsel which advocates that the task of methodology is to uncover and justify the "research assumptions as far and as practicably as possible, and in doing so to locate the claims which the research makes within the traditions of enquiry which use it" (Clough and Nutbrown, 2002: 31).

This Chapter starts with a discussion on the philosophical underpinnings of research in general. Thereafter, the Chapter explores qualitative research methodology and the grounded theory method. This provides a platform for justifying the choice of the Straussian version of grounded theory for this research. The Chapter goes on to define a theory and explain the types of theory generated through grounded theory method, and what it takes to generate a substantive grounded theory. Finally, the Chapter details the research process followed in this study.

4.1 PHILOSOPHICAL UNDERPINNING OF RESEARCH

This section explores the notion of research paradigm and other relevant philosophical issues of research such as epistemology and ontology.

4.1.1 Paradigm of research

McCallin (2003) recommends that a researcher reviews the philosophical background and considers the paradigm of inquiry early in the research process. Researchers have a set of philosophical assumptions which shape, and guide their beliefs about research (Greene and Caracelli, 1997:6 and Lincoln and Guba, 1985a). According to Kuhn (1970), a paradigm constitutes a set of wide-ranging and general philosophical assumptions that are shared by a community of scientists in a specified field or tradition. Kuhn (1970:147) defines a paradigm as "the entire constellation of beliefs, values, techniques," shared by a group of scientists with a common research interest. A paradigm, as proposed by Kuhn (1970), has five elements: (a) a theory or group of closely related theories, (b) an ontology, (c) a set of methods or techniques – an epistemology, (d) a number of examples, striking applications, or typical problems linked to theory and assumptions, and (e) a value orientation, comprising evaluations of what types of problems are significant and the criteria for acceptable solutions (Kuhn, 1970:146-148). Briefly, a paradigm is also defined as "the basic belief system or worldview that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways" (Guba and Lincoln, 1994: 105). The paradigm has however been mainly criticised for what has been termed as "paradigm incommensurability" – the thesis that methods are exclusively tied to a particular paradigm, such that they cannot be used in another paradigm (Denzin and Lincoln, 2005; Van der Mescht, 2002:45; Morgan and Smirch, 1980:491). The notion of the paradigm has been criticised for encouraging paradigm allegiance which may hold back research creativity (Lawson, 2003:111).

The debate about the paradigm divides researchers into methodological purists and pragmatists. Methodological purists advocate that methods are based on mutually exclusive philosophical assumptions such that there is no accommodation of methods between paradigms. This has been termed as paradigm incommensurability (Denzin and Lincoln, 2005; Mascot, 2002:45; Morgan and Smirch, 1980:491). In the light of this, Lawson (2003:111) warns of "epistemic fallacy" and "paradigm allegiance" which may lead to the belief that a method can be successfully applied within a particular paradigm irrespective of the nature of the object of study. On the other hand,

pragmatists contest that techniques used in data collection cannot be strictly seen as entirely affiliated to a qualitative or quantitative paradigm (see Bryman, 2006; Greene and Caracelli, 1997; Krauss, 2005; Morgan, 2007; Patton, 2002). Bryman (2006)) argues that a method has diverse uses and cannot be confined to a particular epistemology. Basically, Bryman (2006) suggests that each method should be appreciated for what it is as a means of gathering data relevant to the problem. This is supported by the view that methodology is more than a critique of individual methods. Furthermore, methodology is the thinking about methods and the way these are used to do research. However, pragmatists are criticised for methodological eclecticism, which fails to seriously examine the theoretical nature and the underlying assumptions that inform the practical use of methods (Roberts, 2002).

Inevitably, theoretical pre-conceptions about method commit researchers who use a particular method to certain kinds of assumption regarding outcomes, as well as certain strengths and limitations of the method. It can be pin-pointed that the paradigm affiliation of methods advocated by methodological purists lacks methodological flexibility, while methodological eclecticism advanced by pragmatist ignores the theoretical nature of methods, which raises issues of theoretical incompatibility (Yanchar and Williams, 2006:7-8). It is on this account that Yanchar and Williams (2006:6-8) propose a "softer incompatibility thesis" at the level of method. This proposal is based on the understanding that any method is informed by philosophical and historical assumptions.

The domain of the philosophy of research is very broad, but only three cardinal aspects of the paradigm (trilogy), namely ontology, epistemology and methodology are worth discussing here. This trilogy is broad enough and incorporates other aspects of philosophy of research (e.g. axiology which relates to beliefs of researchers concerning how they actually do the "ethically" right thing from ontological, epistemological, and methodological perspectives (Rocco *et al.*, 2003:21).

Denzin and Lincoln (1994:13) aptly posit that ontology addresses the abstract principle of "what is the nature of reality". For instance, some researchers believe reality can be separated into parts and examined individually such that the researcher or knower can stand apart from whom or

what is being studied (Kim, 2003:10). Conversely, reality is also conceived as being socially constructed by actors acting together in a context, such that the researcher cannot be totally disentangled from what is known (Maykut and Morehouse, 1994:11). In this regard, Putnam *et al.* (1993:228) concur that "every story comes from a point of view that represents particular interests. The reader has a right to know what those interests are".

Epistemology deals with the relationship between the knower, the would-be knower and what can be known (Greene and Caracell1, 1997:6; Guba and Lincoln, 1994:108). Fundamentally, the epistemological question is "what is the relationship between the researcher and the knower?" (Denzin and Lincoln, 1994:13). Finally, the methodological question is about how we know the world or gain knowledge of it. Researchers draw on their creativity, philosophical and historical assumptions to re-conceptualise methods or develop methodological resources that are suitable to the demands of the problem being investigated (Yanchar and Williams 2006:7-10). In pondering the philosophical underpinnings of research, it is pertinent to constantly focus on the central research question in a study. In this case the central question is:

How do basic cultural assumptions of strategic leaders of agri-based processing SMEs influence strategising to compete in the market?

The ontological focus in this study includes a pattern of subliminal cultural assumptions of strategic leaders. This ontological aspect of culture has been explicitly explored in Chapter3. The exploration of a pattern of subliminal cultural assumptions does not resonate with the quantitative research tradition which dimensionalises culture. Firstly, to answer the above research question, there is a need to understand and interpret reality from the actor"s point of view. Secondly, there is also a need to explore the multiple views of strategic leaders in a natural setting to generate a grounded theory. Flowing from this general discussion on the philosophy of research, the subsequent discussion centres on qualitative research as a suitable paradigm to pursue the research goal in this study.

4.2 QUALITATIVE RESEARCH

It is notable that the last three and a half decades have witnessed a wide scale and growing diffusion of qualitative research across various disciplines such as social work, nursing, business studies, management, and psychology, just to highlight a few (Bryman, 2004; Creswell, 2007:63; Strauss and Corbin, 1994).

This development follows a long period characterised by qualitative research being subordinated to the verification of theory (Martin, 1932:42). The diffusion of qualitative research involved efforts by qualitative researchers to counter criticism from the dominant positivistic research perspective. This perspective had rejected *verstehen or* a deeper qualitative understanding as research. Positivistic researchers promoted a research dogma, which did not accept the scientific value of any procedure that did not involve quantitative research procedures and verification (Martin, 1932:39-44). For quite a long time, research norms assigned greater value to what was seen as objective and scientific. This perspective perpetuated an obsession with reliability, which was easily demonstrated by quantitative methods and for some time succeeded in keeping qualitative research outside the halls of science.

Several social scholars expressed growing displeasure with quantitative methods (Strauss and Corbin, 1994). In a nutshell, the variety of criticisms levelled against the quantitative tradition include: (a) sacrificing of important social and psychological complexities for the sake of simplicity and experimental control (Anderson, 1983; Fullerton, 1987), (b) excessive concern with quantitative evidence of social phenomena at the expense of deeper understanding or *verstehen* (Burrell and Morgan, 1979; Fullerton, 1987), and (c) unreasonable epistemological and ontological assumptions such as universal laws (Louis, 1983). Furthermore, the quantitative tradition of research is criticised for dehumanising and stripping off social qualities in research. As Fromm (1955:114) says concisely, “the concrete reality of people and things to which we can relate with the reality of our own person, is replaced by abstractions, by ghosts that embody different quantities, but not different qualities”.

The quantitative research paradigm is also guilty of premature, empirical and statistical testing of theory which is not fully conceptualised to account for much of the variations in a dynamic context (Partington, 2000). The criticisms against quantitative methodology prompted interpretive and post-modern scholars to champion the legitimacy and use of methodologies that provide insights to reveal meaning and acknowledge the possibility of multiple answers to problems (Bryman, 2007; Strauss and Corbin, 1994; Goulding, 2002). The next section delves into the qualitative research tradition before discussing the research method used in this study.

4.2.1 Orientation of qualitative research

Cassell and Symon (2004, 2:4) suggest that it is more sensible and practical to discuss qualitative research in terms of characteristics rather than a definition. This perspective is mainly influenced by the difficulty of getting consensus on an overarching definition, in view of the numerous and diverse methods under the rubric of qualitative research (Cassell and Symon, 2004:1). A handful of definitions of qualitative research are therefore discussed to highlight some of the key characteristics of this research tradition.

In the expression of Shanks (2002:5), qualitative research is "a form of systematic empirical inquiry into meaning". Thus, Shanks (2002) suggests that qualitative inquiry is "planned, and ordered", guided by rules agreed upon by the qualitative research community. Additionally, the inquiry is "empirical "as it is grounded in the world of experience". Qualitative research is epitomised by a commitment to understanding a unique, particular, and natural context (Maxwell, 2005:22). Furthermore, qualitative research focuses on "how people learn about and make sense of their experiences, themselves and others in their setting" (Denzin and Lincoln, 2005:3).

It is therefore useful to consider qualitative research as a subjective, value-laden and contextual approach (Creswell, 2007:37; Ritchie and Lowe, 2003). Scholars of a positivistic persuasion criticise the "context-bound, subjective experiences of participants" as responsible for empirical evidence which is "unreliable, impressionistic, and not objective" (Denzin and Lincoln, 1994:5; Van der Mescht, 2002: 50). Positivistic scholars largely argue that this militates against empirical

generalisation of findings in qualitative research (Van der Mescht, 2002:50). Qualitative researchers (see Berg, 2007:9; Creswell, 2007; Denzin and Lincoln, 1994; Glaser and Strauss, 1967; Shanks 2002:5; Strauss and Corbin, 1990) oppose these views and argue that qualitative research is reliable, methodical and systematic with procedures which can be followed by subsequent researchers.

Furthermore, one of the key characteristics of qualitative research is that it offers the researcher an opportunity to systematically capture a full, deeper and richer understanding of phenomena (Creswell, 2007:39; Glaser and Strauss, 1967; Maxwell, 2005; Strauss and Corbin, 1990). The initial design and plan for qualitative research cannot be tightly fixed, as all phases of the process are open to new discoveries and relationships, continuous review and reformulation, even after the researcher is already in the field collecting data (i.e. questions may be altered, forms of data collection may be adjusted, individuals or sites to be visited may be revised) (Maxwell, 2005:22).

Scholars of qualitative research have focused on the specific nature of phenomena (ontology) being investigated to highlight characteristics of the qualitative methodology or paradigm (Ritchie and Lowe, 2003:32). Following a review of the work of several scholars (such as Charmaz, 2000; Creswell, 2007; Glaser and Strauss, 1990; Lincoln and Guba, 1985; Maxwell, 2005; Patton, 2002; Ritchie and Lowe, 2003:32), four characteristics of phenomena that can be investigated using qualitative research methodology can be synthesised. Subsequently, it can be suggested that the qualitative research methodology is suitable when the phenomena being studied is:

- ill-defined or not well understood, such that it requires to be clearly understood or defined before measurement;
- deeply rooted within the participants‟ knowledge or understanding of themselves (i.e. beliefs, values, etc.);
- complex, or inherently intricate and conceptually difficult (i.e. cognitive processes, beliefs, etc.);
- idiosyncratic and delicate, intangible or fragile in its manifestation (e.g. culture).

4.2.2 Ontological assumptions of qualitative research

The ontological perspective of qualitative research stresses the existence of multiple realities held by different researchers, research participants and readers of a report of a qualitative study (Creswell, 2007:16-18). Hatch and Yanow (2003:70) propose that there is reality at three levels, namely, (a) situational actors and/or the researcher experiencing and interpreting an event in a setting; (b) the researcher interpreting interviews and (c) a reader, or audience interpreting the study.

This researcher has reported on two of these realities. Firstly, the study reports on the ontological perspectives of the basic cultural assumptions of strategic leaders, which were learned through their social interaction and experiences as they competed in the market. Thus, there are no cultural assumptions of strategic leaders that exist independently and externally to them. In this study, the researcher was able to understand this world of the strategic leaders of SMEs during the period of the study. The researcher interacted closely with strategic leaders to gain their culturally influenced understanding of business reality. The result of the interaction between the researcher and strategic leader to surface and understand the basic cultural assumptions of the upper echelon in SME is the reality that has been reported in this study.

Secondly, the researcher has also reported on the ontological orientations of strategic leaders as situational actors, mainly through the presentation of their different experiences, multiple perspectives, and interactions. In doing this, the researcher largely depends on the voices and interpretations of participants through extensive use of quotes (Creswell, 2007).

4.2.3 Epistemological assumptions of qualitative research

The researcher has an overarching commitment of understanding social reality from the viewpoint of those who have experienced the reality being investigated in qualitative research. This justifies the epistemological relationship between the researcher and the researched which entails close interaction, in order to understand and acquire knowledge (Creswell, 2007:18; Guba

and Lincoln, 1994:107; Krauss, 2005:764). In this study, the relationship between the researcher and the strategic leaders of SMEs involved close interaction in order to jointly dig out and decipher the patterns of basic assumptions, and relate them to the strategic reasoning and strategy of competing by SMEs. As part of the social reality of strategic leaders, cultural assumptions are learned, deep seated, and unconscious, such that they may not be easily accessible to the researcher objectively.

The qualitative researcher (social being) and the social world impact on each other such that values are not suspended but rather presented for analyses as data. In this study, the researcher interacted closely with strategic leaders as a way of accessing their social world and unearthing their lived experiences, and meanings of cultural assumptions in the organisational settings. This epistemic stance is supported by the belief that being "cultural" is characterised by the aspect of being "taken-for-granted", which makes underlying assumptions difficult to access without close social interaction (Schein, 1984:10). Therefore, it is very important that the researcher and participants collaborate, in order to disclose the basic assumptions of strategic leaders.

It is possible that some of the basic assumptions may not be ordinarily disclosed to outsiders either because they are (a) sensitive and/or central to the competitive advantage of the enterprise or they are considered as (b) exclusive to a certain level of people in the enterprise (e.g. family members). Ethically, these entailed gaining trust and assuring strategic leaders of confidentiality and anonymity, and also assure them of safeguarding the divulged sensitive commercial and social information obtained in the course of the study.

Another reason that prompted the researcher to use close interaction with strategic leaders is the need for joint effort of an "insider" on one hand and outsider on the other. This is helpful for the interpretation to be as close as possible to the practice of those who experienced the social reality that is being investigated. An insider holds the unconscious assumptions that are in the organisation while an "outsider" helps to uncover the assumptions by asking the right kind of questions (Schein, 1984:4). The participants were therefore collaborators in the exploration of meaning to create an understanding of the reality being studied. Thus, the joint exploration of cultural assumptions was between the researcher and various key managers/owners of SMEs as

participants. Furthermore, the collaborative relationship between the researcher and the participants allowed a series of follow-up encounters to take place. This was important, as it helped the researcher to seek clarification, and probe for details in critical incidents reflecting problems and solutions used in the organisational life. The researcher considered this type of value-laden relationship to be appropriate to explore the basic cultural assumptions held by strategic leaders in this study.

However, the epistemological relationship in the study has its own limitations. The close relationship between the researcher and the strategic leaders of agri-based processing SMEs may introduce researcher biases. Consequently, this may be reflected through prejudices in the way the researcher interpreted or misinterpreted the data due to his experiences and understanding of the research context. For strategies that were used to address these potential sources of bias, see section 4.3.3.1 and 4.3.3.2.

It is also helpful to mention that the researcher shares the same national culture with the strategic leaders of SMEs. Other scholars submit to the view that this poses the danger that some "alien" ways of thinking; perceiving and anticipating may not be discovered easily, as they may be equally taken-for-granted by the researcher (Schein, 1984). The cultural context of SMEs and the basic assumptions which strategic leaders uphold are unique, and reflect the specific history as well as unique critical incidents experienced specifically at the organisational and not the national level of culture. However, some events at a national level may affect the cultures of various organisations, but may not necessarily carry the same cultural meaning in these organisations. To a certain extent, this makes the researcher an outsider to the organisational cultural context and experiences. The researcher was therefore able to step back, critically analyse experiences of strategic leaders by constantly comparing one piece of data to another, and thereby to go beyond the obvious.

The constant comparison of unique hands-on-experiences of strategic leaders from different organisation cultures provided a check and balance on assumptions which the researcher held. This was helpful, as the researcher had no prior insider experience regarding the micro-activities of operational or strategic leadership of SMEs. In this regard, the researcher relied heavily on the

close relationship with strategic leaders to understand the interactions of various stakeholders who impacted on the SMEs and also to countercheck his emerging thoughts.

4.2.4 Methodological assumptions of qualitative research

Qualitative research is an "umbrella term" for several research methods that a researcher can select from, to suit a particular context of a research problem and arrive at non-statistical findings. The concept of human-as-instrument argues that the human being is the only instrument flexible and multi-faceted enough to capture the "complexity", "subtlety" and ever changing experiences of human beings in a social milieu (Lincoln and Guba, 1985b:27:30; Maykut and Morehouse, 1994:27). This echoes the realisation that "what we observe about the capacities of living beings must be consonant with our reliance on the same capacities for observing it" (Polanyi, 1958: 347 cited in Maykut and Morehouse, 1994:28). Fundamentally, the term human-as-instrument also recognises the researcher as a primary and in some instances, only tool for collecting and analysing data (Lincoln and Guba, 1985a:27). This raises questions about the credibility of interpretations and results of qualitative research. It is common that results and interpretations of qualitative research are often criticised as not transparent enough, or labelled as merely interweaving of illustrative quotations from interviews or observation protocols. It is important that qualitative researchers should be aware of such criticisms and demands for research rigour.

Reviews of different qualitative research methods namely, phenomenology, ethnography, and case study were done to appreciate the strength and weaknesses of potential methodological alternatives to generate theory. For example, similarities were drawn between grounded theory and phenomenology which shares the emphasis on the individual‟s lived experience and meaning, and also the understanding of a situation from the participants‟ point of view. However, the distinction is phenomenologist do not always set out to develop a data-driven theory. Following this type of review, the grounded theory method was considered as appropriate to answer the key research question in this study. The choice was guided by three basic reasons. Firstly, grounded theory method is capable of developing a theory. This method can be used to generate two types of theories, namely substantive theory and formal theory (Glaser and Strauss,

1967) (see Section 4.2.5.4. for details on types of theory). Alternative methods (e.g. phenomenology, ethnography) focus on thick descriptions and are not capable of generating a data-driven theory.

Secondly, grounded theory is epistemologically compatible with investigating the social reality embedded in the different experiences of strategic leaders in problem solving in organisations. Lastly, grounded theory has the technical flexibility to extend existing theory or to develop a new theory altogether, in those cases where the extant theories are less directly relevant (Glaser, and Strauss, 1967). As highlighted elsewhere in this thesis, there are no studies that have generated grounded theory on the influence of basic cultural assumptions of strategic leaders on how they strategise in SMEs (see Section 1.3).

The next section introduces grounded theory.

4.2.5 Overview of the grounded theory movement

This section introduces grounded theory methodology and method, examining its origin, which traces back to 1967 when it was developed by two sociologists, namely Glaser and Strauss. The section also specifies cardinal aspects of the grounded theory method and the criticisms that have been levelled against it. Furthermore, the section discusses the justification of the choice of the version of grounded theory used in this study and also the criteria for assessing this type of grounded theory.

4.2.5.1 The evolution of grounded theory

Two sociologists, Barney Glaser and late Anselm Strauss are credited as co-founders of grounded theory as a methodology and method, which has roots in symbolic interactionism (Strauss and Corbin, 1990:24-25). Barney Glaser was trained in quantitative social research methods while Anselm Strauss was trained in the qualitative tradition. These two founders collaborated in distinctive ways based on their backgrounds to devise grounded theory as both

(a) a way of thinking about and studying social phenomena, or methodology so to speak; and (b) a set of procedures and techniques for data collection and analysis.

Grounded theorists argue that studies which start with pre-defined, an existing theory or hypothesis suffer from (a) prejudices in the collection and analysis of data, due to orientation towards verification;(b) limited or no possibilities of identifying either new "variables" or "categories" of data, or non-statistical meanings (Locke, 1996:239;Parker and Roffey, 1997:223) and (c) a pre-occupation with pre-conceived concepts of dubious and questionable relevance which are developed and imposed on the data by the researcher (Allard and Anderson, 2005:833). As such the resulting theory is "produced in isolation from real experiences of actors involved" and hence "divorced from the lived experiences of the empirical realm" (Chua, 1986:584). Hypothetico-deductive approaches are not appropriate to generate a grounded theory. This is because of the prior commitment to pre-existing theory which controls the process of data collection, analysis and interpretation (Henwood and Pidgeon, 1992:98-100).

The grounded theory methodology is different from the focus on prior theory or testing of pre-defined theoretical propositions or hypothesis (Glaser and Strauss, 1967:194). The process of developing a grounded theory entails moving from data towards theory. Rennie (1998:114) aptly posits that grounded theory "turned method upside down: instead of using data to test theory, they were used to develop it". Glaser and Strauss (1967: vi-vii) and Locke (1996: 240) uphold that the absence of a prior theoretical framework or pre-conceptions in an empirical approach is appropriate to (a) produce data-driven theory that would be complex, applicable and also relevant to the situation and (b) creates the openness and flexibility in developing such a theory, which embraces emergent aspects commensurate with the complexity of social phenomena (Creswell, 2007:63).

According to Goulding (2002), grounded theory developed as part of a movement that was inspired to narrow the gap between what she calls "theoretically uninformed" empirical research and empirically "uninformed" research, by inducing theory from data. The research praxis of verifying existing theory was dominant and focused on numerous existing, grand theories at that

time. The only role of research was hypothetical-deductive in support and verification of extant theories (Blumer, 1954).

Grounded theory emerged with a different rationale (Creswell, 2007:63; Glaser and Strauss, 1967:1-6). Grounded theory seeks to discover or generate a new, tight, well integrated, inductive theory that accounts for the pattern of behaviour, which is relevant to those involved (Creswell, 2007:63; Glaser and Strauss, 1967:1-6). The goal of grounded theory is conceptualisation rather than worrisome accurate description as in other genres of qualitative research methods like ethnography. Clearly, grounded theory involves concepts that are grounded in data (Goulding, 2002). This type of theory is systematically derived from the data, using the principle of constant comparison, and the incremental collection and analysis of data. Grounded theory allows a good fit to develop between the social reality described by research participants and the theory that emerges, as it is grounded in data about the events and circumstances of the research setting. Grounded theory developed in the backdrop of scholarly work by eminent sociologists such as Blumer (1954) who were advocating for qualitative approaches to the generation of theory.

Blumer (1954:4:5) opposed the verification research tradition that was dominant in sociology at that time. Firstly, Blumer expressed scepticism over the relevance of all the "facts" in the existing theories of the social world. In a seminal article, Blumer (1954:4) pin-pointed that progress to develop relevant theory was slow, due to the pre-occupation with testing and generalisation of existing theory. Inspired by Blumer, other scholars such as Glaser and Strauss (1967:1-2) joined the protest against the primacy of testing existing theory. These scholars argued for theoretical progress through the generation of new theory. The majority of grand theories could not work and offer relevant explanations, and interpretations in the empirical situation.

More importantly, Glaser and Strauss elaborated on their defence of generating "new" data-driven theory in 1967 in a book entitled *The Discovery of Grounded Theory: Strategies for qualitative research.* This book is considered as the first presentation of grounded theory as a formal methodology. Subsequently, grounded theory method legitimatised, stimulated and furthered the process of systematic generation of new theory from data; and established a

tradition in which generation of new theory was re-valued as equally useful as quantitative verification of existing classic theory in sociology (Glaser and Strauss, 1967:29-31).

The philosophical roots of grounded theory are closely associated with a movement called symbolic interactionism. Kendall (1999:744) suggests that symbolic interactionism has a simultaneous emphasis on meaning and action as social products in a context where social interaction is on-going, reciprocal and varied. Hebert Blumer (1969 cited in Allard and Anderson, 2005:833), an early proponent of symbolic interactionism, offers three tenets that form the basis of symbolic interactionism. These tenets espouse that (a) people act towards things based on the meaning that those things have for them; (b) that these meanings are derived through interaction with other people; and (c) that meanings are managed and transformed through a process of interpretation and self-reflection. People have an empathetic role in creating and defining a situation for themselves through interaction with others, and this guides them in self-reflexive activities relative to others (Berg, 2007:13; Parker and Roffey, 1997:216-218).

Furthermore, Charon (2001:29-31) elaborates on five binding aspects of the interpretive and interactive assumptions of symbolic interactionism which are (a) the *nature of social interaction,* referring to the "dynamic and social activities" between and among people;(b) the *role of thinking* in individuals, which asserts that the behaviour of individuals in a given situation is based on their own thinking, although this thinking may have been influenced by others;(c) the *role of definition,* which depicts that humans act according to the definition ascribed to a situation, as opposed to reacting directly to the environment;(d) the *role of the present,* which prompts individuals to develop actions derived from what is currently happening (However this is dependent on their current definition of the situation, interaction, and thinking); and (e) the *role of the active human being*, which suggest that humans are not passive but rather active as they creatively, and purposely interact, think and makes decisions in the present based on factors prevailing in the immediate situation.

Critics of symbolic interactionism argue that social interaction may be interpreted differently by individuals leading to different actions (Berg, 2007:8-13). In the light of this, symbolic interactionism is criticised for failing to make sufficient determinations and predictions about

behaviour. However, symbolic interactionism creates a framework for a researcher to enter the world of those being studied, understand and construct the meanings that objects, words or gestures have for the interactants as individuals, members of groups and communities (i.e. church, sub cultural group, political party, family) engaged in purposeful and reflexive interaction (Berg,2007:9-13). Symbolic interactionism and the grounded theory method both stress the supremacy of the actor‟s experience of reality, which comes before the interpretation of reality by the researcher. This is supported by Schwandt (1994:18) who believes that a qualitative researcher provides his "construction of the constructions of the actors [that] one studies". The emphasis on contextual understanding of how people behave within an individual and social context, are further similarities between symbolic interactionism and the grounded theory method (Parker and Roffey, 1997:217).

Specifically, grounded theorists are mainly concerned with social process. It is instructive to point out that process is easily conceived in terms of stages. However, not everything that is considered as a process can be construed in terms of stages or phases (Strauss and Corbin, 1998:167). Alternatively, process in grounded theory is also a "series of evolving sequences or shifts in the nature of action or interaction that occurs over time and space, changing or sometimes remaining the same in response to a situation or context" (Strauss and Corbin, 1998:165). Process in grounded theory involves understanding of action/interactions and linking them to form a sequence, or series in changing conditions that occur overtime (Strauss and Corbin, 1990:144-145). It is important to clarify that what represents process in data are events or happenings which may not always be continuous or sequential (Strauss and Corbin, 1998:166). Similarly, Pettigrew (1997) draws from a longitudinal perspective to posit that processes may be linear, directional, cumulative, irreversible or perhaps non-linear, radical and transformational. Pettigrew (1997:339) advises process scholars to be intellectually open to a range of possibilities when searching for a holistic explanation of process within and between cases. Concisely, a process scholar has to "account and explain the what, why, and how of the links between context, processes and outcomes" (Pettigrew, 1997:340).

The grounded theory method is specifically characterised by the development of new theory focusing on social process, or interaction/action identified in incidents from people who have

experienced the phenomena and conceptualised strategies in order to deal with the problems (Strauss and Corbin, 1990). In this vein, Strauss and Corbin (1990) specifies two types of social processes important to social scientists, namely, the *basic social psychological process*(BSPP) which characterises change happening to individuals and/or groups. The other process is the *basic structural process* (BSP) which relates to changes in structural arrangements.

Social processes are embedded in contexts. As eloquently argued by Charon (2001:29-31) earlier on, social reality is dynamic rather than static, hence the stress is on context and action/ interaction in understanding process in grounded theory. Drawing from symbolic interactionism, action and interaction process is characterised by the evolving nature of phenomena (change or stability), movements, sequences, changes, time, agency, emergency and context (Strauss and Corbin, 1998:165-167). In the organisational context, social processes are deeply embedded in the inner (internal structure, organisation culture, politics, etc.) and outer context (economic, political, social, legal, technological) that produce and are produced by them. Fundamentally, grounded theorists seek to identify patterns in the sequences, stages inherent in the social processes present in human interaction, and ultimately explain the action in the area (Backman and Kyngas, 1999:148). Schwandt (1994:124) advises that a researcher in grounded theory is expected to go beyond thick description of experiences of the participants, and to develop theory which has (a) relevancy, (b) application and (c) explanatory power at a broad conceptual level.

4.2.5.2 Methodological assumptions of grounded theory

Essentially, the methodological assumptions of grounded theory assert that there are two central and interconnected techniques for general comparative analysis, namely theoretical sampling and constant comparison. Glaser and Strauss (1967:48-49) emphasise that these two techniques must be used simultaneously and iteratively from the beginning, to the saturation of categories and the generation of a grounded theory. Eaves (2001:655-656) created a set of methodological assumptions of grounded theory but is quick to caution that the founders of grounded theory did not explicitly mention the assumptions. Table4 summarises these methodological assumptions according to the writing of the founders and other scholars (such as Eaves, 2001; Goulding 2002; Kelle, 2005; McCallin, 2003; Thomas and James, 2006).

TABLE 4: METHODOLOGICAL ASSUMPTIONS OF THE GROUNDED THEORY METHOD

- Inquiry seeks to discover social and social psychological process
- Analytical process is to generate theory and not verification of pre-existing theory
- Processes and products of research are directed from data and not by a pre-conceived, and logically deduced theoretical framework
- Initial decisions for empirical collection of data are purposely based on good informants, characterised as anyone who has (1) relevant and sufficient knowledge of the issue at hand, (2) the related experience the researcher requires, (3) the ability to reflect on and articulate their experience, and (4) a willingness to spare time and to participate in the research.
- Beyond decisions concerning initial collection of data, further collection is based on theoretical sampling. This is the identifying of sources and collecting of data which is done jointly with data coding and analysis, directed by the emerging theory
- Constant comparison entails that each incident is compared over and over again with other incidents, codes or classification of properties of categories which are already identified, until a core category is identified and saturated.
- During constant comparison, the grounded theory researcher is advised to initially induce basic properties of a category before maximising differences.

  Theoretical saturation is the point in the development of the category at which the "new" that is uncovered in data does not add any properties, dimensions, or relationships about the phenomenon.
- The researcher is advised to focus on saturating the core category as completely as possible and ensuring that the theory holds true for the participants.

  Theoretical sampling elaborates, refines and exhausts conceptual categories directed by the emerging theory, also implying that the number of participants or incidents to be collected cannot be predicted at the beginning of a study.
- Theoretical purpose and theoretical relevance are the bedrock of theoretical sampling.
- Memos are notes written by a researcher throughout the research process to explore hunches, ideas, and thoughts in search of the broader conceptual explanation for the process, action and interaction.
- Theories should be grounded in data.

Source: Own

During the last stage, the analyst has three things to work on namely, coded data, memos and a theory. According to Glaser and Strauss (1967:113), memos have the content inherent in the categories which reflect major themes of theory. The researcher brings all memos on each category for summarising, and if necessary analyses them further before writing about them. The researcher starts writing when he is fully comfortable that he has produced an analytical framework that qualifies as a reasonably accurate and systematic substantive theory in a form that is user-friendly to others in the same field-both professionals and laymen.

4.2.5.2.1 The Glaser and Strauss rift on the grounded theory method

The major rift in grounded theory erupted when the two founders were at odds in their attempts to elaborate and clarify crucial tenets of the method (Glaser, 1992; Strauss and Corbin, 1990; 1994). Another divergence in the conducting of grounded theory is associated with Charmaz (2000) who introduced the constructivist grounded theory method. Close examination of the constructionist grounded theory exposes critical similarities and limited substantial distinctions from the Straussian version. It is on this premise that the constructivist grounded theory method proposed by Charmaz (2000) is not discussed or given attention as a major divergence.

In a publication entitled *Emergency vs. Forcing: basics of grounded theory*, Glaser (1992) presented a vituperative attack on Strauss and Corbin‟s (1990) version of grounded theory for departing from what he alleged, was the original grounded theory method. Glasers‟ (1992:1-2) blamed Strauss of ignoring up to 90 per cent of the original substance and proposed to him to withdraw his text as it contained a methodology and not grounded theory. Subsequently, several scholars have expressed diverse comments on the sources of tensions between the two founders of grounded theory (e.g. Annells, 1996; Bryant and Charmaz, 2010; Kelle, 2005; Kendall, 1999; Melia, 1996; Mills *et al*., 2006; Partington, 2000).

The differences between the two founders have led to Glaserian and Straussian schools of the grounded theory method. Different views on the two schools of grounded theory method are espoused by several scholars such as Annells (1996); Bryant and Charmaz (2010); Glaser

(1992); Kendall(1999);Madill *et al.* (2000); Melia (1996); Mills *et al*. (2006); Parker and Roffey(1997);Strauss and Corbin(1990;1994). The key differences in the grounded theory methods of the two originators can be crystallised into four areas, namely (a) assumptions relating to ontology, (b) epistemology, (c) procedures, verification and literature and (d) pragmatic use of the method. These divergences are presented in Table 5.

TABLE 5: COMPARISONS OF GLASER AND STRAUSS

	Glaser	Strauss
Ontology	External objective reality	Subjective reality
Epistemology	Neutral-or value free research	Pragmatic, value-laden research
Methodology	Purely inductive	Flip-flop of induction and deduction
Generation of categories	Mainly Holistic analysis of data fragments	Mainly Micro-analysis - line by line analysis
Coding stages	open and selective coding	open, axial and selective coding
Research Questions	Enter field without any research question	May enter with research question as guide
Use of literature	Researcher should come to the study without pre-conceptions; with only a broad topic in mind-literature not studied before hand Totally neutral to allow understanding of topic and research question to emerge during the study	The researcher is encouraged to use prior experience (both professional and personal) and knowledge. The literature will be a good source not only of ideas, but also possibly data.
Views on verification	Post-generation of theory using quantitative methods	Built-in constant comparison and inclusion of multiple perspectives to verify hypotheses during a study

Emergence and researcher distance	Everything is emergent Researcher is distant	Pre-determined systematic set of procedure (i.e. paradigm model). Researcher is more active and has interactive influence over data
Use of Grounded theory	General methodology of data analysis; research design and not a technique (Glaser, 1992:6)	Qualitative research method - (Strauss and Corbin, 1990:24)
Core category	The theoretical formulation that represents the continual resolving of the main concern of the participants	Main theme of a pre-determined phenomena integrating all categories, and explains various actions and interactions that are aimed at management or handling the relevant event, happening or incident

Source: Own.

It is however important to examine three of these cardinal differences which various scholars have positioned at the heart of the split between Glaser and Strauss. Scholars such as Goulding (2002) and Dey (1999:21) note that verification is the major contentious issue between Glaser and Strauss. Strauss and Corbin (1990:108-109) argue that verification is done throughout the process to look for evidence in the data to verify or disapprove hypotheses and statements of relationships among categories. Furthermore, Strauss and Corbin (1990:186-187) advocate that grounded theory has a built-in and an on-going inductive and deductive requirement to verify the emerging theory through systematic effort to check and refine categories until theoretical saturation. In attempt to illustrate that verification is inherent to the grounded theory method, Strauss and Corbin (1990:187) assert that:

> It is built into each step of the process. Though not testing in a statistical sense, we are constantly comparing hypothesis against reality (the data), making

> modifications, and then testing again. Only that which is repeatedly found to stand up against reality will be built into the theory.

Fundamentally, Glaser dismisses verification on the basis that "there is no need to verify the theory against data unless it is not based on data, but already goes beyond it" (Dey, 1999:21). Thus, verification is not part of the induction of theory from data but rather the next step for theories that are already generated from data.

According to Glaser (1992), the anchor of the discord is the use of the coding instruments and the paradigm model by Strauss. Kendall (1999:747-748) supports Glaser in criticising the coding schemes and paradigm model as a pre-determined scheme for forcing theory, and therefore not appropriate to facilitating the flexibility, creativity and openness required in the emerging of theory from data. Furthermore, the Straussian school of grounded theory is also criticised for being too programmed, and relying much on preconceived prescription (Bryant and Charmaz, 2010:9; Melia, 1996:369). Glaser (1992) objects to the practices of detailed or minute active analysis and interpretation of data word by word and coding the meaning found in words or group of words. This is what Strauss and Corbin (1998:65-68) term "micro-analysis". These detailed practices of data analysis compelled Glaser (1992) to criticise the Straussian approach as another method which should be termed "full conceptual description" and not grounded theory. The intensity of this attack by Glaser on the work of Strauss is portrayed as follows: "Strauss" book is without conscience, bordering on immorality...producing simply what qualitative researchers have been doing for 60 years or more: forced full description" (Glaser, 1992:3).

Furthermore, Glaser (1992) argues that the detailed practices (a) shift the researcher"s primary focus from data to adherence of complex process of systematic coding and procedures; and (b) also affects the creativity and flexibility essential to discover theory. According to Glaser (1992), this is not in line with grounded theory as it also takes researchers away from the cardinal aspect of grounded theory which is the comparing of data in order to identify what is similar and what is different.

On the contrary, advocates of the Strausian approach uphold that the paradigm model helps researchers to draw statements of relationship between the phenomena, context, intervening conditions, actions/inaction strategies and consequences (Strauss and Corbin, 1990:74). Glaser (1992, cited in Melia, 1996) ferociously blames Strauss of forcing theory by using the pre-determined paradigm model. However, Parker (1994 cited in Parker and Roffey, 1997:222) questions the validity of this accusation and suggests that there is need for proof that using the Straussian school automatically forces the development of theory.

At the pragmatic level the Straussian approach is criticised of modifying the original concept of emergency to a prescriptive, densely codified operation (Melia, 1996:369). Conversely, other scholars uphold that the Strausian approach is a user-friendly guide which is relatively easy to implement and operationalise the grounded theory compared to the classic grounded theory method (Kelle, 2005; Partington 2000:95; Strauss and Corbin, 1994:280). Strauss and Corbin (1998) assert that Strauss developed his version of grounded theory in response to calls from researchers to have a more elaborate, systematic and practical guideline for grounded theory. In this vein, Strauss and Corbin (1998:58) caution researchers that the elaborate techniques (axial and paradigm model) are "there to assist with analysis but never should drive the analysis in and of themselves".

4.2.5.3 Challenges of the Grounded Theory method

Allan (2003: 8) complains that the grounded theory guidelines are not methodically condensed, and therefore not easy to understand. As such, it is maintained that a reduction of the essential guidelines without impacting on the comprehensive interpretation of grounded theory method would make it relatively easy to understand and use. To this effect, Larosa (2005) proposes five principles to guide grounded theory researchers. These are (a) language as central to social life, which enables the researcher to perform the microanalysis of written texts; (b) words and their connections as the indicators upon which grounded-derived theories are formed;(c) coding and explanation, which are built upon a series of empirical and conceptual comparisons;(d) grounded theoretical perspectives, which consider theories as sets of interrelated propositions, whereas propositions state how variables are related and (e) values the choosing of one central variable

among the many variables that a grounded theoretical analysis may generate, and focuses on this during theoretical writing.

Other critics (such as Jones and Noble, 2007, Miller and Fredrick (1999:538) questions the claim that grounded theory has the ability to explain phenomena. In their view, the pre-occupation of the researcher with the procedural demands of the grounded theory method may undermine the significance of the interpretation and development of interrelationships between incidents, categories and their properties in the process of generating theory. This could affect the explanatory power and capacity of the developed theory to cope with variations in contexts where it is useable. Additionally, Thomas and James (2005:6) challenge the claim of grounded theory as "theory". Grounded theory as a qualitative inquiry fails to empirically generalise findings based on systematic and extensive data collection, and testing of the generalisations for purposes of verification or falsification. According to Hamersley (1992:12-13) descriptions are for particulars while theories are about universals. Indeed this is expected of substantive grounded theory which is actually about particulars. Perhaps, this may not be the case when formal theories are generated (see Section 4.2.5.4).

Furthermore, Thomas and James (2005:19) question the notion of "discovering" grounded theory, which suggests that theory pre-exists, but is hidden and need to be unveiled and checked through correspondence with knowledge of reality. The fact that theory is conceived to pre-exist undermines the claim that it is constructed or discovered from data.

Layder (1993) criticises the assertion that grounded theory should be recognisable to the people studied. According to Layder (1993), this seems to constrain analysis as it excludes those features and interpretations which the participants would not be expected to consider anyway. Thomas and James (2005:3) classify views of various critics of grounded theory method into three thematic areas, which are (a) the over-simplification of complex meanings and interrelationships in data; (b) constraining analysis as it puts procedure before interpretation and (c)dependence on inappropriate models of induction, leading to inappropriate explanations and prediction. Despite these criticisms of grounded theory, Thomas and James (2005:3) acknowledge that the popularity of the grounded theory method is surging. This is because

grounded theory method offers a solution to scholars who want to work with data from the field and produce data-driven theory. The next section turns to what theory is, and the different types of theories that can be generated using grounded theory method.

4.2.5.4 Type of theory generated through the grounded theory method

Theory is a process or an evolving entity which is presented as a "momentary product" that explains a phenomenon (Glaser and Strauss, 1967:32). A theory is written with the view that it is not fixed, but rather forever provisional and always developing (Glaser and Strauss, 1967:32). In grounded theory, the theory generated has the form of a basic social process (Goulding, 2002: 84-87). This is eloquently articulated by Strauss and Corbin (1990:144) who assert that a social process is captured when a researcher is able to:

> …show the evolving nature of events by noting why and how action/ interaction – in the form of events, doings, or happenings – will change, stay the same, or regress; why there is progression of events or what enables continuity of a line of action/interaction, in the face of changing conditions, and with what consequences.

Process–the linking of evolving action to interactional outcomes overtime - can be depicted in two ways. Firstly, as orderly and progressive stages and phases of passage including explanations of what makes the passage move forward, stop or reverse (Strauss and Corbin, 1990:157; Pettigrew, 1997). Secondly, scholars may also analyse and depict process as non-progressive, constant, and flexible adjustments in response to changing conditions (Strauss and Corbin, 1990:157). Scholarly analysis of process in a grounded theory involves the examination of indicators in the data for change in conditions, and tracking corresponding changes in actions or interaction that emerge(Strauss and Corbin,1990:157). In this regard, theory is characterised by two main aspects. Firstly, theory uses concepts. These are labels given to data that are deemed to be similar. Concepts bring order to the world expressed in the data. Secondly, a theory has statements of relationships which relate the concepts to form a conceptual scheme (Strauss and Corbin, 1990:29). There are descriptive concepts which reveal what the theory is all about while

relational concepts specify the relationships that are observed between concepts through propositions or hypotheses (Glaser and Strauss, 1967). A theory has various concepts which can be organised into categories. Furthermore, the categories are analysed into properties along certain dimensions.

In the light of the above, theory is defined as "a set of well- developed categories (e.g. themes, concepts) that are systematically interrelated through statements of relationship to form a theoretical framework that explains some relevant social, psychological, educational, nursing or other phenomenon" (Strauss and Corbin, 1998:22). A theory provides a set of interrelated conceptual constructs that presents a systematic view of phenomena. Additionally, Morse (1994:25) suggests that a theory offers "the best comprehensive, coherent and simplest model for linking diverse and unrelated facts in a useful and pragmatic way. It is a way of revealing the obvious, the implicit, the unrecognised and the unknown".

A theory with more abstract concepts has broader applicability, but is also more removed from the raw data where it was derived from. Logically, theories with a broad scope or higher degree of generality tend to be relevant to greater number and variety of problems in a discipline (Strauss and Corbin, 1998:23). However, a theory has parsimony if it enjoys accuracy of explanation or precision of prediction (Glaser and Strauss, 1967). Generally, theories can be categorised into three, namely (a) grand theory, (b) middle range and (c) substantive (or local) theory, based on their generality or specifity (Glaser and Strauss (1967:21-43). Grand theories explain major categories of phenomena. Glaser and Strauss (1967) and Strauss and Corbin (1990) concur that grounded theory generates two distinctive data-driven theories, namely the substantive (or local) theory and formal (or general) theory. Both substantive and formal theories are classified as "middle range" theory as they are between everyday "minor working hypotheses" and "‚all-inclusive" grand theories" (Glaser and Strauss, 1967:32-33). Substantive theory focuses on a "phenomenon situated in one particular situational context", (Strauss and Corbin, 1990:174). According to Glaser and Strauss (1967:32), a substantive theory is "developed for a substantive or empirical area of sociological inquiry" and would only be applicable to that substantive area. A substantive theory is very close to the practice domain, and has a low level of abstraction and generality. On the other hand, a formal theory is more general

and applies to a wider range of disciplines. Ideally, a formal theory develops from substantive theory although it may also be generated directly from data (Glaser and Strauss, 1967:32-35).

Having discussed the qualitative paradigm of research, grounded theory and the nature of theory, it is crucial to justify the choice of grounded theory used to generate a theory in this particular study. The next section discusses the justification of using the Straussian version of grounded theory method in this study. Thereafter, a twofold view of judging the quality of a Straussian theory is presented. This brings to a closure the philosophical issues of qualitative research and grounded theory method.

4.2.6 Rationale for the use of Strauss and Corbin's (1990) grounded theory

Douglas (2003:51) propagates the use of the grounded theory method in management research because it generally involves micro-level concerns which embrace complexity, context and other aspects required to gain an interpretive understanding that accounts for what is occurring and why. However, as discussed earlier, there are two main approaches to grounded theory – a Glaserian and a Straussian school – which hold different ontological and epistemological assumptions. According to Skodol-Wilson and Ambler-Hutchinson (1996) the growth in use and number of versions of grounded theory method has forced scholars in nursing research to specify the type of grounded theory method used and why. This scholarly view is equally valid and necessary in other disciplines as well.

Firstly, the ontological assumptions of culture in this study are related to unconscious beliefs. The epistemological stance of the Glaserian grounded theory method advocates distance between the researcher and the participants. The distant and disengaged researcher guided by the Glaserian school of grounded theory method, may not effectively access these deep-seated, unconscious basic cultural assumptions of strategic leaders. The researcher in this study subscribes that the conscious raising and reflection required of participants to open up, is only possible through focused inquiry and close interaction between the researcher and the researched during the study.

Secondly, the notion of culture as social construction requires flexibility to understand and relate issues at micro and macro levels. Thus, the researcher in this study adopts a constructivist paradigm. In the light of this, the paradigm model and conditional matrix of Strauss and Corbin (1990) are well suited to understand the contextual conditions at various levels (e.g. group, industry), interactions and consequences of how the cultural assumptions of strategic leaders influence the strategy of competing of SMEs. Furthermore, the Straussian school permits the researcher who is the instrument in a study to declare his/her interest, experience and background. Creswell (2005) encourages qualitative researchers to record their own biases, feelings, and thoughts and to state them clearly in the research report. This resonates well with the standpoint that most researchers have their own discipline which influences their perspectives in a study. It is therefore extremely doubtful that one would start a research with a completely blank slate (Goulding, 2002). Notably, the Strausian version permits the researcher to interact closely with interviewees. According to Strauss and Corbin (1990), it is not possible for the researcher to attain complete neutrality or detachment from the researched in a qualitative study- where the researcher is the main instrument of data collection and analysis.

Thirdly, the Straussian school of grounded theory is preferred to the Glaserian approach because it is more defined, and has systematic and precise procedures which offer explicit guidance to a novice researcher (Bakir and Bakir, 2006:690). The procedures of the Straussian version of grounded theory also guide the researcher to build conceptual density and methodological rigour in the research process.

4.2.7 Experience, Preconceptions and Understandings

Having chosen the Straussian school of the grounded theory method, it is imperative that a researcher declares his/her experience, and pre-conceptions brought to the research situation. The researcher brought to the research context experience in general management of a state-owned institution known as Malawian Entrepreneurs Development Institute (MEDI). Although the researcher did not interact with any of the research participants during his work experience at MEDI, it cannot be absolutely ruled out that they did not associate the researcher with MEDI in any way. There is potential to link the researcher to the entrepreneurs training institution through

various ways (e.g. national media coverage of various entrepreneurial training activities in which the researcher played a leading role). In this regard, the researcher was fully aware of being construed as an "expert". Instead, in this research, the participants were the experts by virtue of their experience in the SMEs as leaders. As such, the researcher always made it clear that the interviews were about the actual experiences of the participants and that they were in the best position to talk about their own experiences.

The interest of the researcher in the study of cultural assumptions of strategic leaders in agri-based processing small and medium enterprises emanates from the general observation that development assistance in the form of financial support and business development services support continue to be rendered to small and medium enterprises in Malawi by different institutions (e.g. government, state-owned enterprises, and agencies of the United Nation). However, there is still little success at the enterprise level. This prompted the researcher to ponder-how strategic leadership culture contributes to the prevailing state of SMEs in Malawi.

There are several sources of theoretical sensitivity and experience is certainly one of them. In the words of Strauss and Corbin (1990:42), "even if implicit, it is taken into the research situation and helps you to understand events and actions seen and heard, and to do more quickly than if you did not bring this background into the research". The researcher may also enhance his theoretical sensitivity through being more creative in the iterative collection and analysis of data; opening up his existing assumptions, and emerging assumptions about meaning of phenomena to constant questioning and prepare to abandon unsubstantiated concepts, rather than enforce prejudice in the study. In the wise counsel of Strauss and Corbin (1990:45):

> all theoretical explanations, categories, hypotheses and questions about data, whether they come directly or indirectly from making of comparisons, the literature, or from experience, should be regarded as provisional……until supported by data.

Without theoretical sensitivity, experience can potentially block the researcher "from seeing things that have become routines or obvious" (Strauss and Corbin, 1990:42). Constant comparison, development and verification of hypotheses of relationships between categories and

sub-categories in data allowed only those concepts that were repeatedly evident in data to find way into the theory.

Additionally, Swandit (2007:260) observes that the way to deal with subjectivity is through constant and explicit processes of reflexivity. This acknowledges that the researcher is an integral part of the social context, setting and social phenomena being studied. Reflexivity is a more active form of self-reflection on one‟s biases, theoretical propositions, preferences and so forth. It is a conversation with oneself. There are two elements to reflexivity that are relevant here: (a) self-awareness as part of a social context, affecting the phenomena, including reflection on ways in which the researcher behaves in particular ways vis-a-vis respondents and participants in the study, (b) self-awareness as someone vulnerable to biases, prejudices, cognitive filtering and bounded rationality to the collection, analysis and interpretation of data. The researcher needs to minimise the effect that these "distortions" may have on the entire research process by (a) making his assumptions and frameworks explicit and (b) laying them out and open to constant comparison. Strategies employed to reduce any potential bias from data to enhance quality in this research included constant comparison, individual in-depth follow-up interviews to triangulate data (see Section 4.3.2.1)and group interviews used for member checks (see Section 4.3.3.2).

4.2.8 Judging quality in Straussian grounded theory

Grounded theory has its own unique criteria of assessing quality. Furthermore, there is also a difference mainly in the parlance of criteria for assessing Glaserian and Strausian versions of grounded theory (see Table 6, following).

TABLE 6: COMPARING CRITERIA FOR ASSESSING GROUNDED THEORY :GLASER AND STRAUSS(1967) AND CORBIN(1990)

Original Grounded theory criteria: Four set criteria. Glaser and Strauss (1967)	Strauss and Corbin"s Grounded theory criteria: Two set of criteria. Strauss and Corbin (1990)
1. Fit	1. Research Process
2. Work	2. Empirical grounding of findings
3. Modifiability	
4. Relevance	

Source: Adapted from Elliot and Lazenbatt, (2005:45)

The two-fold view of research quality when using Straussian grounded theory, maintains that the (1) research process pursued to generate a theory, and also the (2) empirical grounding of the generated theory are critical. In this respect, Strauss and Corbin (1990:16) mention four essential points in judging the quality of grounded theory. These are (a) the validity, reliability and credibility of data, (b) the adequacy of the research process, and (c) the empirical grounding of the research findings, which evaluates process, while (d) plausibility and value of the theory evaluates the outcome. Initially, this section discusses the judgments that are made about the *contents or properties* of grounded theory. This is followed by a discussion on the other three evaluation criteria which focus on the *process* of generating and *grounding* a theory as propagated in the grounded theory method to ensure methodological rigour (Strauss and Corbin (1990).

4.2.8.1 Plausibility and value of theory

It is imperative to highlight that this study has followed the procedural advice of Strauss and Corbin (1990). Strauss and Corbin (1990:23) proposed four interrelated criteria for judging the applicability of grounded theory to phenomenon. In this regard, the applicability of Straussian grounded theory to a phenomenon is judged by (a) fit, (b) understanding, (c) generality and (d)

control. Parker and Roffey (1997:234) argue that "fit" means that concepts in the theory are directly drawn from and closely related to the source data, reflecting everyday reality, and are achieved through constant comparison of concepts in different incidents. Goulding (2002) asserts that to fit, theory and data must dovetail. Furthermore, a theory qualifies as fit if there is a tight coupling of composed theoretical concepts and the research setting from where they are derived (Goulding, 2002). Secondly, Strauss and Corbin (1990:23) insist that a theory that is grounded in data is "understood", because it "fits" with the daily realities. Ultimately, a grounded theory that reflects the daily realities in the substantive area is easily understandable and useable to people working in the situations being studied, such as professionals, or laymen (Strauss and Corbin, 1994:281).

Thirdly, a grounded theory has "generality", which is evident in its application to a number of different conditions and situations, other than the local context in which it was derived. A grounded theory is expected to be comprehensive enough to explain the process or interaction using conceptual terms, and cope with the variations in the contextual conditions and consequences as much as possible (Strauss and Corbin, 1990:23). Data is not forced by theory, but rather modifies theory when appropriate. This is termed modifiability in the parlance of Glaserian grounded theory to mean that no single theory is perfect as it is created by a variety of data and subsequent data may further modify the theory (Elliot and Lazenbatt, 2005:45). Lastly, a grounded theory has "control" as it give participants in a situation a broader guide to what they already tend to do, and may even help them to be more effective in doing it. Theory has to work. Theory that gives users some control over their situations in the light of continuous change needs to be alterable when compared with new relevant data (Strauss and Corbin, 1990). Theory has control because it explicates how concepts in the theory are related under a wide range of conditions.

4.2.8.2 Process aspects of judging quality of theory

Another burning question here is how the "process" of generating a Straussian grounded theory satisfies the criteria of being a grounded theory. Strauss and Corbin (1990:16) assert that the judgment of the quality of grounded theory process involves three main criteria: (a) valid,

reliable and credible data; (b) an adequate research process; and (c) the empirical grounding of research findings. These criteria of judging quality of grounded theory are discussed in detail below.

4.2.8.2.1 Gathering reliable, valid and credible data

The need for good data is widely acknowledged as central to any research (Creswell, 2007). However; Strauss and Corbin (1990) do not offer explicit or any unique guidelines on gathering reliable, credible and valid data for purposes of grounded theory. What is apparent is that grounded theory makes use of different types of data which may be qualitative and /or quantitative (Glaser and Strauss, 1967:15-18). The fact that more scholars who use the Straussian grounded theory prefers qualitative data should not be a basis to rule out quantitative data where necessary (Strauss and Corbin, 1990:55). According to Strauss and Corbin (1990:55), the interview is the most commonly used method in grounded theory research. Kvale (1996) observes that researchers in general enhance the quality of interview data by (a) properly selecting and training interviewers ; (b) using structured interview questions;(c) the careful selection of those to be interviewed; (d) building relationship and empathy with those being interviewed; (e) and recording and transcribing interviews.

Interviews, like most methods of collecting data, have their own shortfalls which a researcher needs to be aware of. Mackay and Mckiernan (2004:164:165) argue that hindsight biases in retrospective interviews may make interviewees refine how they express the past. Partington (2000:97) observes that interviews are second-hand accounts provided by the interviewee and do not reflect what a researcher may have observed and captured directly in real-time. Furthermore, Goulding (2002:62-63) cautions that interviews can be time-demanding and tedious conversations, which require high levels of trust and rapport between the researcher and the interviewee. She maintains that interviews are a conversation where the interviewer reflects upon, discusses and clarifies issues during the interview, while interpretation of the interview proceeds well beyond the interview event. The need for time, trust and rapport is even more evident when the researcher is supposed to return to the interviewee to check a new interpretation or conduct a follow-up interview. Due to limitations of time, it is argued that a

grounded theory may be developed from pre-existing data without the implicit assumption of going out to get additional data of the same type in a real time and original context. This is premised on the basis that the adequacy of theory is not dependent only on the amount of data but equally on the quality and diversity of data and how it has been analysed (May, 1999)

According to Izzo (2003), the problem of unconsciousness may affect the disclosure of true motivations which are not available to the actor in a context. This implies existence of unintentional or intentional bias by the interviewee in providing socially desirable or more logical answers which are not detectable by the researcher. Irrespective of method of data collection, the researcher needs to be sensitive to the type of data (e.g. baseline data, interpreted data, filtered data, and vague, conceptual data) and also the value of data being collected and handled, to minimise potential errors emanating from misinterpretation of data.

4.2.8.2.2 Adequacy of the grounded theory process

Strauss and Corbin (1994:274) emphasise that the grounded theory process is judged for providing a detailed trail that shows how the theory was derived from data. This involves providing readers with sufficient rich text to help them make a judgment. The grounded theory researcher should be aware that the process of generating theory should not be opaque but rather be adequately transparent, with evidence to enable the reader to trace and to come up with an evaluative stance regarding the quality of process pursued to generate the theory. In this respect, Strauss and Corbin (1990:17) provide seven questions which a researcher and the reader can use to evaluate the adequacy of process. These are (a) "How was the original sample selected? On what basis?" (b) "What major categories emerged?" (c) "What were some of the events, incidents, actions, and so on (as indicators) that pointed to some of these major categories?" (d) "On the basis of what categories did theoretical sampling proceed? That is, how did theoretical formulations guide some of the data collection? After the theoretical sampling was done, how representative did these categories prove to be?" (e) "What were some of the hypotheses pertaining to conceptual relations (that is among categories), and on what grounds were they formulated and tested?" (f) "Were there instances when hypotheses did not hold up against what was actually seen? How were these discrepancies accounted for? How did they affect the

hypotheses?" (g) How and why was the core category selected? Was this collection sudden or gradual, difficult or easy? On what grounds were the final analytic decisions made?"

4.2.8.2.3 Empirical grounding of research findings

The quality of grounded theory is also based on how the researcher shows that the theory is induced from data. According to Strauss and Corbin (1990:17-18), seven questions embrace the essence of judging empirical grounding of theory. The researcher and the readers should pose these questions: (a) "Are concepts generated?" (b) "Are the concepts systematically related?" (c) "Are there many conceptual linkages and are the categories well developed?" (d) Do they have conceptual density?" (e) "Is much variation built into the theory?" (f) "Are the broader conditions that affect the phenomena understudied built into its explanation?" (g) "Has process been taken into account?" (h) "Do the theoretical findings seem significant and to what extent?" and (i) "Does the theory stand the test of time and become part of the discussions and ideas exchanged among relevant social and professional groups?" Creswell (2002:458-459) proposes almost similar questions which are critical when evaluating a grounded theory.

After discussing the philosophical and theoretical aspects of qualitative research and grounded theory, it is now appropriate to shift the focus and detail the practical research process that has been used to generate a data-driven theory.

4.3 THE RESEARCH PROCESS

The second part of this Chapter presents in detail how sampling of the initial and subsequent critical incidents described by strategic leaders of agri-based processing SMEs was actually done. The section also discusses how data was collected and analysed. It is purely for logical presentation that the section discusses the critical incidents and interview guide first, followed by sampling, data collection and analysis, and specific procedures employed to ensure rigour in the study. In practice, there was an iterative interaction between sampling, data collection and analysis, until theoretical saturation of the core categories and the generation of a substantive theory.

4.3.1 Critical incidents and the interview guide

This study had a central research question which was broken down into four sub-goals (see Section 1.4). It was the central research question and the sub-research goals that guided the development of the original interview guide and also ensured that follow-up efforts on issues were addressing both the research questions and emerging issues. The interview guide was used to gather critical incidents through interviews with strategic leaders (see Section 4.3.1.2).

4.3.1.1 The critical incident technique

The critical incident technique developed during World War Two by John Flanagan (1954) was adapted in this study. John Flanagan was head of the Aviation Psychology Program and analysed actual incidents which were reflective of success and failure in aviation training, so as to determine the more critical behaviours impacting on the training results (Flanagan, 1954). The critical incident technique is an action-oriented assessment tool, and can also be used for the empowerment of certain groups. However, the critical incident technique in this study was primarily used as an exploratory, retrospective and investigative tool to get detailed narrative descriptions of challenging situations when strategic leaders had experienced problems of internal integration or external adaptation in the SME within the past five years. Schein (2010:243) asserts that the manner in which leaders and others deal with critical incidents do not only reveal the deep cultural assumptions but also create and transmit new norms. While conceiving that a crisis is partly a matter of perception, Schein (2010:243) elaborates that:

> Crises are especially significant in culture creation and transmission because of the high emotional involvement during such periods which increases the intensity of learning. Crises heighten anxiety, and the need to reduce anxiety is a powerful motivator of new learning. If people share intense emotional experiences and collectively learn how to reduce anxiety, they are more likely to remember what they have learned and to ritually repeat that behaviour to avoid anxiety.

At the beginning of each interview, each strategic leader was informed that a critical incident in this study was any challenging event, or situation which had an important, and clearly critical effect (positive or negative) on the operation of the SME, its ability to compete, or to continue to exist as a business at any point during the past five years.

Each strategic leader was asked to remember and describe at least one most memorable (not necessarily the most recent) successful (positive outcome) and unsuccessful (negative outcome) critical incident "experienced" in the SME in the past five years. There was no limit on the number of critical incidents an interviewee could provide as long as he/she could remember the incidents and was willing to share them. As there was no standard or specific definition of successful or unsuccessful critical incidents imposed on interviewees, they qualified the incidents themselves. However, they were asked to explain their criteria for perceiving a critical incident as negative or positive.

Critical incidents as narrative descriptions of problem situations experienced in SMEs by strategic leaders included (a) description of a critical problem situation in the life of the SME; (b) an account of problem solving actions or behaviour of key people involved in the incident; (c) and the consequences or results. Probing by the researcher stimulated interviewees not only to reflect but also re-live through past incidents, describe the concrete details of what led to the critical incident (*antecedents*), what happened and what were the reactions or results (*reactions/ results*), all explored retrospectively in detail by the strategic leader. Interviewees were asked to focus or immerse themselves in one incident at a time, which was discussed in detail before moving to the next. Probing was used to make interviewees focus on the critical situation and elaborate how the people involved situated themselves; why the situation was a critical problem; patterns of action, thoughts, perceptions, feelings and behaviour manifested by people in the situation and resources that were available. This was to get an understanding of the problem solving behaviour of strategic leaders as they solved or avoided the problem (*action in the incident*). The researcher also probed to find out what were the *enablers and obstacles* in the critical situation.

4.3.1.2 Interview guide

Strauss and Corbin (1990:52) advise that a researcher can use literature to derive a list of initial questions to ask of the respondents or guide the initial observations or interview. The work of Schein (1984:11) was instrumental in helping the researcher to initially focus on "major issues of internal integration around which cultural solutions must be found" (see Section 3.3.2, Table 2). Guided by this work of Schein (1984), the original interview guide was used to get narratives or descriptions of realistic and critical problem situations in the SMEs experienced by the strategic leaders. An initial interview guide was developed focusing on aspects that are clustered as problems of internal integration (see Section 3.3.2, Table 2) and problems of external adaptation and survival (see Section 3.3.2, Figure 10) adapted from Schein (1984:6-9). The initial interview guide had nine sub-heading. The questions in the guide were flexible and changed from broad questions in the first interviews to more focused questions on specific matters in the follow-up and subsequent interviews. Questions were continuously reviewed, replaced, and refined to progressively enhance relevance, focus and contribution to the generation and conceptual density of the emerging theory during the entire research. In this way, questions were not located within any pre-conceived theoretical framework but rather allowed the researcher to probe any information relevant to the study and also gave interviewees enough opportunity to elaborate and give meaning to their reality.

Although there was no rigid order of asking questions in the interview guide, the researcher initially asked questions in the order they were arranged in the guide and presented in this study (see Table 7).

TABLE 7: INITIAL INTERVIEW GUIDE

1 **Establishing events, sequence and delimitation**
Describe what major positive or negative critical incidents have you witnessed in this enterprise in the past five years? When did they occur, and Why?
What was the central problem? What was the primary mission behind the decisions and actions that were taken?

How did you feel? How did you perceive this? What determined the behaviours, perceptions, thoughts and feelings in this incident?

2 **External survival**

Focusing on one incident, how did this specific incident threaten or enhance the survival of the business?

What was critical in the problem? Why?

3 **Means of accomplishment**

How was the incident handled? What actions and behaviours were used to deal with the critical problem? Who was involved or not? When were they involved and why?

What kind of actions were rewarded or punished? How? What was the result?

4 **Strategy and Competing**

From this incident, how did the enterprise compete in the market? Why compete in this way?

What were the consequences of this way of solving problems or competing?

5 **Remedial strategies**

Describe what was done when things were not working. How was this done? By whom? Why was it done in this way?

6 **Power and Status**

How were decision made and implemented? Who had the power to decide? What pecking order, criteria and rules were there? Who were actively involved in dealing with the incident?

7 **Communication**

How was the communication when dealing with the critical problem? Why did it occur in that way? Who communicated with whom and why?

8 **Impact on successive incidents**

Are there any aspects of this incident which you have used repeatedly to solve problems? What are these and why?

9 **Ideology**

What has worked so well or not worked at all in addressing incidents like these? Why were the results like that? What have you recommended to others as a way to resolve similar incidents in the organisation?

Source: Own

However, the order of asking the questions changed and became increasingly flexible as more data was collected. This offered a basis to start to pose new, focused, novel and probing questions while avoiding saturated themes or issues where no new information was required, as it would only serve to confirm the data already collected. Furthermore, the focus of the researcher was constantly shifting between exploring meaning and actions, and how meaning was guiding or impacted by action. The interview guide evolved in line with the emerging issues that were relevant and useful to the development of the theory.

The nine sub-headings in the initial interview guide are discussed here. Firstly, *external survival* as a sub-heading in the interview guide focused on strategy, especially how survival of the SME was threatened or enhanced by the incident; understanding what was actually done; and what were the goals of the action. The interview guide also helped the researcher to probe how the incident affected the operations of the SME and its stakeholders.

Means for accomplishment was the second sub-heading in the guide. The questions here placed emphasised on the response of the enterprise to the incident, deciphering who initiated, decided and pursued a particular action, why and also when. Furthermore, there was also a focus on the consequences of the actions, clarification of goals attained, and any kind of action that was rewarded or punished and how this was done.

The third sub-heading in the guide was labelled *strategy of competing*. This stimulated interviewees to describe the way the enterprise competed on the market, why it competed in that particular way and what were considered as the consequences. The fourth sub-heading was mainly about *remedial or repair strategies* that were used when the enterprise was not accomplishing its goals. This delved into who initiated and participated in corrective actions and the reasons therefore, if any.

The fifth subheading was about *power and status.* This focused on the role of people in the enterprise in response to the incident. The sub-heading was also concerned about the allocation

and dynamics of power and status among people in the organisation. Additionally, criteria of inclusion, exclusion, and forms of boundaries were explored under this sub-heading. The sixth sub-heading was about *communication*, exploring how people were communicating, and with whom. This also explored how communication was done among different people, levels in the organisation, and the associated reasons and outcomes.

The seventh sub-heading focused on the *impact of previous incidents on successive incidents.* This explored how past incidents were handled, and whether this had a bearing on successive problem solving behaviour. This also explored the underlying assumptions from past and in present actions. Furthermore, there was also the exploration of any key learning from the critical incidents which impacted on how they resolved subsequent incidents.

Finally, *ideology* was the last sub-heading on the guide. This was about the approaches which strategic leaders had been using repeatedly to solve problems and also understand both existing and new challenges in the enterprise. This served to trace changes in approaches over time, why these changes were initiated and their consequences.

The questions in the interview guide did not serve as a standardised or structured list of questions to be posed to all interviewees, but rather a reminder of what initial areas the grounded theory research sought to cover.

4.3.2 Sampling process

Generally, SMEs in Malawi are not properly organised into any umbrella organ which could have served as a key point of contact. In this study, an initial list of agri-based processing SMEs was obtained from the Ministry of Trade (Small and Medium Enterprise Department) by the researcher, so as to purposely identify the first SME where prospective interviewees could be recruited. As not all SMEs are registered with the Department of Trade, another list of initial SMEs in the agri-processing sector was obtained from the Development of Malawian Enterprises and Trust (DEMAT). No list could be obtained from the Chamber of Commerce, as this body seems to disregard the SME sector in Malawi and focuses mainly on large corporations.

Initially, the researcher was purposely looking for agri-based processing SMEs (1) which had been in operation for a period of over five years at the time of the interview and (2) had strategic leaders who shared more than five years of being together in the SME. These were strategic leaders who had shared hands-on-experience of problems of internal integration and external adaptation within the enterprise, to form unconscious beliefs of what "ought to" be done. It was considered that any member of the upper echelon with experience less than five years would not have sufficient experience of critical incidents that might have impacted on the strategic leadership culture. This study was limited to strategic leaders who had shared history and social learning through solutions to problems experienced together in the SME. This was very important to ensure that there was stability of membership in the upper echelon to evolve a culture that guides their behaviour in general, and how they deal with specific situations of a strategic nature. Stability of membership in the upper echelon was vital so that strategic leaders had the opportunity to actually experience cultural dynamism in action over a relatively long period of time. In this vein, Schein (2010:21) advises that "any group with stable membership and a history of shared learning will have developed some level of culture". On the contrary, any group with a high turnover of members and leaders or lack a shared history of any kind of challenging events and consequences of solutions that were undertaken may well lack shared assumptions and learning derived from common experience (Schein, 2010:21).

Once informed consent and access was negotiated with strategic leaders of the SMEs, the focus of the researcher was to select as diverse a set of participants as possible (of course, still meeting the accepted criterion), in order to start getting diverse critical incidents (i.e. from most experienced and least experienced interviewees). The researcher also followed the advice of Stone (1988:150) and ensured that interviewees in this study:

- were only those who had experiences relating to the phenomenon to be researched (not less than 5 years of hands-on experience within the SME);
- were verbally fluent and able to communicate their thoughts, feelings, and perceptions in relation to the researched phenomenon; had
- the same national language as the researcher (Chichewa),or could speak English;

- had voluntarily accepted to participate and also expressed a willingness to be open in the interview.

Most of the interviews were conducted in English, with a few conducted in Chichewa, a national language. Purposely, the main focus of the researcher in the early stages of field data collection was to select strategic leaders (with a minimum of five years of experience) who had the most hands-on experience in the enterprise. Initial interviewees in each SME were identified to ensure that rich chronological information about critical events was established as early as possible in the interviews. Thereafter, further sources of data were identified through theoretical sampling of critical incident to get data from relevant strategic leaders in order to enhance full development of the emerging theory. In the words of Strauss and Corbin (1990:177), theoretical sampling aims to sample "events, incidents, and so forth that are indicative of categories, their properties, and dimensions, so that you can develop and conceptually relate them". The researcher developed concepts from the first data being collected, and comparing these produced the initial categories. As the first categories emerged from data to shape the theory, purposeful sampling was superseded by theoretical sampling. Theoretical sampling focused on determining and collecting incident data (i.e. places where to collect incidents, from who, and what situation) relevant to the evolving theory to sharpen the conceptual understanding, as well as to direct the researcher to what data to get next, and from where.

Guided by theoretical sampling the researcher chose participants that were providing data to enhance the generation of theory to the fullest extent, with as many properties of the categories as possible, and were helpful to relate categories to each other and to their properties. That is, strategic leaders who were interviewed were identified based on what was emerging in the incidents and was relevant and necessary to further develop the emerging theory. The Straussian grounded theory posits that theoretical sampling is "open to persons, places, situations that will provide the greatest opportunity to gather the most relevant data about phenomenon under investigation" (Strauss and Corbin, 1990:181). Theoretical sampling was cumulative, systematic, and flexible in nature, progressively increasing both the depth of focus and variations in incidents that were being gathered to generate density of a theory (see Strauss and Corbin, 1990:178). It is however paramount to repetitively underscore that grounded theory "samples

incidents and not persons" (Strauss and Corbin, 1990:177). In the light of this, the experience of critical incidents being re-collected by strategic leaders constitutes the sample, and not strategic leaders who are interviewees (Strauss and Corbin, 1990:177).

4.3.2.1 Description of interviewees

Critical incidents were gathered through a total of 44 interviews, involving 26 strategic leaders in 8 agri-based processing SMEs. Of these interviews, 36 were in-depth individual interviews, while 8 were group interviews with strategic leaders of Agri-based processing SMEs from all the three different regions of Malawi which are the central, southern and northern. The SMEs were based in geographically dispersed areas of Mzuzu in the north, Lilongwe and Salima in the centre and Blantyre in the South. These agri-based processing SMEs produce different products which include juice from baobab fruits (*malambe*), milk and related products, meat products, roast groundnuts, honey, bakery products, maize flour, and chilli products. Most of the interviewees were local Malawians except five who were Malawians of Asian origin, operating within the medium size enterprise category. A minimum of three strategic leaders were interviewed from each of the eight SMEs. Overall, the interviewing process took a 21 months period from January, 2009 to November, 2010. During this period, follow-up interviews were undertaken in June, 2009 while group interviews were conducted in November, 2010.

4.3.3 Data collection procedures

Data was collected mainly through interviews in this study. There were only three interviewees who provided documents such as business plan, product promotional literature, organogram, and a website of the company profile. These documents were complementary and not a major source of data collection in this study.

In-depth, face-to-face semi-structured interview with individual strategic leaders was the main technique for collecting data, which was recorded on a digital recorder. In the later stages when the theory was more conceptualised, strategic leaders were interviewed in groups of two or three people. Group interviews were mainly used to share and verify the emerging theory with

interviewees, but also to collect further data in a more social and interactive context. Before the start of each interview, interviewees who met the criteria set in the study were told that the data was collected for research purposes. Anonymity was assured at every stage of the study. This was to allow participants an opportunity to make informed decision about their consent to participate in the study. It was after expression of consent to be interviewed that permission was sought to record the interview. Additionally, interviewees were told at the beginning of each interview to feel free to express themselves without any inhibition. Furthermore, they were also informed at the beginning and also repeatedly reminded throughout the interview that there was no right or wrong answer, as the questions were purely about their subjective experience. As a way of encouraging interviewees to be more open, they were also assured that no one else was in a better position to divulge the incidents that they had personally experienced in their SMEs.

Probing was also used to jog the memory of strategic leaders when stuck, to stimulate reflection and solicit further discussions. As such, the researcher stopped probing when people could not really come up with anything anymore. The researcher compiled a memo or summary at the end of each interview for three reasons, namely (a) to record the key or important issues emerging from interviews, (b) to specify areas to be probed further in subsequent interviews and (c) reflect upon the interview in terms of whether the researcher was influencing the research situation or not. This reflection was to take corrective action wherever the researcher suspected that he was influencing the research situation and making it less natural as a form of conversation.

4.3.3.1 Individual interviews

Individual face-to-face interviews were conducted with strategic leaders from different functions (i.e. marketing, operations, finance, general management and finance) and with different levels of responsibility in SMEs (i.e. owners working in the SME and strategic leaders who were employees) in order to gain insight into variations of perspectives, positions and perceptions of events. After interviewing the first strategic leader in a particular SME, the next were identified through theoretical sampling.

In-depth interviews provide a thread of questions along which conversations may loosely develop and interviewees may freely verbalise (Kvale, 1996). These interviews are focused, but not standardised, and therefore helpful to clarify and structure main questions in a very explorative fashion. In this study, individual in-depth interviews had the advantage of allowing owners/key strategic leaders to respond to questions and provide detailed, emic cultural information without any inhibition arising from social pressure, rules or the effects of a hierarchical setting. Interviews also provided the researcher with an opportunity to gain more personal insights, interviewees‟ perceptions and interpretations of their construction of reality. Additionally, face-to face in-depth interviews facilitated discussions of complex, sensitive and emotional issues in the SMEs. This is especially important as culture can be a sensitive and emotional topic. However, there was only one instance when an interviewee requested that the recorder be switched off temporarily (almost five minutes) not to capture specific portion of the interview.

Nonetheless, in-depth, face-to-face interviews had the drawback of taking up a lot of time and cost to commute to participants in three geographically spread regions of Malawi. A total of 36 individual face-to-face interviews were conducted during two phases of field work. In the first phase between January and early March, 2009, a total of 24 one-on-one individual interviews were conducted with strategic leaders of eight SMEs. An additional six interviews were follow-ups in the study. These first follow-up interviews were conducted after three weeks from the first interview during the first phase of data collection. However, most follow-up interviews were done in the second phase of data collection. The last follow-up interview with strategic leaders was conducted after twenty one months from the first interview. Some strategic leaders were interviewed more than twice. In total, six strategic leaders were interviewed three times using face-to-face interviews.

Follow-up interviews with strategic leaders served as means of getting further information needed to reach theoretical saturation, member check and provisionally test concepts, and relationships in the emerging theory. This also helped to reduce participant bias, and was done by:

- Probing or triangulating specific aspects of the strategic leader‟s experience within SMEs and across SMEs to manage potential bias. Follow-up interviews were also used to share the emerging cultural assumptions with research participants in a SME.
- Giving research participants an opportunity to verify, disconfirm, comment or elaborate on the emerging theory. This type of on-going member check throughout the research was based on the progressive nature of constant comparative analysis which informed subsequent theoretical sampling and data collection. The researcher returned to original interviewees and also moved on to others to see if the emerging findings were relevant to them and represented their experiences.

As part of follow-ups and feedback, the researcher presented the emerging theory to interviewees as it progressively took shape. Feedback was collected in a cumulative fashion throughout the study by engaging strategic leaders in individual interviews and later in groups of two or three for their comments until the theory was fully developed.

Strategic leaders interviewed by the researcher using face-to-face in-depth interviews had time to think about the questions or ask for clarification. The shortest individual in-depth interview lasted 35 minutes while the longest took slightly more than an hour. Individual in-depth interviews with strategic leaders/owner-managers were conducted mostly in the office of interviewees, except for two conducted on the verandas or lounge of the house of the owner. Interviews were more like a conversation where interviewees were encouraged to share with the researcher the details of their critical experiences. In this light, the questions asked were open-ended to allow interviewees to talk freely without being disturbed. The researcher allowed interviewees to be flexible as they constructed the chronology of critical incidents or events that had happened in the enterprise over the past five years. In exploring the critical incidents experienced by strategic leaders, the researcher followed the key procedures of the critical incident technique (See Section 4.3.1.1). Strategic leaders were interviewed individually until there was evidence of redundancy in what they were expressing in interviews and also any other data. This is what is technically termed as theoretical saturation by Glaser and Strauss (1967). This is a stage of sampling when no new or relevant data was emerging regarding the categories. In other words, this was when categories were dense. Additionally, the researcher was

increasingly being guided by the theory that was emerging to consciously direct sampling of incidents to obtain data necessary to integrate categories, validate statements and further develop other categories.

4.3.3.2 Group interviews

It is a central tenet that qualitative research be conducted in a natural context. This was partly achieved by (a) interviewing strategic leaders who are familiar and experienced in operating SMEs; (b) have shared experiences of solving problems of internal integration and external adaptation of SMEs. As the individual interviews progressed, the researcher kept on wondering whether the interviewees in the in-depth interviews would openly share the same cultural assumptions if other strategic leaders were around. As such, it was important that two or more strategic leaders were simultaneously questioned in an interview about the emerging unconscious assumptions and emerging theory. Group interviews were also conducted in each SME to present to strategic leaders a more conceptualised rather than concrete presentation of what was emerging from data.

Social interaction was considered important to define terms and make more specific the conditions under which certain statements hold. Group interviews were favoured (a) because they open up various dimensions of a "problem"; (b) comments by one member of the group reminds others of their experience or additional details;(c) a group may convince a member to revise his/her statement based on facts he/she may have overlooked; and (d) that it is helpful to uncover hidden assumptions on which statements are based. Given these aspects, the researcher conducted group interviews with strategic leaders of SMEs to verify, evaluate and give feedback on the story line, and the relationships between categories.

In total, eight group interviews were conducted. A group interview involved two or three people being interviewed together. A group interview comprised strategic leaders from the same organisation. The interviews were mainly conducted around a small table in an office at the SMEs. Only one group interview involving two people was conducted at the home of the owner. This type of interviewing allowed the researcher to provide strategic leaders with a more relaxed

social context, where ideas were shared, and confronted directly. The interactions among strategic leaders also led to recall of more specific and relevant aspects of events and experiences of strategic leaders. Thompson and Demerath (1952:152) posit that the group interview is highly effective when data are desired on problems facing the group or conditions under which a group operates.

There was very little change between the strategic leaders interviewed in the individual in-depth interviews and those who participated in the group interview. There were two people who participated in group interviews and were not interviewed in a one-on-one individual interview. The rest of the group interviewees were first interviewed in individual face-to-face interview before the group interview. Each enterprise had its own group interview. The researcher shared the emergent theory with interviewees in the group interviews. This was when the emergent theory was more conceptual enough not to be easily identified with incidents unique to a particular SME.

After one or two group interviews, the researcher observed that the presence of the owner of the SME was interfering with the freedom of individual expression of some of the strategic leaders. This was the case particularly when the owner set the tone and others felt obliged to endorse that view. The researcher suspected that the other strategic leaders were compelled to respect the views of the owner for a variety of reasons which are not within the scope of this study. In this regard, the researcher considered whether it would be sensible to exclude the owners and under what conditions it would be appropriate to do so, in order to get real and full participation. Nonetheless, there was the danger that such exclusion would misrepresent the real composition and wholeness of the strategic leadership.

Therefore, certain techniques were used to ensure full and active participation from the entire group of both strategic leaders who were employees and those who were owners. For instance, very early in the interview some questions were identified as more relevant to certain strategic leaders by virtue of their position (i.e. production issues were firstly directed at the strategic leader involved in production). Thereafter, questions such as: “Is that the way you all perceive it, feel or think about it?” or “How have the others seen this?” were constantly used to open up the

discussion and obtain the intersubjective and wider range of meanings and interpretations of the incident. This worked, as strategic leaders who were employees, were thereby given an opportunity to voice their feelings, thoughts, and perception without feeling obligated to support the preceding views of the owner. In this study, group interviews and individual interviews were also used to get feedback on what was developing and being identified as cultural assumptions, and strategies of competing in SMEs. This was also a form of member checking, where the emergent findings were presented and evaluated for meaningfulness, application and usefulness in their business life of strategic leaders of agri-based processing SMEs.

4.3.3.3 Data capturing

Strauss and Corbin (1990:30-31) advise ground theory researchers that the very first interview or field notes should be transcribed and analysed in entirety before going on to the next interviews. One good reason for this is that at this stage of the study "no one is certain what pertains and what does not, so it is better to transcribe everything, otherwise important data will be missed" (Strauss and Corbin, 1990:30). It is argued that early transcription give guidance to the next field observation and sources of data. The cardinal advice by Strauss and Corbin (1990:30) is that the emerging theory guides the researcher not only on what to look for and where to find it in the field, but also what to transcribe and subsequently look for in the data to close any gaps and fully develop the theory.

In this study, the researcher replayed the audio-taped interviews and immediately recorded a summary as a way to quickly get the general sense of what issues and themes were emerging in the critical incidents. Summaries of interviews provided the researcher with an overview and sense of what issues were unfolding from interviews. Furthermore, the researcher employed the process of informal analysis during the interview to make sense of data being collected (i.e. posing follow-up questions). The researcher could not fully transcribe and code the interview data while in the field collecting data, due to time and costs. In the light of this, the researcher recorded summaries or memos immediately after each interview, and these were used to persistently highlight emerging and novel issues, identify gaps and areas which needed more clarity, but also guided the selection of subsequent sources of interview data.

After each phase of field data collection, the researcher listened to the interviews repeatedly and transcribed them. Twenty of the interviews in the first phase were transcribed in entirety and analysed line by line. The remaining interviews were partially transcribed focusing mainly on issues in the incidents that were enriching the depth and variety of understanding and exploration of emerging concepts, categories and their relationships. The eight group interviews conducted during the second phase of data collection were not transcribed in their entirety. A focused and progressively selective approach served to enhance the variety, novelty and richness of feedback data being captured. Interviews were partially transcribed and coded only if they added something to the existing understanding or emerging theory. Some interview extracts were transcribed and presented as quotations to succinctly or vividly capture the essence of certain meanings and concepts.

4.3.4 Data analysis procedures

Analysis of data was an iterative process between formal and informal analysis. Informal data analysis was done in two ways. Firstly, informal analysis was conducted during and after interviews when the researcher was figuring out the sense of the data being collected in incidents. The researcher was reflexively making sense of data during interviews. This guided the researcher in framing of follow-up questions to interviewees. Secondly, after an interview with a strategic leader, the researcher engaged in informal reflection, writing of summaries and memoranda which were part of post-interview informal analysis. The initial memoranda focused on the uniqueness and level of sharing (to understand collective character) of specific cultural assumptions among strategic leaders of a particular SME. For example, one memorandum focused on how strategic leaders of one SME were struggling to survive because of being cut out from sources of raw materials (milk) by giant competitors who had entered into exclusive supply contract with farmers. This SME had difficulties of irregular supply of raw materials for production in addition to the problem of buying raw materials from competitors at a higher cost. This affected the profit margin of the SME and ability to compete with rivals who had access to cheaper raw materials. To survive competition, strategic leaders agreed to collectively adopt

financial prudence, flexibility and speed in production whenever they had perishable raw material (milk) to process and produce products.

At first a memorandum was written about each SME to develop an understanding of the phenomenon in a particular context. It was only after the development of cultural assumptions in each SME that more composite memoranda were written to embrace the various contexts in the other SMEs. Composition of memoranda continued until the generation of theory. One of the composite and advanced memoranda pointed to a cultural assumption which was eventually developed as *pragmatic business survival mind sets* of strategic leaders in SMEs. Another memorandum focused on the concept of *sense making,* which was discovered as a key strategising activity, foundational to other strategising activities. Gradually, memoranda progressed in their depth of content to be more conceptual, and also depicted the variation within a phenomenon over time. The iterative procedure of data collection and analysis was eventually characterised as validation and correction until data settled in categories that meaningfully reflected cultural assumptions across the SMEs and patterns of strategising activities.

During the early stages of data analysis, the researcher was unearthing from the data, the values "stated" and also values "practised" by strategic leaders. The focus was on how these were manifested in the underlying cultural assumptions that informed what strategic leaders were consistently doing, or were regarding as valid solutions to problems in their SME. These were therefore manifestations of the cultural patterns of thought, feelings and perceptions that informed the worldview of strategic leaders of agri-based processing SMEs. It is in this way that the researcher was stepping into the world of strategic leaders of SMEs.

At this stage, the researcher noted that certain espoused values appeared to oppose or contradict what was practised. Espoused values that did not resonate with the underlying cultural assumptions of any of the other strategic leaders who were interviewed within the SME, were considered as not reflective of the culture in question (Schein, 2010:27-30). The researcher was questioning why things happened or why people felt, perceived or thought in a particular way, paying close attention to any contradictions. The exploration of the meaning underlying these contradictions led to clarification of some of the basic cultural assumptions. An assumption

would be contradictory because it was an idiosyncratic solution to problems (i.e. reflecting perceptions, thoughts, feelings that were so personal with no resonance with other interviewees). This type of contradictory assumption or any idiosyncratic assumptions were not used. However, contradictory or unique solutions reported by interviewees as occurring rarely were included as cultural assumptions if validated as resonating (even by indirect implication) with the worldview of other strategic leaders.

These contradictory cultural assumptions were helpful for the researcher to both explore the various conditions in which the phenomenon occurred and also to remain faithful to the data. Additionally, this also allowed the researcher to capture the phenomenon, and arrange the findings on cultural assumptions in such a way to preserve the interconnectedness. Thus, the systematic comparison of each new cultural assumption against the other assumptions already identified was not only to look for similarities, differences, repetitive patterns and intriguing contrasts, or to get richness and insights from particularistic views, but also to develop categories of cultural assumptions.

Other cultural assumptions were derived from the underlying meanings of what strategic leaders interpreted as "emotional engines" of their success or failure, powerful disablers, enabler, motivators, and liberators of collective energy and understanding. It is therefore significant to constantly and consciously bear in mind that it is the underlying meaning and sentiments, rather that the artefacts or overt comments themselves that are vital to bring alive the cultural assumptions in the SME.

As the study progressed, the researcher noted that the findings were rich but in some instances chaotic. This is, after all, the essence of qualitative research data, especially when it has been gathered by means of loosely structured interviews, including many open-ended questions. The researcher faced the challenge of creating some order in the data that would ultimately make it possible for the reader in general to obtain a coherent sense of how each strategic leader experienced and manifested the cultural assumptions. The researcher loathed trying to disturb in anyway the "wholeness" of cultural assumptions in each SME. As much as it was possible to

delineate some cultural assumptions which were distinct from each other, there was also a danger of destroying the interconnectedness of the pattern of cultural assumptions in the enterprises.

The researcher therefore examined cultural assumptions that seemed entirely new and different to check if they were illuminating dimensions or properties of other assumptions. In this way, cultural assumptions gained their sense of wholeness. Equally true is the fact that this wholeness may not be immediately apparent to the reader. It was only after repeated reading of the transcripts and constant comparison that the researcher attended to each unique cultural assumption as an integral part of each SME. It seemed that one could faithfully present the bigger picture by looking more closely at its constituent parts. Isolating dominant and also unique cultural assumptions in each SME seemed to be the most appropriate approach to follow.

At first, the researcher was not looking for central and dominant cultural assumptions, but rather for a series of codes of cultural meaning, or the essence of an assumption. Constant comparison of these codes led the researcher to start to consolidate similar codes of cultural meaning into sub-themes and later into dominant themes of cultural assumptions within each SME. Subsequently, all themes and sub-themes of cultural assumptions identified in all the SMEs were constantly compared, in order to develop broader and richer cultural themes with properties and dimensions reflecting a cultural phenomenon relevant to all SMEs. Throughout the study, the researchers compiled summaries of key ideas about the cultural assumptions and strategising activities of strategic leaders, as well as their context and consequences. Other summaries were about emerging ideas and relevant questions which were to be posed and answered by interviewees. As the study advanced, memoranda were more conceptual and explored properties of cultural themes, and variations at dimensional level. Some of the memoranda were linking the cultural assumption and the activities which were being influenced or affected by the assumption.

A challenge with this method was that it seemed unnecessarily laborious. The question was why the researcher could not present, in a form of précis, the gist of what the cultural assumptions were? This would certainly be less time consuming and ultimately produce much the same kind of result. It is with these questions in mind that the researcher subsequently extracted and

selected the dominant and unique cultural assumptions. The researcher found it necessary to omit cultural assumptions which seemed less relevant, less dominant and did not resonate with assumptions of other strategic leaders. It is this path of inquiry which ultimately led the researcher to organise dominant themes, their properties and dimensions into the cultural paradigm of the upper echelon and strategising activities.

Another notable challenge was to identify the key distinctive aspects especially in very divergent contexts. In some instances, the phenomenon was given a new label if it was not similar to any of the already developed concepts, category, property or dimension. While the use of incidents from more than one participant in each SME and later incidents from different enterprises complicated the task of the researcher in producing dominant themes, and strategising activities, it also had some advantages. A general description drawn from incidents collected from several people within and then across different contexts of SMEs provided greater variability, richness and comprehensiveness of a phenomenon.

To foreground the perspectives and voices of strategic leaders, the researcher remained as close as possible to the data by using extensive and actual verbatim quotes taken from interviews with strategic leaders themselves. These are presented for the reader to see or "hear". In that way, these quotations serve to allow strategic leaders to "speak for themselves", and demonstrated diverse cultural assumptions and how they strategised in their respective SMEs. The next section presents four forms of coding data conducted concurrently during formal data analysis in this study. These were (a) open coding, (b) axial coding and (c) selective coding which are described in the subsequent section. The fourth form of coding data – using the conditional matrix – was used to explore the wider conditions and consequences related to the central phenomenon in the study.

4.3.4.1 Open coding

Strauss and Corbin (1990:61) emphasise that open coding is "the process of breaking down, examining, comparing, conceptualising, and categorising data". The breaking down of data into discrete parts for close examination, comparison for similarities, differences and degree of

consistency of meaning is fundamental for naming and categorising concepts. Alternatively, this is equally a fundamental basis for further conceptual analysis to occur.

Open coding can be done in two ways: (a) a microscopic line by line approach in which the researcher focuses on a specific concept and compares the concept to other concepts that have been already labelled so as to decide how the new concept can be categorised, and (b) a holistic approach that examines the "entire observation with many concepts" (such as a paragraph or entire document) at once and interprets what this observation seems to be about (Strauss and Corbin,1990:72-73). The analysis of an interview summary represented the holistic approach, whereas breaking down of transcribed interviews typified a microscopic approach.

In this study, the process of open coding involved two key stages. Firstly, the researcher was giving labels to data about cultural assumptions manifested through consistently valid solutions reported by strategic leaders. Initially, the labelling or naming of this type of action/interaction evident in data was deliberately done to be as descriptive as possible to capture strategic leader"s cultural assumptions using *in vivo* codes. An example would be the cultural assumptions that: "*we follow proven practices*", "*we use relational employees to build advantage*" and "*family sacrifices in hostile environment*". Actually, the researcher was identifying descriptive codes for cultural assumptions – thought processes, perceptions and emotions behind learned and consistently valid solutions – in incidents, and also questioned how strategic leaders solved problems or avoided anxiety in critical incidents.

To gain new insights into the phenomenon being investigated, the researcher raised a variety of questions and analysed data further in search of answers (Strauss and Corbin, 1990:77:82). For example, some of the questions were useful to understand the conditions, context, actions and interactions related to action or interaction to solve a problem or avoid anxiety: *When* and *how* was a particular problem manifested? What was the solution or action to avoid any anxiety? What were the thoughts, perceptions and emotions underlying the actions taken or not taken? *What* activities were facilitated or disabled in the incident; *Why* was the cultural assumptions still prevailing or abandoned? *How* pervasive was the cultural assumption? *When* was there a match/mismatch between the cultural assumption and visible, tangible, and audible results of

activity grounded in assumptions? *How* was this situation managed? Did the cultural assumption resonate with any other strategic leader? If so, how? The researcher was equally curious to find out how a particular cultural meaning influenced or crystallised into a dominant or strategic emphasis or priority and competitive posture of SMEs in the market.

Identification and exploration of cultural assumptions and strategising activities of strategic leaders in SMEs was not done in a detached manner. Sometimes, the researcher would focus on coding cultural assumptions, only to unconsciously move to code actions that denoted solutions to internal operations, or to how the SMEs competed in the market. This was simply because cultural assumptions and strategising activities were all embedded in incidents.

It was after this that the researcher tried to trace the historical origin of each assumption and how it evolved and became pervasive or was challenged as no longer a valid solution within SMEs. At times the researcher wrote each emerging cultural assumption or strategising activity on the interview transcript, described what the data was all about, and refined the description at a later stage of the study as coding process was progressively refined . At one point the researcher was specifically preoccupied with describing the various actions/interaction by strategic leaders related to competing as evident in critical incidents and how strategic leaders interpreted them. Progressively, the researcher was giving more conceptual labels to actions/interaction which were about strategising in the enterprise. This was different from the more descriptive codes for cultural assumptions meant to reflect not only the voices, but also the underlying thought, perceptions and emotions of strategic leaders as much as possible. Strauss and Corbin (1990) observe that categories or codes can be descriptive or conceptual in nature, and this depends on the objective of the researcher.

Secondly, open coding by the researcher was about developing categories. Essentially, this entailed exploring the properties and dimensions of the various categories which were emerging from data. Properties are the characteristics that define a category while dimensions reflect the continuum along which a property is positioned (Strauss and Corbin, 1990:69). Dimensionalising of properties started to expose the relationship between categories and their variations. There

were times when other categories and properties were subsumed to simply be properties/sub-properties or dimensions of other categories.

For example, cultural assumptions about relationships were divided into sub-themes about relationship among organisation members or staff members, family and networks Sub-themes were a result of labelling cultural concepts, examining, constant comparing, and categorising of similar concepts. Open coding was initially done to identify cultural assumptions and related assumptions within each SME. Subsequently, there was comparing of cultural assumptions across SMEs to develop more elaborate, broad sub-themes and enrich categories which were subsumed into a cultural paradigm of strategic leaders of SMEs.

The extent to which the themes are facets of the same phenomenon made the task of separating them more challenging. Inevitably, this has led to some repetitions which may initially appear to be needless. However, repetitions were a necessary part of data analysis by the researcher. Repetitions reflected persistence of a cultural aspect within and across SMEs. Additionally, repetitions were constantly compared among SMEs to facilitate the development of categories which reflected part of the pattern, multi-dimensionality and density of a phenomenon.

Sub-themes on a similar cultural assumption were coalesced further within and across SMEs. To fully develop each of the sub-themes across SMEs, properties and dimensions were further identified. Constant comparison of sub-themes and themes across SMEs led to three broader categories or themes about (a) *pragmatic business survival*, (b) *relationships* and (c) *family*. For example, the cultural category of *pragmatic business survival* embraces a set of cultural assumptions manifested in pragmatic actions and behaviour of strategic leaders seeking to ensure the survival of their SMEs. Pragmatic survival was a powerful motivator of strategic leaders to practically control, relate and influence the co-ordination of different, but complementary resources and activities for the SME to survive in the environment. Another broad category of cultural assumptions was about relationships. This incorporates the nature of relations with family, social networks and organisational members.

In a similar way, categories of strategising activities were developed. Strategising activities of strategic leaders were given conceptual labels of *sense making*, *influencing*, *relating* and *controlling* evident in critical incidents in SMEs. For example, the conceptual label of controlling was developed and characterised by several properties one of which is *boundary controlling*. This had sub-properties such as scope of control dimensionalised on hierarchical level or lateral control. Another sub-property was risk level appraisal which varied in terms of tolerable and intolerable risks; and also the sub-property of strategic uncertainty which had dimensional variation based on whether uncertainty originated from internal activities or external environment. Likewise, *performance* was identified as another property of controlling with its sub-properties and dimensions. The other categories of strategising activities termed *influencing, relating* and *sense making* by strategic leaders were also fully developed into properties, sub-properties, and dimensions.

In some cases, the development of categories was not easy. For example, the category of *legitimation* was initially identified with three aspects, namely *weighing-up*, *modification*, and *entrenchment*. As the analysis of data progressed, weighing-up was identified to be about preventing and encouraging some behaviour. *Weighing up* was the main activity which overshadowed the other activities of *modification* and *entrenchment*. In this light, the researcher revised *legitimation* and considered *modification* and *entrenchment* as separate activities but part of weighing-up. *Modification* and *entrenchment* were construed as distinct outcomes of the activity of weighing-up. *Modification* and *entrenchment* had two elements, namely *retrospection* and *anticipation. Retrospection* was about using past experiences, while *anticipation* focused on envisaged outcomes to entrench or modify aspects of cultural assumptions, *sense making*, and various strategising activities.

4.3.4.2 Axial coding

Strauss and Corbin (1990:96) describe axial coding as "a set of procedures whereby data are put back together in new ways after open coding, by making connections between categories". In doing axial coding, the researcher uses a paradigm model which specifies conditions that causes

the phenomenon, the context within which the phenomenon occurs, actions/interaction strategies that are used and also the consequences of the taken strategies (Strauss and Corbin, 1990:97).

A simplified form of the paradigm model is depicted in Figure 12 as follows, according to Strauss and Corbin (1990:99):

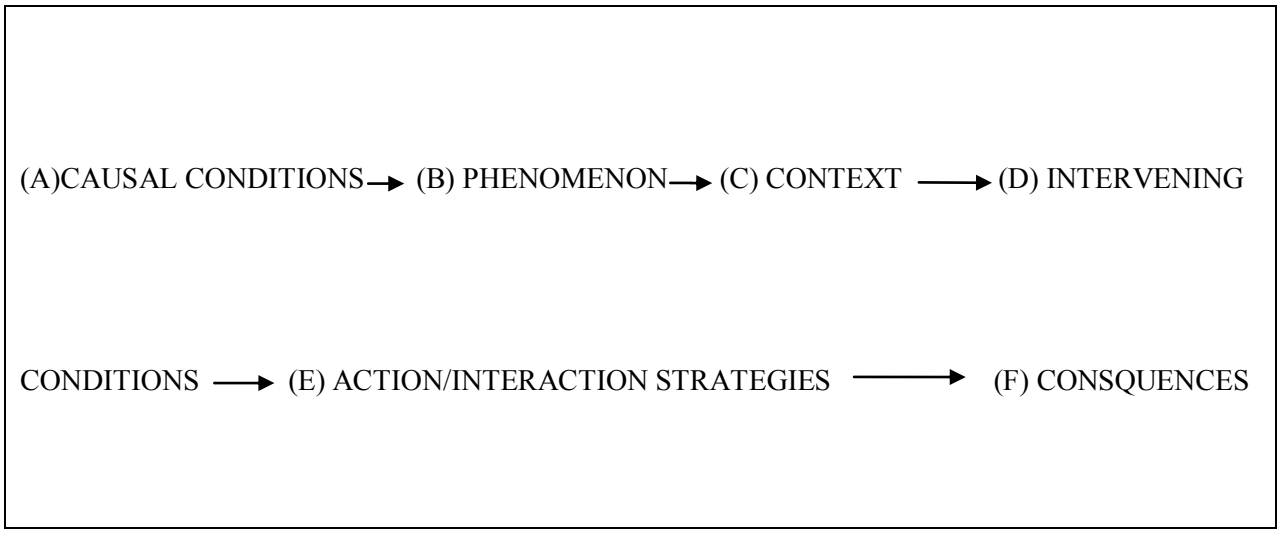

Figure 12: Paradigm model
Source: Strauss and Corbin, (1990:99)

A researcher engages in four concomitant activities when using the paradigm model (Strauss and Corbin, 1990:107). Thus, there is the (a) hypothetical relating of sub-categories to a category, and (b) verification of these hypotheses against actual data. Additionally, there is the (c) further development of properties and dimensions of categories and sub-categories, and also (d) discovering variations of phenomena within the data.

It is instructive to point out that axial coding assists in locating the core category by focusing the analysis on one category at a time so that its relationships to other categories and sub-categories are clearly illuminated and understood. The questioning technique extensively used in open coding continued as part of axial coding to assist in illuminating relationships between various

categories and their properties. As axial coding is inherently evolutionary, a number of attempts and revisions were undertaken to use the paradigm model prior to the last framework.

Following is Figure 13, which is an example of one of the early attempts of axial coding.

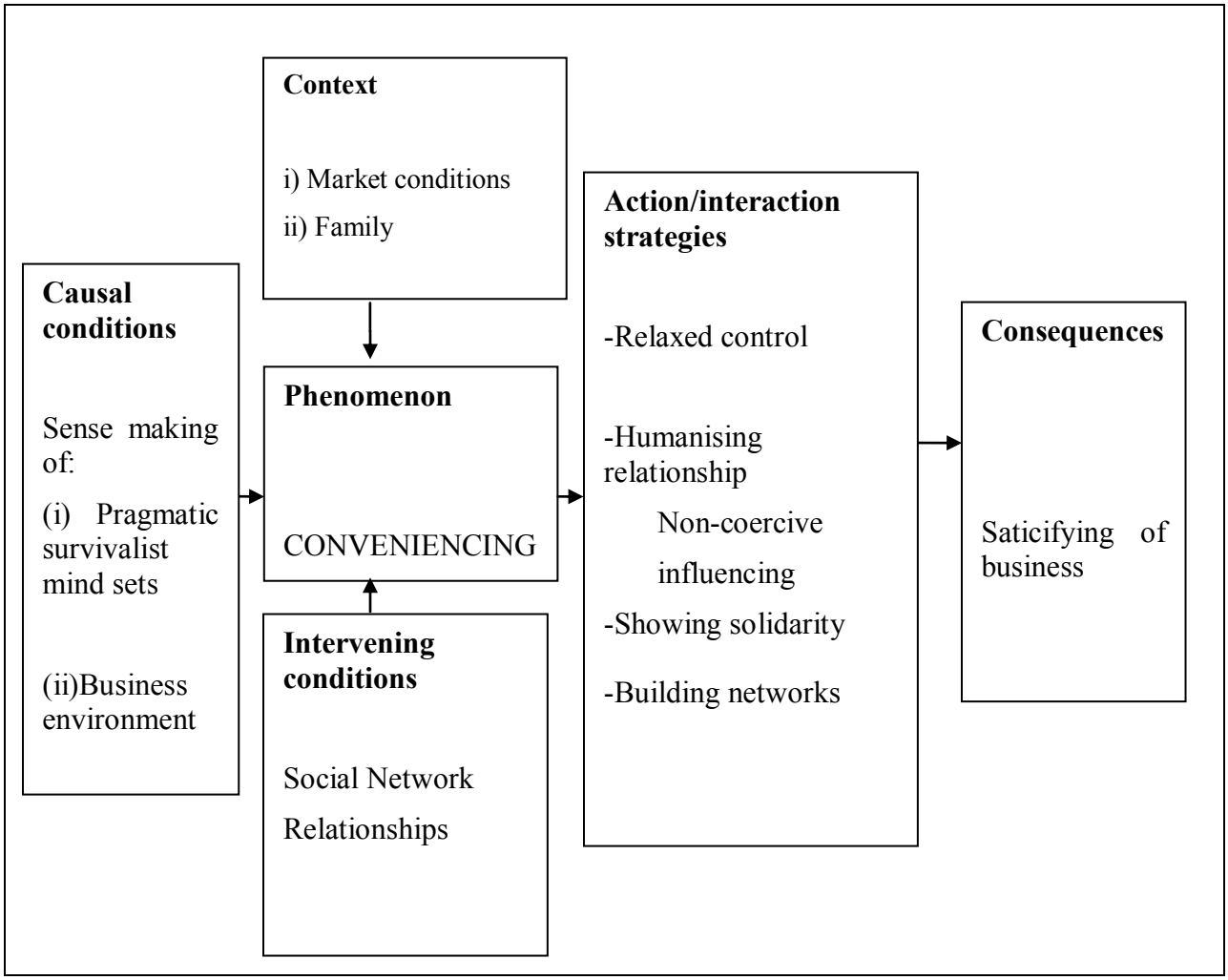

Figure 13: Example of initial axial coding

Source: own

As axial coding is inherently evolutionary, the final framework of the paradigm model is presented in the next Figure, (Figure 14) and was concluded after a series of revisions.

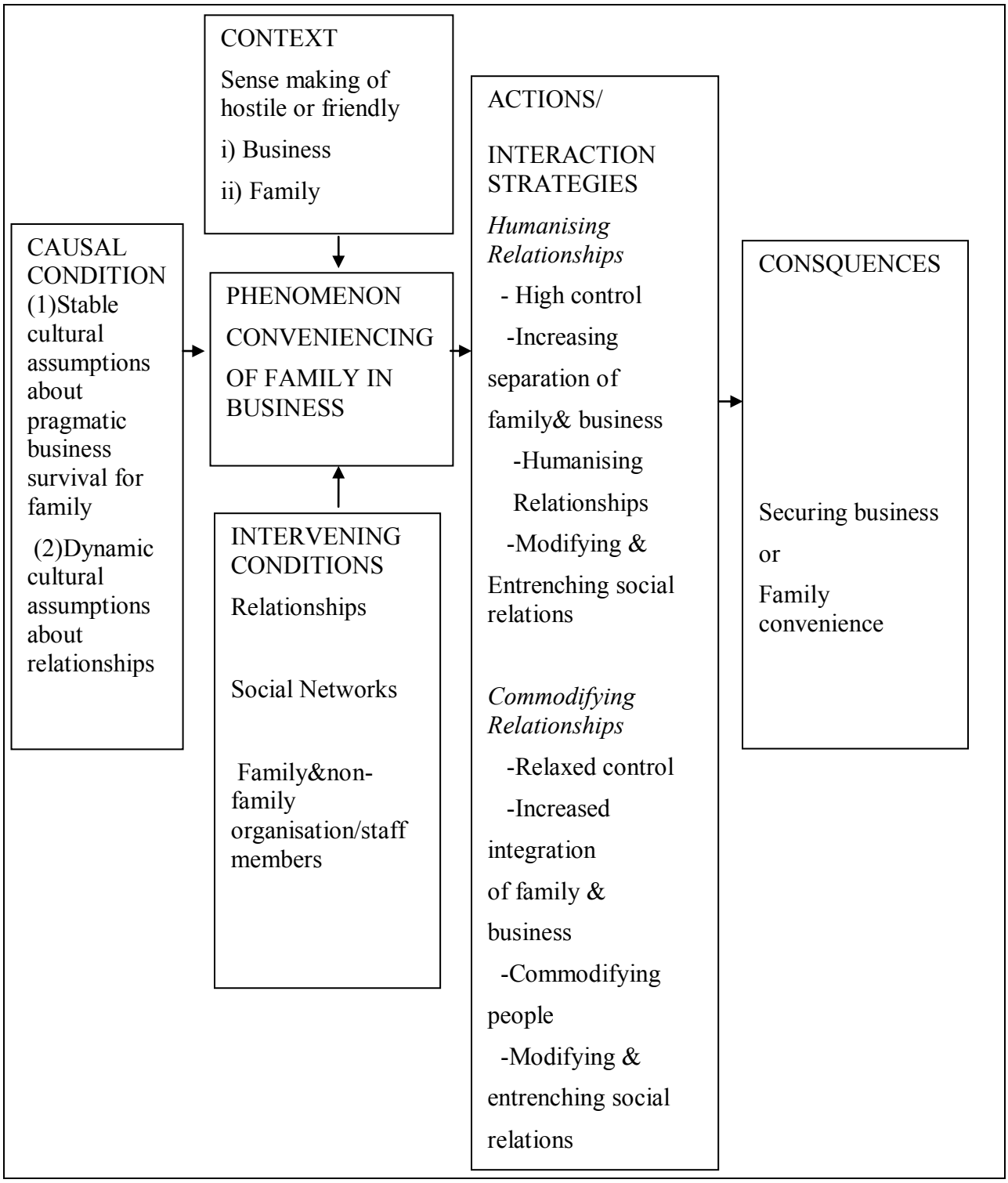

Figure 14: Final axial coding

Source: Own

4.3.4.3 Selective coding

Selective coding is defined by Straus and Corbin (1990:116) as the "process of selecting the core category and systematically relating it to other categories, validating those relationships, and filling in categories that need further refinements and development". The core category is the central event around which the other categories are integrated to form a grounded theory (Strauss and Corbin, 1990:116). Selective coding involves (a) explicating the story line, which described the central phenomenon. Other steps in selective coding entail (b) relating subsidiary categories around the core category, using the paradigm model, (c) relating categories at the level of dimensions, using data to validate those relationships, and finally (d) filling any underdeveloped categories to the point of saturation, conceptual density and specifity (Strauss and Corbin, 1990:117-119).

At this stage, the first core category to emerge was that of *conveniencing* which was about cultural assumptions and strategising activities which did not optimise but rather satisficed business, as leaders preferred the sureness, familiarity, and assurance or re-assurance of the status quo. The central phenomenon of *conveniencing* was characterised by strategising activities and cultural assumptions which depicted relaxed control, solidarity of organisational members who had familial or friendship ties with the owners, humanising of relationship with family members who were employees, and had consequences of enabling the business to survive, but failed to optimise resources, and exploit opportunity. However, there was no apparent reason as to why strategic leaders were satisficing as opposed to optimising business performance. In addressing this concern, the researcher started to deliberately sample incidents to explore why strategic leaders were operating business in this way. It was pointed out by interviewees that family had a very crucial influence on how strategic leaders were strategising in SMEs, effectively aimed at ensuring that the business survives for the sake of the family. The family was a social unit which financially depended on the SMEs to meet day-to-day living costs. It also transpired that family resources were sacrificed for the continuity of business. From this point on, data collection focused on exploring the interdependent relationship of family and business, its manifestation and effect. The well-being of the family and pattern of flow of resources between business and family were central to understanding how strategising was undertaken by

strategic leaders to convenience or inconvenience the family in business, while simultaneously ensuring the survival of the enterprise.

4.3.4.4 Conditional matrix

Strauss and Corbin (1990:158) developed the conditional matrix, which is a transactional system useful for considering a wide range of conditions and consequential levels which are most closely or most remotely related to a phenomenon being studied. The conditional matrix tracks an event, happening, or incident from action/interaction through the various outer levels of the matrix, consequently tracing conditional paths into the broader environment. The levels of the conditional matrix reflect (a) action pertaining to a phenomenon; (b) interaction; (c) group, collective; (d) sub-organisational, or sub-institutional level; (e) organisational or institutional level; (f) community; (g) national; (f) and international dimensions (Strauss and Corbin, 1990:163). The use of a conditional matrix was focused on understanding "organisation or staff membership" and who was considered as being in or out, for or against what was going on in the internal and external environment, and under what circumstances.

Other levels were related to formal organisational structures within SMEs; and the relational and non-relational status of employees, the upper echelon and lower layers of employees. There were seven significant levels outside the SMEs, which included the (1) competitive structure of the market in terms of enterprise size (small, medium, large, and multinationals) and competitors, both domestic and foreign; (2) the agricultural sector and its impact on agri-processing; (3) the ethnic groupings of competitors in the market had implications for social networking, access to in-puts and market; (4) the emotional and harmonious characteristics which were used to manage the evolving overlap between family and business; (5) the relationship between suppliers and strategic leaders of SMEs; (6) the national level in terms of impact of economic, financial and regulatory changes in Malawi (liberalisation) and (7) international level (e.g. credit crisis, lobbying against tobacco which is a major cash earner, and environmental regulations to manage climate change).

4.3.4.5 Using theoretical sampling and data analysis

Essentially, theoretical sampling was incremental and involved collecting data on incidents or events based on their relevance to the evolving theory. The aim was to further develop the conceptual understanding of categories and their properties, dimensions and relationships (Strauss and Corbin, 1990; 176-179). Strauss and Corbin (1990:180-181) posit that theoretical sampling is done according to the type of coding being done. In pursuit of this assertion, theoretical sampling during open coding focused on enhancing variety and breadth of incidents. As such, the researcher attempted to widen the range of incidents experienced by strategic leaders who were interviewed. Incidents experienced by owners working in the SMEs, critical incidents viewed from the lens of employee strategic leaders, strategic leaders at various levels within the upper echelon. During axial coding, the researcher engaged in verifying in data the relationships that were emerging in the paradigm model. As such, the selection of interviewees was to (a) seek similar incidents for confirmation while in some instances; the researcher was (b) seeking out unique or new critical incidents. Sampling was also deliberately directed at maximising opportunities to verify the story line, or relationships between categories, and to develop any underdeveloped areas to theoretical saturation. This is when some of the follow-up interviews were conducted while some data was gathered from new interviewees who had necessary knowledge.

It was highlighted that strategic leaders were steering the SMEs through turbulent business environment and painful ways of strategising which disrupted the family-well-being to ensure business survives. While this created discomfort to the family, the efforts of these strategic leaders were subsequently acknowledged and appreciated when the SMEs became steady. Furthermore, the researcher was looking for confirmatory data to verify the identified relationship and also deliberately looked for new and disconfirming data. A pattern of strategising convenient to the family and conditions in the business environment emerged and was initially labelled as *inwardly family centric*. It occurred in a friendly business environment. In addition to centrality of family, this pattern of cultural influence also reflected a distinctive way of how strategic leaders were relating with non-family organisational employees to perpetuate the convenience of family through business. As such, the pattern was re-labelled as *commodifying relationships* to mirror the cultural influence on strategising which manifested

organisational and family-oriented implications of relationships in a friendly business environment. Ultimately, another pattern of cultural influence on strategising was identified and was labelled *external market focus*. The *external market focus* occurred in a hostile context, and had unique strategising activities and consequences. As much as strategic leaders were pre-occupied with threats to business continuity as the bottom line at all times, humanising of all organisational members was a distinctive approach by strategic leaders to mobilise organisation-wide support to steer the SME through hostile business environment. Furthermore, external market focus of activities pronounced that family sacrifices or suffering was needed to help the business to continue. The pattern created by the influence of cultural assumptions of strategic leaders on strategising in hostile business environment was therefore re-labelled as *humanising of relationships*.

Each of these two patterns of strategising had a set of cultural assumptions which were driving how strategic leaders were making sense of the business environment as hostile or friendly, strategising and getting desired results to progress towards or sustain convenience of the family through business. In the light of the centrality of family, the core category was revised to conveniencing *the family in business*. This incorporated the influence of pragmatic business survival, cultural assumption about relationships with family and non-family organisational members, social networks, and assumptions about family to fully develop the theory of *conveniencing the family in business*. Gradually, the researcher was relating the emerging theory as a whole. Below is the emerging story line in this study.

SELECTIVE CODING: STORY LINE

The main story is about dominant cultural assumptions of strategic leaders which influence activities of strategising in agri-based processing SMEs. Strategic leaders pursue strategising patterns of how their SMEs compete in the market to ultimately convenience the family. Strategic leaders have stable mind sets about pragmatic business survival of the SME to support family, and cultural assumptions about relationships which influence how they perceive the

world of business and interact with others. Through sense making as a foundational strategising activity, strategic leaders decipher the resources, threats and opportunities in the business environment. With sense that is made as a backdrop, strategic leaders continuously engage in other strategising activities namely, controlling, influencing and relating. These strategising activities are persistently influenced by strategic leader‟s cultural assumptions specifically about pragmatic business survival as business continuity is the bottom line both in hostile and friendly business environments. The dynamic cultural assumptions about relationships shaped the nature of relationships among organisation member or staff members to either secure the business or preserve comfort of family through business. These two types of cultural assumptions reinforced strategic leaders‟ efforts to humanise relationships with all organisation members also termed as staff members, to solicit wider support to ensure that business does not collapse during hostile business environment. On the other hand, when the business environment is sensed as friendly, strategic leaders commodify relationships with non-family organisation members to prolong family convenience.

As such, strategic leaders pursue different patterns of strategising activities depending on their periodic sense making of changes in the environment. One pattern of strategising is influenced by cultural assumptions is evident in a hostile environment. This is characterised by strategic leaders‟ adoption of high controlling, separation of business from the family system and humanising of relationships with all organisation members. As a way of galvanising support for the business, strategic leaders generally humanise relationships with both family and non-family organisation/staff members. Consequently, these strategising activities reinforce a more prominent focus on business characterised by dependence on social and human capital in the pursuit of business continuity. The consequence of this external market focus is securing of the business.

Another pattern is manifested during friendly business environment. There is increasing effort to integrate family and business systems. Cultural influence encourages strategic leaders to adopt coercive or negative influencing such as intimidation and manipulation of non-family employees. The focus of strategic leaders is on solidifying the family bond and enhancing the primacy of

family interests. Relationships with non-family staff or organisation members are commodified by strategic leaders. According to strategic leaders, non-family employees are considered as merely instrumental resources. A central consequence to this commodifying of relationships by strategic leaders is the side lining of non-family organisation/staff members and weakening of support for the business. While commodifying with non-family employees, strategic leaders believed that only employees with family and friendship ties would maintain the primacy of family in benefiting from and depending on business for survival. This sustains conveniencing of the family through the business.

Strategic leaders shift between humanising of relationships with all employees in hostile business environment to commodifying relationships with non-family employees when the environment is sensed as friendly. Through legitimation processes, cultural assumptions, sense making, and strategising activities are modified or entrenched by strategic leaders, based on the environment and cultural desirability of outcomes. Pragmatic business survival mind sets of strategic leaders direct activities of strategising in a one-way fashion and there is not much reciprocation. The result of strategising activities by strategic leaders is to secure business and ultimately integrate family and business in ways that ensure the boundary between family and business is blurred. This is to the extent that family well-being takes centre stage. Humanising and commodifying of relationships were valid and meaningful patterns of strategising activities legitimated by strategic leaders in response to changing conditions in the business environment.

4.3.5 Ethics of Research

Ethics in this study entailed pursuit of (a) informed consent at the level of participating organisations and individual strategic leaders respectively; (b) openness and avoidance of deception or covert activities; and (c) adherence to confidentiality of commercial secrets accessed during the research. The researcher was mindful of ensuring that (d) the benefits of the research to participants, outweighed risks during and after the study. It is salient to echo that ethics of research gives the researcher the opportunity to conduct research but not in violation of the rights of interviewees (Berg, 2007:79-80; Creswell, 2007:141). It is in compliance with the

ethical wishes of interviewees and owners of participating SMEs in this research that pseudonyms for enterprises are used while names of places, interviewees, products, equipment and any information deemed to be telling of the identity of participating enterprises have been disguised, omitted or altered to preserve anonymity. This is important in the context of this study because agri-based processing SMEs (a) producing a particular product are unique in Malawi, (b) but also relatively few in number, meaning that they can be identified easily and precisely with limited details.

4.4 SUMMARY

In building the methodological foundation of this study, this Chapter has discussed the use of the Straussian grounded theory method (Strauss and Corbin, 1990) to develop a substantive grounded theory and not to test a hypothesis. Additionally, this Chapter has also critically discussed the tenets and challenges of grounded theory, and also details of how this particular research was conducted to answer the research question in this study. In this way, there is sufficient audit trail. Aspects for judging the quality of grounded theory have all been discussed in this Chapter as well.

The four main criteria to judge the applicability of grounded theory to a phenomenon are fit, understanding, generality, and control (Strauss and Corbin, 1990). The criterion of fit and control reflect the complex, everyday reality of diverse strategic leaders of agri-based SMEs. At this stage, the focus of subsequent Chapters shifts to a presentation of the results of the study. Findings in this study are reported (in Chapters Five to Seven) through extensive quotations and descriptive accounts to incorporate wide and deep experiences. It is appropriate to reiterate that each of the next three Chapters on findings should not be viewed in isolation as they all contribute towards illuminating the various facets of the theory developed in this study. As such, Chapters Five to Seven are essentially building blocks of the theory that is conceptually and fully extended in Chapter Eight. The conceptual presentation of the theory in Chapter Eight reflects complexity and generality. The theory is presented in a way that strategic leaders as practitioners can easily understand and identify with.

CHAPTER FIVE: STRATEGIC LEADERS' CULTURAL ASSUMPTIONS

> Culture ultimately reflects the group"s effort to cope and learn; it is the residue of that learning process (Schein, 2010:91).

5 INTRODUCTION

One of the goals of this study was to identify and clarify how the cultural assumptions held by strategic leaders of agri-based processing SMEs influence strategising to compete on the market. The Chapter reflect on how deeper cultural assumptions were created, shaped and manifested in various surface artefacts within the SMEs. To this effect, this Chapter presents an array of these cultural assumptions of strategic leaders underlying what strategic leaders were doing in each of the participating agri-based processing SMEs to address critical incidents. While various stakeholders were involved in the critical incidents, privilege is deliberately given to the standpoint of the upper echelon-strategic leaders.

The Chapter starts by presenting the specific background and outline of major critical incidents reported by strategic leaders in each SME. In this particular context, there are two reasons behind this style of presentation. Firstly, background details and outline illuminate the context and situation of the enterprise which forms the backdrop for the critical incidents divulged during interviews. Secondly, prefacing the various cultural assumptions with the background and outline of major critical incidents in each SME is useful to properly scaffold the results. Subsequently, the Chapter focuses on illuminating the individual cultural assumptions which are identified and synthesised in each SME.

5.1 BACKGROUND AND OUTLINE OF CRITICAL INCIDENTS

It is instructive that context or horizon in which a phenomenon occurs is very relevant for purposes of understanding situated meaning of phenomenon. Therefore, this section provides a cursory background and major critical incidents reported by strategic leaders in each of the eight SMEs.

5.1.1 Zanga Enterprise

The SME given the pseudonym of Zanga Enterprise was formerly a state-owned enterprise which changed ownership through a management buy-out during privatisation programme in the country. The enterprise experienced serious financial misappropriation by politicians prior to privatisation. This was one of the state-owned enterprises which suffered from systematic failure of political leaders to distinguish between resources of the enterprise, the state and the ruling party. In the view of strategic leaders, Zanga Enterprise was competing with two other local enterprises, and a variety of micro-enterprises owned by individuals who largely sold products that were not inspected by government officials. The following were reported by strategic leaders as major critical incidents which form the shared history in this SME:

- Borrowing and subsequent full repayment of a bank loan used to buy the enterprise. This incident was critical as it changed the status of strategic leaders from employees to owners of the enterprise.
- Injection of personal finance into the business and periodic compromise of family living standards to enhance the operation and ability of the SME to service big orders. This was construed by strategic leaders as critical as it had impact on the future relationship of the business and its big customers.
- Disrupted production caused by frequent electricity power failures and the breakdown of aged machinery which culminated in lost revenue due to repeated disposal of ruined products.
- Financial burden arising from mandatory replacement of all equipment that used the outlawed ammonia gas. This type of gas was considered as not friendly to the environment by the government. This was critical as strategic leaders were not financially

ready to replace the equipment and were struggling to borrow money from a bank to comply with the law.

- Difficulties faced with entry into new market as a result of ruthless defensive action by competitors.
- Internal conflict and problems arising from strategic leader‟s deep involvement in politics and the use of political networks as bridges to gain business.
- Decline in revenue from export products adversely affected by the plummeting of export prices due to the global financial crisis of 2008.

This SME had a General Manager, Finance Manager, and Human Resources Manager who were owners and were assisted by functional supervisors. The General Manager was also head of operations and marketing. The enterprise started with forty members of staff, and the number grew up to 89 employees at the time of the first round of interviews.

5.1.2 Matawale Enterprise

Matawale Industries was taken over by the current owner after the previous owners failed to repay a bank loan, and also make payments to suppliers. The bank liquidated the SME and sold it to new owners. As a result of the liquidation, a Swaziland based international supplier of key concentrates for two of the products which were processed in this SME was yet to receive payment owed by the previous owners of enterprise. Despite efforts by the current owners to disassociate themselves from previous owners and management, this international supplier remained reluctant to supply concentrates until the outstanding amount was cleared. Furthermore, the new owners were also suffering on the domestic market because of several outstanding debts by the previous owners such that this SME was stereotyped by banks as “bad business”.

Some of the employees and strategic leaders of Matawale were among those retrenched in the former enterprise. The bad experience of being retrenched continued to affect the difficulty of employees to trust an employer and also take seriously the effort being taken to repair the damage to trust and also reinstate the belief of employees in long-term job security. The

challenge for the new owners was to repair the damaged trust of employees, re-build the employees‟ sense of belonging, long-term view to job security and motivation in the new enterprise. This enterprise competed with one multinational enterprise operating from one of the cities, several large enterprises owned by Malawians of Asian origin, and imported products from South Africa. The multinational and the large enterprises were using modern technology such that their products had relatively longer shelf life. The shared history of strategic leaders of Matawale Industries includes various experiences of major critical incidents which were reported as:

- Reluctance of banks to give loans to new management for day-to-day operations and replacement of machines because of lack of evidence of business acumen and the inherited stereotype of non-payment carried over from previous owners – “bad name”.
- The challenge to survive with self-generated cash as both banks and domestic suppliers proved difficult to convince about the viability of the enterprise.
- Difficulty of accessing the supply market orchestrated and perpetuated intentionally by hostile competitors who locked most of the suppliers into exclusive supply contracts and also offered to buy raw materials at a higher price than anyone on the market. Access to raw material was critical as it determined whether the operations would be sustained at a profit and for how long.
- Regular breakdown of old machines and lack of funds to buy new spare parts. Pressure to salvage perishable and critical raw material whenever there was electricity black out or machine break down. These recurrent incidents were critical not only because raw materials were scarce and expensive, but also that the losses were detrimental to cash flow. This was simply compounding the already weak base of working capital.
- Loss of market leadership position as product range was reduced. This was critical as old employees had to appropriately re-adjust their perception of the competitive posture of the SME. The old basis of competitive advantage through variety of products was no longer valid with these changes in the market positions.
- Limited distribution coverage because of few refrigerated distribution vehicles owned or available to the business. This was critical as strategic leaders believed that their products had good national demand such that they were struggling to satisfy the demand at national level.

- Improvement in access of raw material on the market as a result of financial global crisis of 2008. Due to this crisis, most of the major competitors generally scaled down their operations such that there was abundant raw material from the farmers. This was a positive critical incident as competitors were forced to reduce the buying price of raw material from suppliers. This gave a chance to Matawale enterprise to access the excess raw materials and survive.

The owner of Matawale Enterprise did not visit the enterprise at all, but made most of the critical decisions, which were carried out by a General Manager assisted by the Production and Finance Supervisors. Matawale Enterprise had 64 full-time employees at the time of the initial interviews.

5.1.3 Mzuzu Juice

The SME given the pseudonym of Mzuzu Juices was owned by two sisters who were assisted by supervisors in production and finance. The SME was involved in producing juice from traditional baobab fruit for sale on the local juice market. In the words of one of the owners, "baobab fruits are locally available and have a sour taste such that many people could not think of paying money for a juice from the traditional fruit when there are other exotic juices on the market". The market for this type of fruit juice was new as most of the juices on the market were made from concentrates of non-traditional fruits. Strategic leaders reported that there were four other competing SMEs producing the same juice in the market. The following were the major critical incidents reported as experiences shared by strategic leaders of this SME:

- Problems of product acceptance in the market by both consumers and retailers. Baobab was seen as too local, traditional and freely available in the bush as a fruit to be commercialised into a fruit juice. These incidents were critical as they impacted on retail acceptance and the future of the product on the market.
- Negotiation with a bank to revise and tailor standard terms of a bank loan to the financial circumstances of the SME in a very uncertain market. This was critical as it enabled the SME to expand its geographical distribution and improve product packaging.

- A failed attempt by an Asian businessman to bribe two staff members of the SME was critical for strategic leaders. The incident reminded them of how easily they could have been put out of business, had their employees succumbed to unethical practices. This was also critical in opening the eyes of strategic leaders to the importance of protecting intellectual capital.
- Failure to buy bottles from an Asian supplier because the available stocks of bottles were reserved for a fellow Asian who produced milk. This was a critical incident as it gave unfair advantage to Asian business community and also impacted on the strategic leaders‟ view of how Asians were conducting business.
- The challenge of producing a big order of juices for an International non-governmental organisation buying for the first time. This was critical in terms of short notice given to the SME to produce high volumes; high prospects of future orders; and strategic leaders‟ persuasion of employees to be flexible and work on Saturday and Sunday which were their resting days.

At the time of the first interview, the SME had 24 employees. With a production base in Blantyre in the southern region, the SME was steadily spreading its market presence within this region and also expanding to the central region of Malawi as well.

5.1.4 Blantyre Nuts Enterprise

Blantyre Nuts is a pseudonym given in this study to an enterprise located in a peri-urban area, just less than 30 kilometres from one of the major cities. The enterprise was located in an agricultural area where supply of raw materials was in abundance from the farmers. The owner preferred to call his enterprise a “khonde enterprise” which literary means a veranda enterprise. The location of the actual operation of business and the family were physically synonymous. In this regard, strategic leaders recognised locational advantages such as no payment of rental which other competitors were paying at industrial sites in the city, no travel costs from home to the enterprise, and the ease of the owner to monitor whatever was going on around the plant even at night. The enterprise processed and packaged groundnut snacks into 50 gram, 100 gram and 250 gram plastic packets which were sold in major retail outlets. At times, the SME also

processed maize popcorn as a second product. The SME was also involved in contract processing of soya beans and groundnuts which were used by a non-governmental organisation as raw materials for the production of ready-to-use nutritious food for malnourished children in villages. On the market, there were numerous large competitors producing a variety of snacks. However, there was one large scale enterprise that was a direct competitor.

The owner of this small enterprise had great interest in politics. He also used to handpick people from the community to work on his farm and also at this enterprise. Major critical incidents in the life of the enterprise which were shared by strategic leaders include:

- Failure of the enterprise to get a loan from any of the banks for working capital because of lack of collateral. This was critical as the SME had to define how it was going to operate and compete with limited working capital.
- Re-entry onto the market of a previously liquidated company under new management. This was critical as the new enterprise had relatively better and bigger equipment, national market distribution and an established brand reputation that could easily dominate the market.
- Failure to produce continuously throughout the year because of lack of working capital to get raw materials. These incidents were critical as outlets were not able to have stocks and meet consumer demand. Competitors took advantage of the stock-out to penetrate retail outlets and negotiate for bigger in store shelf-space on the market.
- Limited distribution coverage and frequency as the quantity produced were always too small to supply the entire domestic market. These incidents were construed as critical as the plant was being underutilised, while the market was under-supplied. This frustrated retailers, especially those who had chain stores throughout the country.
- Re-allocation of resources from the enterprise by the owner to support an election campaign for his candidacy as Member of Parliament. This was critical as it suffocated the SME due to lack of operational funds. The resources put in election campaign were not recovered as the owner of the SME was not elected into parliament.

The owner of the SME was directly involved in the day-to-day operations. He was assisted by two supervisors and occasionally by his son. The owner distributed all the products to the

retailers except the products that were manufactured on contractual arrangement. The owner was in charge, overall, of both production and distribution of products, such that production would temporarily cease whenever he was out in the market, only to resume when he returned. The SME employed 20 people when production was at its peak. The number of employees went down to 10 when raw materials were no longer in season.

5.1.5 Honey Enterprise

Honey Enterprise was a small-scale honey processing business that operated from the house of the owner. The owner of the enterprise was a retired civil servant who pioneered a government funded project to ensure that communities around game reserves and national parks were dissuaded from poaching, but instead benefited from other economic activities such as bee-keeping and honey processing. The owner of this SME was sometimes consulted by non-governmental organisations and government departments to train communities on bee-keeping.

The SME supplied processed honey to small, independently owned retail outlets in townships and in this way avoided the attention of the big competitors on the market. This decision was arrived at after the SME tried without success to penetrate big and chain retail outlets. Other chain retail outlets such as Shoprite did not accept the product as they doubted the quality of the local processor, as well as his ability to produce in volumes and also demanded that the product should have a bar code. The owner of this SME was the key manager who was supported by his wife, sons and two supervisors. Strategic leaders shared incidents which were major and critical in the life of the enterprise. These were:

- Entry of Mzuzu coffee into honey processing. Although the primary focus for Mzuzu Coffee was the export market of processed honey, there was always a potential threat that, for example, poor export performance would potentially drive them to also focus on the domestic market.
- A bank loan from Indebank enabled strategic leaders to buy and process 2.5 tonnes of honey. This was critical as the enterprise was experiencing severe financial limitation to buy raw honey for processing to exploit an attractive market opportunity.

Failed negotiations to access retail chain stores as distribution channels for processed honey. This became critical because strategic leaders had to consider alternative ways to distribute products to market.

- Failure to deliver 3 tonnes of processed honey to a customer who ordered during the lean season. This was critical because it revealed to strategic leaders the challenge faced by the SME to reliably supply high volumes of honey during off-season.

Honey Enterprise was the smallest of the enterprises that participated in this study in terms of number of employees. The number of employees fluctuated between seven and twelve during the off- and peak seasons respectively.

5.1.6 Nyanja Bakery

Nyanja Bakery is a pseudonym for an SME operating in one of the districts along the lake shore of Malawi. The bakery was one of the first in the district, and was well known by most of the residents. However; competition grew over time from three other bakeries and also village bakeries (which were community-based income generating activities for rural women supported by non-government organisations). Nyanja Bakery was managed by the owner, who was assisted by a general supervisor, stores supervisor and sales supervisor. The strategic leaders of Nyanja bakery shared experiences of the following major critical incidents in the life of the enterprise:

- The emergence of competitor bakeries on the market, which meant that the market was being shared. This was critical as the new entrants posed threats to the business that had been in monopoly for some time. Inevitably, strategic leaders needed to react to critical changes in the business environment.
- Drought and famine, which affected consumer demand, as bakery products were not among the priorities for people who were in dire need of a staple food (i.e. maize flour purely for family survival). The decline in demand due to famine was a threat to the SME as strategic leaders felt they had limited courses of action to address the threat. Incidents like these entrenched fatalistic cultural assumptions.

- The onset of the decline in the loyalty of retail customers due to an increase in the number of bakeries on the market. This was critical as the SME was forced to adapt distribution activities in view of changes on the market.
- Staff connived to reduce the quantity of ingredients going into bakery products in order to produce more stock which they secretly sold and shared the money without the notice of the owner and other strategic leaders. The strategic leaders observed that this was critical to the SME as the products produced were of inferior quality and also prompted diverse consumer complaints. The veil of secrecy that prevailed for several months among the employees when they engaged in theft in this SME was a shock to strategic leaders. This was critical as strategic leaders construed that employees were not grateful such that they were forced to be less benevolent to employees.
- The difficulty of getting spare parts whenever equipment broke down. This was a critical challenge as spare parts were not found within the district. Spare parts for bakery equipment were found only in the major cities (120 kilometres to the nearest city) such that there was a great deal of downtime when there was machinery breakdown.

Strategic leaders construed that the bakery followed a long established routine of distribution which had been in use for many years. The products of this SME were distributed around a radius of 100 kilometres from the centre of the district where the bakery was located. The vehicles used for distribution were very old, so that maintenance costs were high. Operating costs were also high, partly because markets for bakery products were usually in places where the roads were very rough. Furthermore, the bakery continued to produce and sell the same range of products they had started with some years ago. Strategic leaders were very uncertain of market response to any change and were comfortable with maintaining the status quo. The total number of employees in this SME was 26 when the first interview was conducted.

5.1.7 Zokoma Flour Enterprise

The enterprise with the pseudonym of Zokoma Flour Enterprise was located in a rural context and produced fortified flour from roasted soya beans and maize. The type of flour produced by this SME was rich in vitamins, minerals and other nutrients. The product was traditionally meant

for hospitalised, malnourished children. As such, the SME had a captive market of malnourished children at a nearby hospital. The owner had close ties with the hospital where he was one of the senior managers. However, he entrusted the day to day management of the SME to a full-time Manager, Marketing Officer and Production Supervisor. Later on, the business expanded the market segment to also meet the flour needs of other people who were not necessarily sick or in hospital (i.e. college students, secondary school students and families). The SME entered into formal agreements with large chain retailers to distribute its products. The SME competes with three other companies which were based in one of the cities. The competitors were very big and well established compared to this SME. One of them was exporting flour products to neighbouring countries. Strategic leaders of this SME shared the experience of major critical incidents as follows:

- Proactive prospecting of a broader market instead of focusing on the captive hospital market. Strategic leaders construed this as critical because it entailed making a number of substantial and more market-oriented changes to how the business was operated. Change was inevitable to survive.
- The recruitment of a marketing officer to develop the market and new products. Strategic leaders asserted that this was critical to improve sales revenue and distribution coverage.
- Re-positioning of the fortified flour as a product not exclusively for sick children but rather a nutritious product for everyone. This was critical as the stereotypical view of the fortified flour as meant for malnourished children and not adults or any other healthy person was deeply entrenched in the market.
- The purchase of a power generator to ensure there was no disturbance to production due to recurrent electric power failure. The persistent power failure affected the delivery dependability of the SME to retailers and was prompting some customers to consider supplier substitution.
- A shift from production on the basis of orders received, to production without specific orders, and the associated struggle to supply a broader market. This was critical to strategic leaders and employees, as the new market-driven direction required changes in the production and distribution processes of products.

This SME had a total of 35 employees when the initial interviews were conducted. The majority of the employees came from the surrounding villages.

5.1.8 Samalani Enterprise

The enterprise given the pseudonym of Samalani Enterprise was the oldest of all the SME‟s involved in this study. The SME had been in operation for over twenty years, producing a popular brand of chilli sauce in different flavours. The Managing Director and Assistant Managing Director were family members. The SME had its own chilli farms which provided part of raw chilli for processing. However, this was complemented by some stocks of chilli procured from smallholder farmers who were organised into associations. Strategic leaders believed that although they got several loans from the banking sector, this SME survived mainly because of financial prudence and good marketing management. The following major critical incidents were reported by strategic leaders as their shared history in this SME:

- Endorsement of the product quality of the chilli sauce by Malawi bureau of standards after prior laboratory tests which were not successful because of high acidity. This endorsement was critical for the SME to engage in product promotion and export within the SADC region.
- Discovery of a three week period of product stock out on the market because the outsourced distributor was just piling up stocks at a warehouse. This was a critical incident because the stock out was nationwide, and consequently the idea of outsourcing distribution of products to retail customers was abandoned.
- Getting approval of product quality compliance by USA government. This was critical for the product to be exported to the US market.
- A struggle to contain the high importation costs of spices and chemicals from South Africa and labels from Zimbabwe for chilli sauce bottles.
- A change from small pots used in the factory to bigger pots, for processing chilli sauce. Strategic leaders construed that this was critical because it was a landmark of growth and their seriousness about the business.

- The entry of Globe Suppliers and NASFAM into the export market for raw chilli. This was critical because strategic leaders of this SME hiked the buying price of chilli from farmers to preserve their dominance on the supply market.

The Managing Director and Assistant Managing Director were supported by a Finance Manager, Marketing Manager, and Operation Manager. This SME has a section that focuses entirely on exports. This SME had sixty seven employees when the first interview was conducted.

Having presented the background and outline of major critical incidents reported by strategic leaders within each of the eight SMEs, the subsequent section identifies and clarifies an array of cultural assumptions.

5.2 STRATEGIC LEADERS' CULTURAL ASSUMPTIONS IN EACH SME

Assumptions are, as defined by Schein (2010:16-17) unconscious, and those presented in each SME in this Chapter are patterns of cognitions, perceptions and feelings of strategic leaders or in other words amalgamation and synthesis of the interviewees" underlying sentiments on solutions that continue to work reliably in solving problems of internal integration and external adaptation. A total of 30 cultural assumptions of strategic leaders were identified in eight enterprises. A maximum of four and minimum of three cultural assumptions of strategic leaders were identified in each SME. Table 8 depicts these various cultural assumptions, which are subsequently described at the level of each SME in this section.

TABLE 8: SUMMARY OF STRATEGIC LEADERS‟ CULTURAL ASSUMPTIONS IN EACH SME

Name of SME	Focus of cultural assumptions			
	Business environment	**Family**	**Networks & relationship**	**Relations with organisation employees**
Zanga Enterprise	Business is like battle	Family sacrifices in hostile environment	We build good will and support networks	We are always talking the three of us: Them vs Us We distrust and control employees
Matawale Enterprise	We use internal resources to position the business in the market		We engage in conditional co-operation with competitors	Leadership is hierarchical and shepherding
Mzuzu Juice		We value advantages of relatives in the business	Ethnic based network threatens our business. We negotiate for mutual benefits of all parties involved	Everyone is accountable
Blantyre Nuts Enterprise	We operate our enterprise in a difficult environment Our local small enterprise competes against giants without fear	Family business is interdependent with community		We value the involvement of employees
Honey Enterprise	We target small retailers	Family and business are interdependent	We co-exist with and co-operate mainly with key suppliers	We use relational employees to build advantage

Nyanja Bakery	We simply survive We follow proven practices		We cultivate harmony - employees& customers	We use ethical solution to employee problems
Zokoma Enterprise	We adapt to survive threat		We value customer relationship benefits	We manage knowledge transfer
Samalani Enterprise	We have ripe time for everything			We co-exist within the organisation A leader has overriding accountability

Source: Own

5.2.1 Strategic leaders' cultural assumptions: Zanga Enterprise

"Business is like battle", "family sacrifices in hostile environment", "we build goodwill and support networks", are some of the dominant and historically grounded cultural assumptions of the business environment, which persistently predisposed strategic leaders on how to steer the SME. Furthermore, strategic leaders also construed the cultural assumptions of distrust and control of employees, and "we are always talking the three of us: Them versus Us" as profound driving forces in shaping the patterns of communication and also vertical and horizontal employee relations.

5.2.1.1 Business is like battle

This cultural assumption gave strategic leaders a strong sense of how to organise and manage resources, and also build support in response to the battle-like business environment. The pervasive military-oriented mind set was characterised by clandestine ploys embedded in the motive to destroy the business of competitors. Essentially, this cultural insight of "business is like battle" encouraged strategic leaders to engage with competitors through adversarial or battle-like relationships and also exhortation of perseverance that was prevailing in business, as evident in this quote:

> When we opened one sales outlet at the auction floors, our competitors closed their outlets as they lost business. The same things happened when we opened a sales outlet in one of the suburbs…. Area 47. There were two small competitors there before we went in. Influenced by one of these two competitors, the landlord suddenly cancelled our tenancy agreement. This was unforeseeable to us. We hear these two have re-opened. Three weeks later we opened another sales outlet in one of the townships…in Kawale. The owner of the house we rented annulled the tenancy while we were still putting on shelves and about to open. We suspect the local competitors established in the area were scared of our presence and influenced the landlord to cancel the agreement. Our product is of high quality, inspected by government officers. That"s why it is liked by people. Our competitors know this very well. No wonder they use too many under the table methods and weapons against our business. *Mabvuto samatha pa gain* (problems never end in business). But we also know that those who create problems for others in this world will one day get what they deserve. *Choipa sabwezera* (never repay evil actions with another evil). Not from us but from somewhere, sometime. We simply had to find new landlords to re-open the outlets which are doing well.

Other critical incidents manifesting the cultural assumption of "business is battle" perpetuated the cultural conviction of inevitability and ubiquity of problems in business. In this vein, strategic leaders construed it as typical of business to struggle and also face disabling and daunting problems such as being cut out from the supply of raw materials by well-established

competitors and also survive competition with vendors for sources of raw materials and consumers on the market as well.

5.2.1.2 We distrust and control employees

Reflecting more on internal dynamics, the set of subliminal assumptions upheld by strategic leaders of this SME incorporated distrust and control of employees. Evidently, strategic leaders construed that they were designing and implementing good controls; being hawk-eyed to monitor activities of employees as cultural solutions, while others placed emphasis on command and control culture. It also strongly resonated with several strategic leaders to occasionally engage police intervention, use informal and pervasive network of informers comprising children who work without pay, and relatives of the owners to spy on employees, undercover surveillance of employees by internal security, and also tightening of internal security controls as responses to distrust of employees.

5.2.1.3 We are always talking, the three of us: Them versus Us

Another cultural assumption pervasive among strategic leaders was conceived as "we are always talking, especially the three of us" to survive the various ploys of competitors. As shapers of the future of their business, strategic leaders engaged in intensive, horizontal, open, and co-operative communication and impromptu meetings within the upper echelon of the SME as one way of steering the enterprise. One interviewee aptly noted this type of close, direct intra-group communication, knowledge exchange, and social interactions at the helm, and concomitant awareness of being a top level collective in charge of affairs "of" the organisation, illustrated in this quotation:

> Whenever there is something to share, like a problem or opportunity, the three of us meet briefly to talk about that. We share a lot of information and knowledge. We normally meet to discuss and approve our production requirement together before any requisition is raised. We meet very often the three of us besides the weekly scheduled meeting which we sometimes don't have, since we are always

> talking a lot to each other. We talk to each other as drivers steering this business.... manoeuvring through all turns and twists, highs and lows.

On the contrary, daily communication between strategic leaders and employees manifested a subtle divide of "them and us". The type of communication across the boundary between strategic leaders and junior employees was characterised by being controlled, sceptical, and structured chain of command to pursue managerial interest. Another strategic leader re-affirmed this vertical communication divide characterised by meetings held on request by employees for strategic leaders who were the hub of information and communication exchange to pass information to employees, and consequently structured relations between strategic leaders and employees, illustrated as follows:

> Depending on what we have discussed, the employee representatives sometimes make us have a meeting with them to give feedback. Normally there is a monthly meeting where staff presents their views to management through the human resources manager. Other than this, they usually talk to us through their supervisors. There is a channel. We are careful of communication with employees; they just need enough to do their jobs.

5.2.1.4 We build goodwill and support networks

Mindful that business was like battle, strategic leaders maintained that building goodwill and support networks external to the enterprise was very important for the business. One incident manifested the cultural commitment of strategic leaders to build goodwill and support networks. Strategic leaders used a sponsored celebration as an entrepreneurial networking tool to strengthen more direct connections on both the supply and market side of the business. This type of event also broadened social networks with various stakeholders that had the potential to be used for entrepreneurial advantage in the future, as illuminated in this quote:

> We invited farmers..... those that have been selling.... to us, a few customers who have been buying from us in large quantities like ... Kamuzu College of Nursing, Lilongwe Technical College, and .... Kasungu Teacher Training College. All members of our staff were all invited ....we invited a cross-section of people who

> matter to us....bank managers, political figures from both the ruling and opposition parties were also invited to the celebration. In business you need good supporters; those good will friends....your people who can directly influence or expedite matters in your favour....or expose you to diverse inside information and the tacit personal knowledge for a business deal to come to fruition. The potential of not being aware of opportunities....not getting orders or even distortions of information is very high when you have long path or indirect relations with people. In this life supportive people really make a difference. *Chala chimodzi sichipha nsabwe*. (A person using one finger will find it difficult to convincingly crush a louse to death, compared to someone one who put the louse between two big fingernails)

5.2.1.5 Family sacrifices in a hostile environment

Finally, the cultural predilection of the family making sacrifices to support the business in hostile environment was not only strong and deeply embedded among strategic leaders and other organisation/ staff members. This cultural assumption grounded the nature, and also clarified the duration of sacrifices which strategic leaders conceived the family were making to cushion or support the enterprise in difficult circumstances. Furthermore, strategic leaders also construed the subsequent rewards the family were getting for compromising family living standards to save the enterprise. In retrospect, some strategic leaders enthused that:

> we used to inject..... personal cash into the business whenever we got some orders and had no raw materials. We were deliberately recovering the money in small amounts to let the business stabilise. We actually had personal..... family problems but we realised that we had to do this to survive. Things like school fees for children were sourced by each member on his own, and our families were complaining.

Another interviewee reinforced the cultural assumption of family compromising living standards as follows: “we have just temporarily removed the allowances for telephone and other benefits for us because of this global financial crisis. Our families are suffering as we cannot support

them as before". Additionally, strategic leaders and their families conceived themselves as shouldering the primary responsibility to sacrifice for the business to survive whenever it was necessary and also envisioned a better future. Another strategic leader concurred ardently that, given the unfavourable business environment, the family had made short term financial sacrifices, and endured a tough family life, but subsequently enjoyed the emotional upliftment, higher social status, and material rewards. This was illustrated as follows:

> When we started, we agreed, the three of us that we need to sacrifice for the capital to grow; this means we were not on salaries, but everyone else was. Employee salaries were one of our priorities every month. Sometimes we would put in our personal money and recover it in small amounts over a period of time. We were recovering just the amount of money that was enough to address whatever family problem one was having. It was very tough for us and our families to survive. After some few months of suffering and hard work, money was there. We said we should start getting salaries …mmm... mmma…allowances including school fees for children and telephone allowance too. I was very, very happy especially on the allowances. I could now send my children to a school of class [name of one of the best schools] after my hard work. As a Director.... I am proud of that even today. I now associate at a higher level in society. I look at life differently.... And my family is very, very happy.

5.2.2 Strategic leaders' cultural assumptions: Matawale Enterprise

Within this enterprise, there was a set of three main cultural assumptions which resonated with strategic leaders in different ways. These cultural assumptions are (a) we use internal resources to position the enterprise in the market; (b) We engage in conditional co-operation with competitors; and (c) leadership is hierarchical and shepherding.

5.2.2.1 We use internal resources to position the business.

The amalgamation of cultural assumptions upheld by strategic leaders of this SME encompassed the historically consistent assumption that positioning of the SME in the market was based on

internal resources, especially when they had been marginalised by banks. As such, responses of strategic leaders to the business environment included strong emphasis on self-financing of business operations, the creation of supportive and integrated human resources within the organisation, and the use of operational agility by employees. One of the interviewees reflected on the bad memories of how strategic leaders learnt to cope by depending much on internal and personal resources to compete and survive. This coping style and determination of strategic leaders is manifested in the subsequent quotation from an interview with one of the strategic leaders:

> It‟s not pleasant at all. We have tried to get a loan from a bank, but banks are not coming to our rescue. The previous owners got bank loans and were not able to repay the loans. They were finally liquidated. We do not want that to happen to us. We have learnt from that and do not want to repeat the same mistakes of the previous owners. We do not want to involve the banks as they think our business is bad and cannot survive. We will try on our own as a self-propelled business....until we are there. We just want to do little by little until we are somehow successful. We have been operating like this since we took over this company.

5.2.2.2 We engage in conditional co-operation with competitors

With emphasis placed on internal resources in competing on the market, strategic leaders were engaged predominantly with rivalry i.e. rarely co-operated with competitors. Strategic leaders conceived conditional co-operation with competitors which was manifested in the type, duration, and underlying motive of the co-operation. One of the interviewees observed that exceptional problems demanded joint problem solving. This shaped the formation of prudent, transient and emergent co-operation with competitors while mindful of the possibility of being exploited as illustrated in this quotation:

> Sometimes we have problems of machine breakdown. Sometimes it happens that we have [perishable raw material] but there is electricity power shedding. The raw material may be ruined if we wait for too long for electricity to come on. To avoid this, we sit down – myself and the General Manager – as a team and agree on the selling price. We sell to our competitors who have generators. We try to be very,

> very careful and also co-operate with our buyer as much as we can, while we know what we are doing. We need each other sometimes in business even when we are competitors. The first thing in the mind is that competitors are never kind... They do not want you.

5.2.2.3 Leadership is hierarchical and shepherding

Leadership is hierarchical and shepherding was another prevalent cultural assumption among strategic leaders of this SME. Without being formally told, leaders within the organisation were recognising their overarching responsibility for mistakes committed by their respective junior employees. The understanding of this cultural reality by strategic leaders was that junior employees were to seek prior approval of a superior in making a decision. This interaction entrenched sense of insecurity, incapability, and conformism among junior employees which manifested through reluctance to take initiative for fear of being reprimanded.

Some strategic leaders subscribed that as leaders, their main concern was to find the right path and properly guide employees to follow it with quiet acceptance (shepherding). Given the cultural assumption of a leader as shepherd, strategic leaders echoed how they made an effort to guide and gain wide spread employee commitment, by facilitating two way communication in terms so that legitimate concerns of employees were addressed. They also connected with employees in a meaningful way about what was important for them and the organisation. Another strategic leader spoke of humility and how they used self-sacrifice, considerate behaviour, and purposive effort to guide employees diplomatically on the appropriate use of petty cash, trying not to provoke discontent or antagonism:

> Like today I have come here although I am not feeling well....we had a problem. A good shepherd guides his flock.... This is also clear in the bible. These [employees] phoned me at home that they needed some allowances. They suggested to me that they use the money we have for petty cash to pay their allowances. .. That is very, very wrong. I have enlightened them that petty cash is not for allowances but buying small things i.e. fixing tyre punctures, buying bulbs or repair tubes and other small things and not for paying allowances. It will be

> wrong if we use petty cash to pay allowances. Allowances will be paid through a cash cheque. They have to write a requisition and a cheque will be issued once we get money next week… next week is not far away. We are all happy now. This makes employees to bring *all* human qualities like talent, commitment and integrity to work. This is because they know I am humble to them and do my best to take care of their concerns.

Strategic leaders‟ physical presence and eagerness to provide appropriate support in times of problems faced by employees communicated benevolence and permitted a sincere two way flow of information about what was workable and worth doing. This reinforced desired business processes and also contributed to the building of trust with employees.

5.2.3 Strategic leaders' cultural assumptions: Mzuzu Juice

Strategic leaders of Mzuzu Juice upheld three key cultural assumptions which reduced anxiety, guided behaviour of members of the upper echelon in dealing with certain key situations. These cultural assumptions were: (a) we value advantages of relatives in the business; (b) ethnic based network threatens our business; (c) we negotiate for mutual benefits to all parties involved and (d) everyone is countable.

5.2.3.1 We value advantages of relatives in the business

Cultural assumptions were informing strategic leaders in terms of how to behave towards relatives and friends involved in the business. Strategic leaders in this SME conceived different advantages of relatives in business such as the use of relatives as a point of entry into niche markets. On the marketing side, relatives were functioning as sales agents at their respective places of work, and also as referees or guarantors who endorsed credit sales to friends as a way for a new entrant to penetrate the market. Another interviewee enthused about the psychosocial glue enhanced by the pivotal role of family members and history of providing free operating knowledge and business advice based on practical experience, expertise, and also helping in the reduction of operational and procurement costs:

> This SME is a partnership. But we involve some family members such as the husband to my sister. This guy has some business skills, and we often ask him to buy some in-puts for us from South Africa. He goes to South Africa to buy IT equipment for his business and we ask for his help. In this way we reduce costs because he charges us the cost price. We also involve a brother to advise us time and again on the marketing side. These two people are not in this company. They just help us, there is nothing like a contract. We respect them very much. They have always been there for us. Our brother is a Marketing Manager in one of the multinational companies in town.

Nonetheless, other strategic leaders added that there was cultural difficulty in addressing some expectations of favouritism by working relatives in the business. In corroboration with this enduring sentiment, one strategic leader pointed out the challenges of effectively disengaging or separating of family-focused interactions from business-driven interactions without undermining the durable, emotional family ties, familial obligations and shared aspirations:

> We are sisters at home, but when we come to business we are partners. We all would like to do well as sisters. There is no need to cheat; there is no need to shut up when things are wrong. We talk issues out. There is nothing that we do not talk about in this business between the two of us. *Munthu umamasuka*. We consult easily and openly. It‟s good for the business. But it‟s hard to criticise relatives but we do it for the business. When working with relatives, I think it‟s important that the boss should learn and understand everybody. People are different. Good understanding of relatives and their abilities are important when assigning responsibility like production, and store keeping. As a leader one should not be too hard or too soft on relatives. Relatives are not really wrong to expect favours. We actually pick them to help..... To minimise problems, and they have to benefit in that way... they have to contribute. They are more than helpers. Honestly, it‟s hard most of the times because at the end we are sisters, we are related, we have to help each other as family.

5.2.3.2 Ethnic based networks threaten our business

While capitalising on relational advantages, strategic leaders recognised the worrisome threat to their and other businesses that was posed by the social bond of Asian ethnic networks. This strongly resonated with almost all strategic leaders of this SME. In a similar vein, one of the strategic leaders reiterated the sentiment of ethnic based discrimination which evoked intense annoyance due to the enduring habit of Asian retailers to unnecessarily withhold payment of supplied products for a long time. Other strategic leaders echoed that this was a way of how Asian business retailers were creating a cash flow problem in this SME. Commenting on Asian suppliers, another strategic leader strongly lamented that they were victims of ethnic-based favouritism and experienced delays by Asian suppliers of bottles. Furthermore, fellow Asian business people were protecting each other, and capitalising on supply chain and consumer market advantages over non-Asians, as graphically reflected in the following quote:

> The worst thing was when we produced juice and yet we were not able to package. Getting bottles was very difficult... What happened was that Asian business people kept bottles for each other so that they can produce and supply while others are watching. The companies making bottles belong to Asians; only one black person has just started making bottles and do not have the machine for other bottle sizes. The problem, even now is that when its peak season, we can have drums and drums of juice without bottles to package. Asians usually make insulting telephone calls and shout at me "bring your drums here and you should be selling the juice to people using cups". The Asian retailers face consumer pressure to have the products...so that's why they push me. At the beginning we were using bottles without foil paper at the top. When we experienced this problem, we changed bottles. There were many suppliers of this new type of bottle. We were happy until we realised the problem of Asians keeping bottles for each other was also there. We had problems to get packaging and supply products. This has been a serious bottleneck for us.

Interestingly, there were incidents where the very same resource poor strategic leaders who vehemently complained about the negative and exclusionary effects of the supply chain

dominated by Asian business people were gradually also building their own ethnic-based relationships as a counter measure, albeit by powerless members of the supply chain. This was a vehicle by non-Asian strategic leaders to mitigate their weak ethnic resources in the packaging supply market and also to redirect some of their resources for other purposes within the business. This cultural perspective was revealed by one strategic leader in this way, "We have started getting bottles on credit from this new Malawian who is producing bottles. We will support each other. This is a chance for us to now redirect some of the cash we were using for bottles ... into buying more baobab fruits and expand".

5.2.3.3 We negotiate for mutual benefits of all parties involved

Also prevalent among these strategic leaders was the cultural conviction that negotiation should mutually benefit all the parties involved. This was manifested frequently by strategic leaders who successfully persuaded employees to forego their resting days and work to help the SME deliver products ordered at short notice by new customers. Strategic leaders proffered that the success of the SME was equally important to employees for their continued employment. There were also instances when strategic leaders were the ones being persuaded. In a very unique incident, strategic leaders initially turned down an unsolicited offer of a bank loan to expand distribution. Subsequently, they accepted the loan offer only after negotiating for more transparent and mutually beneficial terms of tailored loan repayment. One of the interviewees traced the origin of this cultural conviction of negotiating in a way that benefits every party to the formative years of the enterprise:

> They invited us for a meeting and offered to give us a loan to expand our business, but we refused. This is a section of the bank dealing with financial support for Malawian (SMEs) produced products, so that they can grow. We refused because we believed that bank people were very exploitative as they wanted us to work for them and they charge us high interest. We talked this out with the bank. At the end of the day they convinced us that they would give us low interest on the loan. We wanted to extend coverage to places outside Blantyre to Mwanza, Mulanje and other places. We needed several cars to distribute products to more places. They said they were going to give us a loan to buy a car.

> The bank agreed to deduct small amounts of money from the business. We were not sure whether our product would pick up quickly on the market. That time we were new, we were not experienced, and were not sure whether the product would perform well. We negotiated that the bank sees our bank accounts and check our financial performance. We insisted that they should not deduct huge amounts like they do with others customers. Since then this bank helps us in very unique ways until this day.

5.2.3.4 Everyone is accountable

Relational advantages and mutual benefits in negotiations were very helpful in building this SME. The cultural assumption that everyone was accountable was historically traceable to how the strategic leaders in this SME handled the challenges of accountability. Initially, accountability was advocated and reinforced by a small group of pioneers before devolution to individual employees in their respective capacities. Re-affirming the manifestation of the cultural assumption that everyone who worked in this SME was accountable for what they did, one of the strategic leaders echoed that systems were put in place to check on the bottles bought against the sales made, specific individuals were assigned responsibility for fuel, daily sales, production and cross-checking everything to make sure operations were profitable.

5.2.4 Strategic leaders' cultural assumptions: Blantyre Nuts Enterprise

Four cultural assumptions of strategic leaders were identified in this SME. These were about: (a) our local enterprise operates in a difficult environment; (b) our local enterprise competes against giants without fear; (c) we value the involvement of employees; and (d) family business is interdependent with community. These resonated with various strategic leaders of this SME and impacted on a number of activities and interactions of strategic leaders with family, competitors and community.

5.2.4.1 We operate our enterprise in a difficult environment

The environment context in which strategic leaders and organisation members operated evolved, requiring new responses from the organisation and patterns of relationships to survive. Several strategic leaders complained bitterly about the tradition of banks to demand collateral as pre-requisite for a SME to get a loan. Other strategic leaders believed this was simply a manifestation of lack of genuine desire by the financial service providers to pragmatically support SMEs. One of the strategic leaders spoke of how he felt so frustrated by the banks that he stopped from seeking any financial support from conventional sources. This is how he spoke about his disillusion and annoyance because of the difficulties which thwarted his ambitions:

> I would love to expand and do more but working capital is my problem. These days I cannot get a loan as I used to do in the past....sadly banks are many now. But there is one great problem between those of us who produce and those who should assist us to produce, like the banks. I hate it that banks are just too stingy; too rigid and I do not really know what wrong thing we business people did to these banks. I think they are jealous of enriching individuals. I sometimes wonder that they can give loans to a group of people running a company similar to that being operated by an individual. What do they do to an individual? They turn him down because he has no collateral. They are hiding behind collateral. I am really bitter about this. I have finally given up on these banks. There is a big disease…. It is killing us, killing our businesses in the society. We have actually identified this disease. We even have acknowledged this disease called jealousy in our national anthem. We sing about this disease at every national function. It‟s very sad indeed. May be we have to befriend the bank employees, I do not know.

One of the strategic leaders spoke about how they devised strategies to practically limit the internal risk of employee theft or secretive abuse of raw material by treating employees ethically, and showing them that they were trusted as a way to develop their ethical capacity:

> Wherever there are people, you expect problems to be there. Workers were eating too much of the raw material which was against the rules. They were also stealing

> and taking some to their homes. To discourage staff from stealing [name of product], we have authorised that they can eat as much as they can when we are processing. This is so, because people actually eat much more when they are not given the freedom or permission to eat. On the contrary, people do not eat that much when permission is granted. What is wrong is actually for a person to take a packet for someone who is at home to eat. As adults they can judge on their own what is right or wrong. In this way, we are all happy and take care of the business.

5.2.4.2 Our local enterprise competes against giants without fear

Strategic leaders displayed a strong sense of belief in the efficacy of their competitive actions against giant competitors in the market. Sensing the hostility of the business environment, strategic leaders were combining contract manufacturing and manufacturing of products for retail sales. Another strategic leader added that resilience and patience were used to challenge negative perceptions against local products. Addressing negative perceptions which were predominant among some up-market Indian retailers was a powerful means of unlocking entry barriers into a new market. Fully aware that they were operating in difficult environment; strategic leaders believed that they had to put up a brave fight against giant competitors. This was observed by one of the interviewees as follows:

We know we can do better. That‟s why we are always trying out new things on a small scale. We are not sleeping…waiting for new products to come to us like manna. We do not fear any of the big competitors when it comes to quality of products in the market.

5.2.4.3 We value the involvement of employees

Internally, strategic leaders engaged in open interactive discussions characterised by a free exchange of ideas, employee participation and continuous learning as a way to solve problems such as the threat of a stronger new competitor in the market. Employee involvement in casual discussions or meetings about work problems was a conduit for sharing information, opening up discussions about the real ups and downs in the business world and how to weather them, and

reinvigorate optimism within the organisation in the presence of threats. Meetings to discuss solutions to external problems served as rites of renewing emotional involvement, sharing of intense emotional experiences and collectively learning how to reduce anxiety and focus on enhancing the survival of the business. As a result of being involved and embedded, experienced employees had a role modelling effect as they helped others to learn on the job. In many instances, strategic leaders also used interpersonal communication and dialogue to store and distribute knowledge. They promoted the idea of inexperienced staff working alongside an experienced supervisor in the SME to inculcate what worked and did not work. However, there were instances in which employees were not ready to get involved in certain tasks. Lack of employee readiness to get involved took forms of covert opposition, procrastination, or doing something other than instructed by the superior. Employees could get into trouble or be insulted by strategic leaders for simply making a different or contradictory suggestion or idea, especially when business was good. This was construed as a challenge or undermining *achikulire* (a person with power or money who considers himself above advice from junior employees) and was not taken kindly. When opportune, other *achikulires* were side lining employees as they considered them not trustworthy to be involved or consulted.

5.2.4.4 Family business is interdependent with community

These strategic leaders had a dominant and externally focused cultural assumption which reinforced interdependencies between family business and community. This influenced how strategic leaders viewed employees, business, and the wider community as interconnected. One of the strategic leaders stressed how the sense of togetherness between the business, and community justified informal support to deal with some of the societal problems. From time to time strategic leaders used some of the resources of the business to help with funerals of community members and also to transport very sick people in the local community to the hospital to get treatment, whenever necessary. Reflecting on the interdependency of family business and community, one of the strategic leaders added that although celebrations initiated by the enterprise were very rare, they were very special occasions which were used to tie employees to the enterprise. Furthermore, strategic leaders also connected with some opinion leaders of the community such as traditional leaders and field agriculture officers. Strategic

leaders were mindful that the SME was drawing from the local supply of labour from the community and also community goodwill for the SME.

5.2.5 Strategic leaders' cultural assumptions: Honey Enterprise

The four cultural assumptions of strategic leaders in this SME reflected the underlying sentiments influencing the organisations‟ stakeholder relations, design of business activities and important sources of valued operational advantages. The amalgamation and synthesis of the cultural assumptions composed of: (a) we target small retailers; (b) we use relational employees to build advantage; (c) family and business are interdependent; and (d) We co-exist and co-operate mainly with key suppliers.

5.2.5.1 We target small retailers

Essentially, this cultural assumption impacted very much on strategic leader‟s competitive response, and strategic choice of marketing channel. Awareness by strategic leaders of their personal as well as the SME‟s business capabilities, made them deliberately avoid big retailers as markets for their products, thereby avoiding direct competition with the large competitors in the industry. It was also common that strategic leaders were building an emotional bond and relationship with small-size retailers. There were times when strategic leaders would permit some small retailers to get products on credit whenever they had financial problems. Informal business practices by strategic leaders revealed a high degree of good will and trust in their business relationship with small retailers. One of the interviewees illustrated how personal, trust-based social relations and mutual understanding between strategic leaders and small retailers were important in shaping targeted, informal and supportive business practices:

> My customers have always been small retailers. They phone me when the stock of honey is getting low. Sometimes they pay cash for the whole order, while sometimes they pay in cash for only half of the stock collected. The difference is paid later on when the retailer has money. I just write the amount to be paid...no formal contracts. I have known most of my customers for some time and we talk about our problems. We do what we discuss and agree. We trust each other. This

is because I ask my fellow business men first for the history and creditworthiness of each of my customer before giving the credit. Then I monitor myself. It is not always that they get bottles of honey on credit. When they have financial problems they let me know. We discuss such matters and support each other just like that. Similarly, when my product has some problems we also discuss. When I run out of stock, most of them understand. If you know your customers, and know yourself, and avoid direct confrontation with competitors, then you will succeed

5.2.5.2 We use relational employees to build advantage

Strategic leaders perceived employees in this SME differently, focusing on how some of them demonstrated enduring commitment and flexible work ethos such as a willingness to work long hours and extra hard without requesting extra pay in return. Family members and friends have easier access to both old and current information with which to evaluate one another‟s trust or reliability. One of the strategic leaders explained why they valued relational employees as cost-effective, reliable and flexible, and how this was a very useful aspect in the business, upon which to build competitive advantage:

> We have observed that relatives put more effort, time, and commitment to get work done. Relatives know that they are part of this business. That‟s why I like handpicking people I know and have known for a long time to work with me. I know family employees share both the benefits and burden of the enterprise today and the days after tomorrow. When we have to work late at night, family employees are always here, they are part of the success. We sometimes get big orders at short notice. Family employees work late so that honey is processed and ready before the specified time of collection by the customer. We rarely ask non-family employees to work late because they demand payment of overtime. They say no money; no work, *thangata* (free labour). *Ena amati sangafele za eni* (Some of non-family employees say they cannot die for other people‟s gain). This is a problem to us as we cannot pay overtime to employees now. We are small and trying to survive. Only few non-family employees accept to work late without payment of overtime. These employees are given a token of appreciation

whenever possible (*Timawaganizira*). We try to be nice, give something to these employees who support us very much. It‟s normal for us to do that so that they can continue to support us; instead of deserting us next time. *Katungwetu nkukankhana* [A child‟s enjoyment of a swing is in the reciprocity of pushes].

5.2.5.3 Family and business are interdependent

Some strategic leaders of this SME strongly maintained that the well-being of the family and the survival of the business were intertwined. Often, these strategic leaders highlighted how family members were actively involved in the business while financial resources from the business were used to play a very central part in complementing the day-to-day requirements to meet family needs. To achieve this, the structure of the SME allowed strategic leaders as owners of the SMEs to have open access and absolute control. There was absence of formalised procedures for accessing but also regulating the frequency, and amount of resources withdrawn by strategic leaders from the business for the support of family. The following quotation illustrates how interviewees were entrenching mind sets of interdependence between business and family as integral to the survival of the family:

> This business is good....My family depends on this business. I just take money out anytime and buy what is needed for our daily living. We do not record this anywhere. I know we record purchases for production and..... Also the money realised from sales. I withdraw money to buy small family requirements such as salt, sugar, meat or bread for the family. I do not record anywhere. Mmmmm, it is difficult to record this. The amounts are often small and this occurs more frequently in our enterprise. I withdraw this without the hassles of asking approval from anyone. It‟s my money, I use it on my family and my children who help me make this money after school, weekends and on holidays. *Thukuta langa ndi ana anga* (Me and my family sweat for the enterprise). They deserve good things in return for their help. This is how this family has been able to survive after I stopped working as a civil servant.

5.2.5.4 We co-exist and co-operate mainly with key suppliers

Co-existence and co-operation mainly with key suppliers was a strong cultural assumption which reflected how strategic leaders perceived and responded to suppliers and issues of supply in the business environment. It resonated among strategic leaders that the underlying rationale of co-existence, and co-operation with key suppliers was the need for reliable sources of honey to process and compete especially for occasional large order:

> One time I had a big order of 5 tonnes of honey from a woman from Mponela. This was towards the end of the season. I visited my suppliers but could not manage to get the required tonnage of raw honey to process. I felt bad to lose the order. I am small and cannot buy honey in huge amounts and stock to sell during off-season. I rely on small and regular purchases of honey from my reliable suppliers and not anyone. The suppliers help me a lot when I need honey. For quite some time this enterprise has survived on small quantities from few and loyal suppliers. The failure to supply 5 tonnes was very unfortunate. I guess I need more reliable suppliers. Since that time I am in close contact with these guys... I phone them well in advance to let them know what I will need. They are my good friends and occasionally I buy them small gifts to keep them happy so that they do not forget me. We do not have a contract to bind any of us.

5.2.6 Strategic leaders' cultural assumptions: Nyanja Bakery Enterprise

The amalgamation and synthesis of four main cultural assumptions of strategic leaders of this SME constituted the following cultural assumptions: (a) we simply survive; (b) we follow proven practices; (c) we cultivate harmony and (d) we use ethical resolution to employee problem.

5.2.6.1 We simply survive

The cultural assumption of "simply survive" was a powerful predisposition to strategic leaders" actions and interactions in the business environment to at least ensure continuity of the enterprise. Business survival was a balance between taking reactive action and not taking action at all. There were incidents when this cultural assumption portrayed how strategic leaders were strongly clinging to old practices and resisting change as a way of claiming their strength and reducing the anxiety of risking business survival in a changing business environment. Strategic leaders resisted from making product changes, and market expansion not to disrupt any of their proven ways that had ensured that business survived. Similarly, another interviewee manifested a strong preference to largely maintain the same distribution pattern to avoid risk of failure, as the market was uncertain. Strategic leaders were placing enormous emphasis on only reacting to those inescapable, non-optional, exceptional and practical changes to simply remain in business. One such reactionary change was about "timing" in the distribution strategy that had been in place since the formative years of this enterprise. This minor evolutionary change stressed being the first to distribute products to retail customers in the market in order to simply survive, as competition intensified:

> There was time when the customers were very loyal to our products. The situation is no longer the same with more bakeries coming up. Customers these days buy from whoever is first. We do not expect customers to wait for us when we are late just because they are familiar with our products. The loyalty that used to be there is worn out. When we are late some customers split the order between us and whoever was first. Most customers were buying everything from whoever was first. We had to change to survive.

5.2.6.2 We follow proven practices

Related to the cultural assumption of simply survive was a conviction to follow proven procedures and avoid the risk of disturbing things. Strategic leaders were strongly insisting on following proven practices which gave them justification not to commit any resources for the exploration of creative, untested and alternative ways to respond to competitive changes in the environment:

> We sort of just follow the same distribution channel we started with. My drivers and salesmen know the areas; my customers know very well when we visit them. We have not changed this knowledge which is common to us and our customers. We really have not been convinced that we need to think about other ways of increasing revenue, other than visiting the same market, same day. We have built strong customer confidence over the years. We are happy producing what we know people will buy rather than testing products to find a market. You cannot change something that is already working well. We have not changed our products, quality and market as well. It‟s the same.

In almost a similar strand, strategic leaders concurred that they were sticking to what worked and was grounded in a long trail of practical evidence, predominantly from customers and experienced employees.

5.2.6.3 We cultivate harmony with customers and employees

Harmony among employees and also between employees and strategic leaders was valued by the upper echelon in this SME. Following proven practices, was helpful in limiting conflicts. In handling conflicts between salesmen and customers, strategic leaders believed in attainment of harmonious relationship. This cultural assumption also manifested how strategic leaders were struggling to cultivate harmony between salesmen and retailers. Strategic leaders corroborated on the need to understand the motive and also balance the levels of transparency in relationships as part of careful conflict resolution to cultivate harmony, evident in the following sentiments:

> Some customers are good and they will tell you whether the salesman is rude. However, you need to be careful because sometimes customers may not say the truth as they have their own interests. And if the salesman is strict, and has instructions not to give goods on credit, the customers will dislike it. One time a customer reported the salesman to me that he was rude. But when the matter was investigated it was found that the salesman was following our instructions not to give out goods on credit and this made the customer angry. The customer threatened to deal with the salesman, stop buying from him and only buy from competitors to make sure he loses his job. I talked to the customer and my salesman. Things were resolved very well. We are careful in terms of how we handle these conflicts not to lose good and experienced salesmen because of selfish customers but also not to unnecessarily hurt our customers.

5.2.6.4 We use ethical solutions to employee problems

In addition to the cultural conviction of cultivating harmony within the SME and also with external stakeholders such as retailers, strategic leaders construed that their actions were also driven by ethical consideration of self and others in monitoring and controlling of employees. The strong commitment of strategic leaders of this SME to ethical solution to problems with employees was manifested in the blatant condemnation or aversion of inhuman aspects of how other leaders were dealing with theft by employees in the bakery industry, as such, was highly emotive. The sense of good to self and others governed the actions of strategic leaders as follows:

> Over the years we had employees stealing bakery ingredients in very small quantities. It was hard to detect that there was theft. If you do not monitor how staff produces the products then that will be the end of the business. The frequency and cost of replenishing these ingredients would be high. This completely cuts-off your profit. I know that Asians with bakeries lock the staff inside until the shift is over. This is to prevent them from stealing. Stealing is indeed bad...very bad but I feel it‟s inhuman to lock them up. The bakery is a hot

place because of the heat. That will never happen here. There is a need to punish or control things taking into consideration that these are also human beings.

5.2.7 Strategic leaders' cultural assumptions: Zokoma Enterprise

There were three main cultural assumptions of strategic leaders of Zokoma Enterprise, reflecting responses of adaptation to survive in the environment, interactions with customers and management of knowledge and learning within the organisation. The three cultural assumptions were as follows: (a) we adapt to survive threats; (b) we value customer relationship benefits; and (c) we manage knowledge transfer.

5.2.7.1 We adapt to survive threats

The cultural essence of "surviving threats" was manifested in a variety of strategic decisions by strategic leaders at the level of product features and standards, re-definition of market, and also re-definition of some distribution aspects. There is evidence that decisions of what was being adapted was just as important as how and when the adaptation to simply survive was taken. One of the strategic leaders revealed what they were adapting and how they made proactive, consumer-centred product adaptations to exploit a broader, and more demanding market, illustrated as follows:

> Well, we have differentiated our products through packaging and quality. Although the formula for fortification is the same, the difference is on the quality and size of the grains of the flour. Rab processors are very big... They threaten us very much. We have created our own brand with its own unique proposition……packaging which is very unique to us. We have to adapt to what the users want to remain in business. At first we were just making sure that our production meets the minimum standards for patients but now we are looking at the whole market ....even those who are not sick….. Anyone who makes the choice of what flour to use....mmmmm we stopped thinking of this fortified flour as prescription to malnourished patients. This is now a product for everyone.

However, there were some incidents about internal decision making which reflected some enduring inconsistencies in adaptation to enhance survival of the enterprise. It was traditional that junior employees were socialised not to take sole responsibility for key actions. Only the strategic leader had the ultimate decisional power to initiate adaptive action. One of the strategic leaders reflected that this socialisation of employees was a persistently strong disabler to the distribution of authority suitable to promote proactive adaptation to changing circumstances in the business environment to survive threats.

5.2.7.2 We value customer relationship benefits

Strong consensus among strategic leaders prevailed around the conviction that time spent talking to customers to initiate, shape the nature, quality and strength of relationships yielded benefits. These benefits took the forms of market penetration, rapid business growth, and reliable relationship with big chain retailers as customers. One of the strategic leaders expressed excitement with how initiatives directed at enhancing customer contact made huge, positive differences to the enterprise:

> Initially, there was a captive market, that is the patients, and there was little need to market our products… Later on, we recruited a marketing officer to interact with the market. We had decided to go for the bigger market. There was a need to go out, and intentionally look for the markets. We needed someone to go out, frequently contact, manoeuvre and talk to the retailers. It‟s amazing how thing work and we are growing our market faster than we can deliver the products. That‟s our new problem now. Few years ago, we were only distributing to few retailers in the capital city. This was simple. We have recently signed a big agreement to distribute to PTC chain retailers all over the country. We are investing in a generator, and then we will buy a big distribution vehicle so on and so forth. We will grow from there...

5.2.7.3 We manage knowledge transfer

As a way of managing knowledge transfer, strategic leaders preferred the use of experienced employees to facilitate the acquisition, transfer and utilisation of knowledge by organisation /staff members and also determining what the enterprise could do. Strategic leaders displayed satisfaction that experienced employees had diverse tacit knowledge which was being shared and distributed through social interactions. The underlying cultural force of strategic leaders was the conception of experienced employees as socialisation agents, and coaches who helped new members settle in the enterprise and learn through coaching and reflection respectively. Experienced employees were the actual social trainers, holders of tacit knowledge, and implementers of changes in this SME, as illuminated by this interviewee:

> New employees work with old employees and see what they do...how they do ....and when...and what the results are. If there are changes because things are changing every day, we tell them about the changes and they go and do it. These are people who have been here for years and years..... They are used to how things are done here. They have the experience which they have acquired over the years. We do not involve outside trainers to train our people because we are small. Whenever there are regulatory changes, we tell them what should be changed and they do it.

Paradoxically, strategic leaders were aware of negative effects arising from reliance on experienced employees as agents of knowledge transfer and transmitters of social conduct. Negative aspects of experienced employees performing these roles included inhibition of new and ambitious employees to critically challenge the received wisdom. New and ambitious employees were struggling to be socialised into "merely doers and listeners" – not allowed to open up and critically engage the experienced employees whom they secretly and mockingly gave negative and derogatory labels such as "the all knowing historians", "*a mvula zakale*" meaning old school, *"nkhakamila*" which had a derogatory meaning of a conservative old employee who was not ready to retire from work and was firmly hanging on, and " *mafumu*" or "*a mwala*" a connotation of an expert employee who felt too superior to even listen to novices in

the organisation. Implicitly, experienced employees were also transmitters of negative aspects of culture which had the potential to impede the organisation‟s capacity to adapt.

5.2.8 Strategic leaders' cultural assumptions: Samalani Enterprise

The amalgamation and synthesis of cultural assumptions of strategic leaders in this SME revealed three main assumptions. These cultural assumptions were as follows: (a) There is ripe time for everything; (b) we co-exist within the organisation and (c) a leader has overriding accountability overriding accountability.

5.2.8.1 Everything has a time that is ripe (Zilinda nthawi)

One of the cultural assumptions that strategic leaders held, was that there was an appropriate time for everything. Time was considered as ripe when there was an inevitable need for action by strategic leaders in response to crucial circumstances that could not be ignored, such as a crisis or a positive event like an unsolicited business order. In a slightly different conception, some of the strategic leaders agreed that there was a "ripe time" for inaction as a way to avoid risks, the acceptance of fatalistic outcomes, and also time for the dedicated mobilisation of collective support, especially when business was in distress and would not continue if there was no intervention. Alternatively; other strategic leaders echoed how ripe time was about the occurrence of unexpected positive events in business as a result of the inadvertent efforts by others outside the enterprise. One of the interviewees conceded how inadvertent efforts by a top government official confirmed that strategic leaders were at times not the sole determinants of business outcomes and relationships:

> We worked hard but literally failed to convince these managers to use our products in their hotels. They had lame excuses such as poor quality of our product. They said our product was inferior for the international tourist market. We finally gave up. It was after some time that the same matter resurfaced.....unexpectedly.....*Zilinda nthawi* (things wait until the appropriate time to happen). I remember it was at a preparatory meeting for a tourism exhibition. The Principal Secretary for Tourism was chairing the meeting. He got

> furious to learn that unique local products were not promoted in the tourism sector. It seems that managers of the hotel got the message by the Principal Secretary. These managers were later opening up their doors, creating time to meet us. Eventually, we had a deal to supply our [name of product] in all their hotels as part of promoting the country to tourists.

5.2.8.2 We co-exist within the organisation

Strategic leaders also underscored that success of the SME was embedded in how diverse groups of employees in the enterprise were being managed, re-aligned or meshed to work towards common goals, ways of solving problems and promote co-existence. Employees in the SME were perceived by strategic leaders as skilled and unskilled, experienced and non-experienced, and family and non-family. The interactions of strategic leaders were fundamentally induced by the commitment to co-existence within the organisation, which also involved disciplinary action for those who violated the norms. This preserved homogeneity of interest and behaviours. Co-existence, warm feeling of bonding and a sense of belonging that arose through family ties, simultaneously functioned as a regulatory and disciplinary device within the organisation. One interviewee described how free-riding, and abuse of resources by family members was against the desirable co-existence that was supportive of the interest of the family and organisation:

> One of the clerks in the company was my cousin. I have known him for a long time as being reliable and hard working. But he shocked me. He used to frequently come to work late... and sometimes smelt of beer. Then he started to abuse the telephone by making numerous personal calls. He was fired straight away! I wanted him to be an example to others that we do not play here. If my very own relatives behaved like that then the other employees would be more careless... They would not care as well... There would be chaos here. No, no...Not here. Every one works hard here and that is what makes us stay together. Being a relative matters ... It simply means you being exemplary...support me.... not being a bad example. This is what the others‟ cousins who work here do all the time. Not dragging me and everyone else down.....phuu!! No...Not here. *Zimenezo sizapano* (That is not welcome here).

5.2.8.3 A leader has overriding accountability.

Strategic leaders of this enterprise also manifested strong agreement on a pyramidal structure of relations and accountability for mistakes of juniors. This cultural notion was vital in how strategic leaders were strict as a way of protecting themselves from shame of errors. Evidently, while strategic leaders tried to delegate some responsibilities, many of them commonly believed that strong control and intrusion to monitor the delegated work was inevitable to co-ordinate different but complementary activities of creating value. One strategic leader echoed the cascading process which normalised close supervision at lower levels of the organisation derived from and repeatedly validated by the role model set by the Managing Director, as follows:

> The Managing Director walks to the factory to directly follow up on the progress on what was agreed to in management meetings. You cannot specify the time he may be here... Any time. The Managing Director is all over ... Checking this here... Checking there... as if he does not have confidence in us. But we are used to him. As a result we also go around our sections to check and make sure things are alright in case he drops in. One day the factory manager forgot to tell employees to start using a new label for our products. The old labels were not professionally done. The change was discussed and agreed at management. Unexpectedly, the Managing Director walked in casually, talking to people only to discover the old labels on the bottles... It was bad, he shouted at us here. We were all told that this is not our home..... It is his company..... That he can fire everyone. We had to apologise and change immediately.

5.3 SUMMARY

This Chapter has identified, delineated, and also illustrated how key cultural assumptions of strategic leaders were shaped in various SMEs to constitute the correct way of perceiving, thinking and responding to problems and challenges in the environment. Critical incidents were significant in revealing the cultural assumptions that had being created, transmitted and maintained through various actions that were either encouraged or discouraged by strategic

leaders in the SMEs. Through cognitive, social and emotional involvement of employees, strategic leaders were increasing the intensity of learning regarding problem solving to cope with external challenges, and internal issues. A total of thirty cultural assumptions have been identified and described in these eight SMEs. It is instructive to note that as the result of focusing on cultural assumptions within each SME, there are similarities or repetitions between SMEs which are necessary. Additionally, there are also several instances of contradictions between cultural assumptions which prevailed in one SME against another. These repetitions and contradictions reflect the nature and also richness of the various contexts in which the cultural assumptions were manifested. The repetitions were grouped together into similar cultural themes while the contradictions reflected the diversity and properties of these themes.

CHAPTER SIX: THE CULTURAL PARADIGM OF THE STRATEGIC LEADERSHIP ECHELON

> Typically, the solution process is an advocacy of certain ways of doing things that are then tried out and either adopted or rejected depending on how well they work out (Schein, 1984:8).

6 INTRODUCTION

Having described in broad terms the cultural assumptions within specific SMEs, this Chapter shifts towards more details of the consolidated cultural assumptions prevailing across these enterprises. This brings together the essence of cultural assumptions which are collectively referred to as the cultural paradigm of the strategic leadership echelon in these SMEs. In this regard the aim of this Chapter is to describe the multifaceted cultural paradigm of the upper echelon in agri-based processing SMEs in Malawi.

A set of two broad and unconscious cultural assumptions have been identified as constituting the cultural paradigm of strategic leaders. These are (a) *pragmatic business survival mind set-assumptions about the external environment;* (b) and *cultural assumptions about relationships, in terms of social network, /staff members and family*. This Chapter discusses each of these two broad cultural assumptions, focusing on their sub-themes, properties and sub-properties, and dimensions. The Chapter begins by presenting the main constituents of the cultural paradigm before the specific cultural assumptions. In presenting the cultural assumptions in the paradigm, the Chapter focuses on the pragmatic survivalist mind set first, before progressing to focus on cultural assumptions about relationships, starting with networks, followed by relations with organisational members and culminating with assumptions about relationships with family.

6.1 THE CULTURAL PARADIGM OF STRATEGIC LEADERS

The cultural paradigm of strategic leaders in agri-based processing SMEs was grounded in two broad cultural assumptions about (a) pragmatic business survival and (b) cultural assumptions

about relationships which were mainly shaped by past experiences in business life. These two broad cultural assumptions in the cultural paradigm of strategic leaders reflect underlying cognitions, feelings and perceptions which legitimated that survival of SME was the bottom line or central concern.

Business survival was propelled by pragmatism, which involved following of proven practices shaped by past experiences. Underlying cultural assumptions of strategic leaders inherent in relationships were manifested in networks, dynamic relationships with organisation/staff members, and family. These two cultural assumptions combined to give strategic leaders meaning, cultural thrust and defined conditions of when and how to resolve problems or avoid anxiety for the business to survive and how relationships were useful to this effect. Table 9 gives an overview of these two broad cultural assumptions, which are later discussed in detail.

TABLE 9: CULTURAL PARADIGM OF STRATEGIC LEADERSHIP ECHELON IN AGRI-BASED PROCESSING SMEs

Broad cultural Assumption	**Sub-theme of cultural assumption**
1. Pragmatic business survival Mind set (Business is competition, there is need for pragmatic actions to survive in the market)	Nature of external business environment Nature of the competitors
2. Cultural assumptions about relationships 2.1 Networks as a resource (Networks give advantages to enhance survival)	Function of networks
2.2 Relate with organisational members (Relations within the business are means for business survival)	Types of relations Degree of employee involvement

2.3 Family and business are interdependent (Family and business are interdependent)	Family as a resource Family and business integration

Source: Own

6.2 PRAGMATIC BUSINESS SURVIVAL MINDSET

Strategic leaders had the mind set that business was like battle in which the environment could be hostile and at times friendly. In both cases, continuity of business was paramount. The pragmatic business survival mind set embeds cultural dispositions of strategic leaders in their practical day-to-day steering of business operations to survive and eventually meet the needs of the family.

The pragmatic business survival mind set of strategic leaders was about the underlying cultural conviction of: (a) operating the business in a difficult environment; (b) a local small enterprise competing against giant competitors without fear; (c) targeting small retailers; (d) simply surviving; (e) following proven practices; (f) adapting to survive; (g) seeing that business is like battle; and (h) using internal resources to position the enterprise in the market and what it entailed.

Two themes were prominent in the pragmatic business survival mind set, which provided the underlying cultural insight into business and served as a basis for the behaviour of strategic leaders. The cultural manifestation of pragmatic business survival mind set was firstly in the nature of external business environment, and secondly, the nature of competitor (See Table 10).

TABLE 10: SUB-PROPERTY AND DIMENSION OF PRAGMATIC BUSINESS SURVIVAL MINDSETS

Theme: Pragmatic business survival mind sets		
Sub-theme	**Dimensions of properties**	
(a) Nature of external environment	Friendly	Hostile
	Less difficult to operate in	Very difficult to operate in
(b) Nature of competitors 1. Perception of competitors‟ strategic concerns	Elimination of rivals	Co-existence with rivals
2. Competitor posture	Competitive orientation	Conditional co-operation
3. Degree of opportunistic behaviour	Filling market gap (opportunities)	Inherently opportunistic

Source: Own

6.2.1 Nature of the external business environment

The pragmatic mind sets of strategic leaders in terms of business survival characterised the business environment as ranging from less difficult or more difficult to operate in. As such, strategic leaders were being driven by the underlying forces to adopt what would work to address problems. Some of the problems of strategic leaders were about limited financial support from conventional financial service providers and also the conservative nature of the market which perpetuated status quo and resisted new local products. Strategic leaders were also enduring the effects of government regulations on the environment which outlawed machines which were

using ammonium gas and also crises which depressed demand and created a difficult environment for business to operate (i.e. financial crisis, famine). In this context, strategic leaders were depending on the resilience of employees and frugal use of limited resources to cope in a hostile business environment. Pragmatic business survival was central in the mind set of strategic leaders when faced with competitive disadvantages such as being cut off from the direct supply of key raw materials, as tersely manifested by one of the interviewees:

> It was difficult for us to get milk. We were buying few litres from a handful of independent farmers. We could not get enough. Our Asian competitors had exclusive supply contracts with most of the farmers. We had no option but buy from them at a higher price. Without milk meant no production. The worst thing was we were all selling at the same price, on the same market. But we never gave up. We were really very careful on how we spent the money.

Some of the pragmatic survival mind sets of strategic leaders reflected more *internally driven views* of ensuring that the business would survive in a hostile external business environment. These mind sets were about an underlying influence of (a) using available internal resources to position the enterprise in the market; (b) pursuing proven practices and (c) adapting to simply survive. Some of the cultural artefacts of these mind sets of strategic leaders were evident through the nurturing of operational agility of employees. This was common when processing and delivering of products was expedited to avoid loss of any perishable raw material if not processed before scheduled electricity power cut by the Electricity Supply Commission of Malawi (ESCOM). It was therefore important that employees were flexible enough to process perishable raw materials. In this context, relatives as a reliable and flexible labour were critical to cope in this type of external business environment. There were also incidents when agility in processing of products was to minimise wastage or ruin of perishable raw materials stored for too long before being processed due to unscheduled, or prolonged electricity outage.

Additionally, there were also more *externally focused pragmatic business survival mind sets*. These reinforced the cultural predisposition of strategic leaders who subscribed that (a) they were operating in a difficult environment; (b) business was like battle, (c) they were competing

with giant competitors without fear; and (d) business survival was critical. In the light of this, targeting small retailers was encouraged to avoid direct confrontation with larger rivals.

The pragmatic business survival mind set that there was a ripe time for everything was the powerful force underlying strategic leaders‟ acceptance that some problems would prevail and therefore there was no need to take any proactive or reactive action. This was a way to simply survive in a hostile business environment (e.g. taking no action when famine depressed demand for bakery products, as consumer spending priorities were on staple food). Strategic leaders were also ignoring some opportunities, as the time was considered not ripe to explore them (e.g. export opportunities for baobab fruits). On the other hand some strategic leaders construed time as ripe for resolute and agile action to mitigate negative events such as a crisis (i.e. stepped-up marketing effort and resilient search of alternative export markets with better offer for hides when prices plummeted because of the global financial crisis).

For example, strategic leaders were upholding various pragmatic views of how to survive in the face of the problem of marginalisation by banks. Some strategic leaders resigned from seeking financial support from banks and were committed to self-financing and other internal sources. Other strategic leaders were actively exploring unconventional modes. One of the interviewees illustrated how strategic leaders considered unconventional means as practical solution to marginalisation by banks in the business environment and hoped to survive as a business:

> I cannot get even a small loan to support my business. This year I decided to contest for Member of Parliament for this area. I was really busy and the plant stopped production for three months. We only re-started a month ago after the elections. I took money from the business to use for my campaign. I wanted to re-start with a big bang, with more capital and expand. But things did not work out that way. You know these parliamentarians they earn a lot of money…have lots of allowances. I know others have revamped their businesses in this way. Now I am struggling but will soon be up on my feet again.

On the other hand, pragmatic business survival mind sets of strategic leaders also influenced proactive *responses* to a favourable business environment. While some strategic leaders were

making reactive adaptations to survive (e.g. making changes so as to be the first to distribute bakery products to retailers as a response to new entrants in the market), there were also others who were more proactive in their actions to enhance the survival of business. One of the proactive responses to the favourable business environment illustrated how strategic leaders were making intentional and calculated product changes, based on consumer feedback

> A lot of people producing this juice got the recipe from Chitedze Agriculture research. Our product is an adaptation of this original recipe. We are really different in terms of taste. We consistently get and use feedback from customers so that we produce what they like. This is why we are surviving and people do not understand this. This is us.... And how we do our business.

6.2.2 Nature of competitors

The pragmatic business survival mind set of strategic leaders was also about how to interact with competitors in the market. The underlying cultural thrust of business survival manifested in three properties about competitors. These were about the (a) perception of competitor‟s strategic concern, (b) competitive posture and(c) degree of opportunistic behaviour. Strategic leaders held the view that competitors were essentially not concerned in co-existing with others in the market, but rather with how to eliminate rivals as a practical means of ensuring their survival. To pragmatically survive in such a business environment, strategic leaders were commonly inclined towards a conceptual schema of conditional co-operation with competitors fuelled by persistent fear or suspicion of falling victim to opportunistic behaviour or clandestine ploys by aggressive rivals. In the view of one of the strategic leaders:

> Competitors are predators, serve their own interests best. They are deceptive and all we do is to concentrate on our business and do not mind them. They pretend to be your friends but deep down their hearts they do not want you to succeed. They are working hard that you do not have access to raw materials; they are telling everyone that your product is not the best but theirs [is]. They sell you raw material at higher prices and you become bitter when you discover it.

As much as it was prevalent that strategic leaders of SMEs were deliberately not focusing on directly challenging giant competitors on the market, there was also limited but persistent evidence of a strong belief in the efficacy of the competitive actions of those who did (i.e. contract manufacturing. Commenting on the nature of the relationship with competitors when in a crisis, one of the interviewees drew from past experience of co-operation in the form of sharing market information, further reflecting:

> We export [name of product] but now we are in big trouble because of this global financial crisis. We are failing to find a better market for our product. Our customers from Hong Kong and Australia are offering us 36 cents per kilogramme. In the past we used to sell at one dollar and two cents per kilogramme. We talked to our competitors to check the prices they were being offered. Their customers were offering 40 cents. We sat down and concluded that we would continue to search for better prices. We contacted another competitor in Zimbabwe who told us about someone who was buying at 75 cents which was better.

In non-crisis times, the state of relationship with competitors was intrinsically competitive in nature. Sharing of information was non-existent as most competitors adopted imitative strategies such as copying or modifying a well-known product. Additionally, competitors were in essence perceived as enemies with bad intent most of the time. All these actions were spurred by the underlying sentiment that business was like a battle. However, there was no evidence of strategic leaders making proactive adaptations to how they operated to purposely grow the business by exploiting new opportunities. Most strategic leaders were comfortable with the way they were operating and the products that were being processed in the SMEs and sold in the market to guarantee the survival of the business.

Pragmatic business survival was also central to strategic leaders in a friendly business environment. While evidence of a steady flow of money signified good business performance and a friendly business environment in the market, it also signified time for respite, self and family reward, and legitimated a laid-back approach to business by some strategic leaders. The survival of business was taken for granted. Another strategic leader regretted how success in the

business after hard work was making them to relax and fail to reinforce the very same controls that contributed towards the survival of the enterprise. This interviewee further lamented on how bad work ethics, bossy attitudes and the urge to relax and enjoy overwhelmed and took centre stage in the outlook of some of the strategic leaders:

> .... We have so many customers....money is coming in. We are taking things lightly both inside and outside this business. We sadly have been behaving as bosses… We come to work late and controls which were expected to be in place are not being done. Instead of coming to work at half past seven in the morning we come at nine o"clock. Some of us are doing that because we believed we are the owners…of this company…contributed more money than others. This is time to for me and my family to enjoy, as business is doing fine. Relief in business is not about relaxed controls and being a bad model to your friends and juniors. This has been destroying this company. We all worked hard to be where we are now.

The next section presents cultural assumptions of strategic leaders about relationships which incorporate networks, organisation members and family.

6.3 ASSUMPTIONS ABOUT RELATIONSHIPS

There are different types of relationships that strategic leaders recognised and used for various purposes i.e. Different types of networks, relationships with organisational members and family). These relationships serve different purposes or function. Changing conditions of business affected the nature of these relationships and their functions.

6.3.1 Networks as a resource

Networks were about social connections and structure of relations between firms, and also individuals. Strategic leaders were building and broadening external support and good will for the business from various stakeholders. Some of these connections were driven by cultural assumption of conditional co-operation with competitors. Strategic leaders were also establishing their own ethnic-based networks to counter threats in the supply market arising from the

favouritism and dominance of Asian ethnic business people. On the marketing side of the business, strategic leaders were building relationship with owners of smaller retail outlets as a less demanding (no need for bar codes) channel of distributing products to the market. At times a network of friends was used to help in the introduction of new products to the market, and also to get business. In this way, networks were instrumental for strategic leaders both on the supply side and market side of the business. As such *functional value* was a property of network and reflected the specific function a particular network was serving for strategic leaders. Four types of functional value of networks were identified as having an underlying cultural influence on how strategic leaders responded and behaved in response to networks which impacted on business. These networks were bridging networks, ethnic networks, bonding networks, and mutual gain networks. These networks involved various stakeholders such as suppliers, politicians, bankers, and customers.

6.3.1.1 Bridging networks

The cultural assumption of building good will and network support for the business was a recurrent cultural concern of strategic leaders. Succinctly; bridging networks were essentially about exploiting the edge over others because of the special benefits associated with "who you know matters". Open access or easy contacts to influential people known by strategic leaders as a resource was distinguished by "direct" access to people who were helpers because they had power or status evident in terms of position of influence, occupation or authority. Network resources were inherent in a web of this type of social connections, being part of the social network or merely being known to powerful people. While bridging networks were fundamentally about structure and content of relationships (e.g. having more direct reach or contact to influential and resourceful people outside the firm as a means of getting business opportunities), differences were noticeable in the strength of the bridge to the external business world. According to strategic leaders of SMEs, strong bridging networks served a function of easy and more direct access (position of proximity) to powerful politicians, influencing decision-makers on financial and business support services, influencing orders or expediting payments for delivery. The strength of bridging networks was weak when SMEs were not part of a network, or were part of a network that lacked diversity to broaden the bridge to access different, new, and

valued resources, consolidate, preserve and also protected existing resources. Failure to directly access influential people who could manipulate decisions regarding supplying of products or expediting of payment from an organisation to strategic leaders were characteristics of weak and unproductive bridges in the social networks. The onus of responsibility for searching, and maintaining networks, often lay with strategic leaders. To illustrate the notion of bridging networks as a competitive edge, one of the strategic leaders shared how they had created a privileged network position or position of prominence through efforts to weave a web of instrumental social connections with different types of people, as illustrated in this interview:

> We went to different government offices and private companies to visit all those friends who are now powerful to tell them about our company and ask for their support. Luckily, we have a lot of friends....some we worked together sometime somewhere, some are old school friends, some we meet in church, some are married to this or that person who is a relative. We know which stone to step on so that we do not fall down. We have *malaini* (weaving direct connections and networks to influence in favour of one‟s interest) all over.....from down to-up to the big guns in this land. You cannot do business these days without being well-connected.... Being known here and there. It‟s important to have overt..... But also some clandestine, direct connections if one‟s own purpose is to be served

6.3.1.2 Ethnic network

Underlying cultural assumptions of strategic leaders also illuminated the existence and function of ethnic networks which included the creation and reinforcement of ethnic boundary and valuable network resources. Strategic leaders construed that ethnic-based networks of Asian business people were threatening the survival of their business. Ethnic networks in business were key in excluding non-ethnic members. Ethnic-based networks of Asian business people were characterised by high intensity of personal loyalty of members. Exclusionary assumptions embedded in ethnic networks were manifested in preferential treatment in buyer-supplier relationships based on ethnicity (i.e. imposition of strict terms of purchase payment such as cash basis, minimum order quantities for non-ethnic members); and also in the perpetuation of unfair competitive actions such as deliberate and manipulative delays by Asian retailers, in payments to

suppliers fuelled by ethnic exclusion. One of the strategic leaders echoed the lamentation about the dominance and persistence of exclusionary tendencies by Asian retailers as follows:

> We may not like the delays in getting paid after supplying our products to Asian retailers, but we have no option. Most of the retail shops here are run by the Asians. These guys are our suppliers and also our retailers. We cannot do our business without them. I guess we have to compete in this way or else we should leave business to them. *Amati dziko ndi lanthu koma ndilama ndiwawo* (Asians assert that the land belongs to the indigenous Malawians while money belongs to them).

6.3.1.3 Bonding networks

Another form of network identified as a cultural driver was the bonding network. This type of network served to strengthen or further cement the bond of existing contacts. The bonding of the contacts was characterised in terms of strength of solidarity. Strategic leaders bonded with different people who played instrumental roles such as suppliers, bankers, and also advocates wielding political and decisional making powers.

Common among the motives of strategic leader to join politics or agree to their business partner engaging in politics was the objective of cementing the reliability of connections within the political network. These instrumental bonds in a network with powerful politicians were primarily to get orders to sell their products to government and also of have one‟s interest prioritised in business related activity (i.e. the use of political connections and friendship ties to get things done quickly and without regard to procedures; informational advantages such as getting information on business opportunities quicker than others) and *nurture anthu a phindu* (nurture productive business contacts). However, one of the interviewees pointed out how his enterprise had initially benefited from bonding which created a position of proximity to politicians in terms of being prioritised when it came to getting government business, but eventually suffered (i.e. prolonged delays of payment by government and the ruling political party of the time; serious cash flow problems; internal conflicts within the upper echelon). As much as bonding networks were pre-dominantly for the business to gain, there were times when

the consequences were complex, and threatened the survival of SMEs as illustrated by this negative experience of one of the interviewees:

> In fact it came to a point that our friend was neglecting the company because of heavy involvement in politics. Unfortunately, he was the major shareholder. There were serious disagreements. He would persuade us to continue to supply some government departments, even when they owed us a lot of money. We said to him...No...no...You are getting yourself too much involved in politics. You are rarely here with us. You simply come here to tell us to supply this for a party function...supply that to this government department, but are not getting paid. We are no longer benefiting as a company. Instead we are having cash flow problems. Some of us were asking why we are doing this. We asked him to request the politicians to give him a post that he leave us alone, that we stop suffering. Sadly, he had to finally leave the company and was given a big position in the government

6.3.1.4 Mutual gains networks

Networks also reinforced mutuality of gains for all parties involved, as a cardinal cultural assumption of transaction or exchange. Sentiments of co-existence with suppliers and harmony with customers were very important in shaping interactions of strategic leaders in seeking mutual gains. The degree of perceived commitment of parties to an exchange or transaction, their predisposition towards giving or getting concessions, the degree of willingness to impose conditions and put others under obligation were critical in determining mutuality in a network. Some of the strategic leaders were building networks of suppliers by exchanging small gifts, giving advance notice to suppliers about requirements, maintaining close contact and constant dialogue with suppliers, negotiating for mutual benefits with financial service providers, and also cementing ethnic-based buyer-supplier relationships to promote and support each other in the midst of powerful and established competitors.

From a slightly different view, another interviewee explained that mutuality of gains rested on addressing the needs of others in the process of getting benefits. This was illustrated in this experience of inter-organisational mutual gains:

> We buy our [name of raw material] from the weekly rural agriculture markets. But it‟s difficult. We could leave this city for Karonga and Chitipa, spend three weeks there and yet not get enough[raw materials]. We compete with vendors who buys [name of raw material] and re-sell in the cities. To motivate the farmers to give priority to us, we organised them into an association…and then sponsored a football trophy. Teams from the area we get our raw materials were competing. The trophy was known by [name of company]. We also facilitated the opening of bank accounts for each supportive rural farmer who was a member of the association. All this was to have support from the farmers to sell [name of raw material] to us... Incidentally, the opening of bank accounts for farmers eased payments, contributed to the reduction of rampant problems of theft suffered by rural farmers after selling their [name of raw material] and also undermined the exposure of our employees to the risk of armed robbery for carrying huge amount of cash to buy [name of raw materials] in rural markets where security was limited. The farmers are very happy. Since then, we are not very much worried about sources of raw materials.

The cultural assumption underlying the predisposition of strategic leaders to engage in mutual gains network was however frequently put to test by opportunistic suppliers, stereotypical perspective of banks as exploitative and rigid. Furthermore, the experience of strategic leaders with competitors who were inherently opportunistic and predatory in their actions impeded on this type of network.

Strategic leaders related with organisation members in different ways based on whether they were family or non-family as conditions of the business evolved over time. The next section focuses on how cultural assumptions of relationship between strategic leaders and organisation members brought diversity and challenges to internal integration.

6.3.2 Relationships with organisation members

The cultural assumptions about relationships with organisation members reflected two main sub-themes, namely (a) the type of relations and (b) the degree of employee involvement depending on the business environment.

Type of relations reflected structural aspects in a form of divisions between hierarchical levels, some employees being considered or considering themselves as "in" or "outside "the inner circle within the organisation, and also trust-based relationships and those relationships that were based on distrust (stereotypes). Interrelated cultural assumptions of distrust of employees by strategic leaders and "we are always talking the three of us" created and reinforced in-group and out-group divisions, and a vertical social order between employees and strategic leaders. On the other hand, intra upper echelon relations were different when strategic leaders were owners compared to those who were employed. Strategic leaders who were owners respected advice from each other as they were of equal standing and had common interest, manifested as follows:

> We also believe in respecting the decisions made by each head of department. For example I am the head of finance department. I work as finance advisor to my friends who are also owners of this business. What I say is simply advice to the company on financial matters so that they can at least understand it. If there are any questions or criticism I respect those. The same is true with the head of human resources and administration just like it is with the head of operations. We do not underrate each other.

However, there were times, especially when business was doing well, when strategic leaders who were without (or had relatively less) ownership status were easily undermined or overruled by strategic leaders who had a bigger share or categorised themselves as owners of the enterprise. The most senior person in terms of shareholding assumed the overall leadership and had relatively more power to influence actions of subordinates. Thus, even within the upper echelon; strategic leaders were also predisposed by the cultural assumptions that leadership was hierarchical such that a senior leader was accountable for the mistake of and guidance of his subordinates or followers.

The differentiation of family and non-family employees was evident in the conviction of strategic leaders that relatives could not behave in opportunistic ways to harm the organisation, evident in the following quote echoed by one interviewee:

> One of the competitors has been trying to get our recipe. He is an Asian and lives right in town. He tried to bribe our two staff members with five hundred thousand Malawi kwacha so that they disclose our recipe to him. These two employees are our relatives.... They refused and reported this incident to us. These know that our loss is also their loss. We are actually one. These other employees would have taken the bribe and let us down. There is no way they could have refused this bribe. Although we have relatives in key positions, majority of the employees are not our friends or relatives.

The negative perception of non-family organisation members was manifested in different ways in terms of the degree of involving this group of organisation members. Actions of some strategic leaders degenerated into limited vertical consultation, alienation and also disdain of non-family employees in friendly business environment. Fundamentally, the underlying force underneath these actions and behaviours by strategic leaders was the combination of pragmatic business survival mind set and the trust of organisational family members as internal resources to position the business better in the markets when business survival was not under threat.

To capture how the cultural stereotype of non-family organisation members influenced relationships in the organisational affairs, one of the strategic leaders lamented that: “some of us are openly challenging non-family employees and making unilateral ... Challenges to these employees to quit as there are many jobseekers; and the company can do without them”. Another strategic leader echoed that “non-family employees are afraid to make any suggestion as we do not listen to them anymore.... Instead we insult them..... Accuse them for trying to be smarter than they really are. They have learnt to be distant...withdrawn.....just doing enough work to get paid”. Essentially, these strategic leaders had instrumental interaction and control of organisational members, especially non-family employees in various ways (i.e. limited boundary of communication and involvement on specific matters) to pursue the interest of strategic

leaders. The negative effect of instrumental interaction with non-family employees was reflected in reduced commitment, reduced sharing of the stock of knowledge, and demotivation of this constituency of organisation members. Gradually, the culture of the organisation that was built on past success was becoming, to varying degrees, dysfunctional and less glued together as a different cultural dynamic emerged.

People involved in the SMEs had a built-in self-censorship which helped them to understand that as family or non-family employees they fit naturally below others in a form of vertical social order. In favourable times, strategic leaders‟ pronounced advantages of relational employees (i.e. had a long-term orientation of the enterprise, willingness to be flexible and committed to help ensure a vital future). It is this cultural naiveté that guided strategic leaders to emphasise trust of relational employees to the detrimental effect of watering down the need for proper supervision of business operations and heterogeneous support beyond the family circle.

The degree of employee involvement in the organisation evolved from time to time based on the external environment. The degree or depth of employee involvement was more personalised and higher when there was threat of new entrant, the enterprise was new on the market, and also when the enterprise was experiencing problems. In such circumstances, the cultural assumption of co-existence within the organisation was dominant to ensure collective support for the enterprise. Strategic leaders valued the commitment, resilience and agility of all employees which was central to the operation and survival of the enterprise. One of the strategic leaders spoke of the cultural force to create harmony among employees. Some strategic leaders were also displaying pragmatic awareness and a need to nurture employees so that they did not orchestrate the downfall of an enterprise whenever they felt mistreated or undermined. Usually, the manifestation of the negative effects of differentiating organisation members were characterised by a culture of private rebellion, and covert opposition by employees. Giving credence to the significance of good employee relations especially in turbulent business times, interviewees echoed how disgruntled employees would covertly jeopardise the operation of the SME, a thing which strategic leaders were trying to avoid. This is illustrated in this quote from an interview with a strategic leader:

> If employees are not happy, they will show you as a leader. They gang up and work against you and the enterprise. Their attitude is to covertly show management that they matter, especially when there are problems and you need their support. One day we had a break down and the technicians were all away. I phoned them to come urgently, but they came very late. They claimed the car they were using was detained by traffic police officers. I discovered later that they did not want to come because the production manager was shouting and calling them disdainful names. He would call them brutes who never went far with school (*abulutu osaphunzira inu)* when they make very simple mistakes. We have learnt how to treat employees as human beings. I hear their problems and try to solve them amicably, if I can. I believe that the boss should interact with the employees.... The employees should feel free to talk to you. They should feel this is their place and should always do their best. Not run whenever they see their boss, hide between machines and whistle to each other as a way of warning signals that the boss is around and everyone should watch out. That is not what I believe in. It‟s important to humble yourself as a leader..... Be honest with the employees and value them if you want them to be committed to work. That‟s the way because everyone will work hard for you and not one will find a reason to work against you. It‟s really bad that sometimes we tend to believe that these employees are useless because we are now making money. You take care of them; they take care of your business.

Cultural assumptions of strategic leaders were also concerned with various forms of internal transferring of knowledge and skills (one-way) which included emergent or pre-arranged conversation with peers about tasks within the organisation; meetings to transmit decisions to employees especially when business was not facing any threat of survival, or experiential learning through mentorship; and inclusive open consultation meetings geared to solve problems in a hostile business environment. Tacit knowledge characterised as know-how was transferred through long periods or extensive interaction on the job between experienced employees and new recruits. This type of skills transfer depended on the commitment of employees and the openness of strategic leaders to cultivate psychological safety for employees to not only share

ideas but also practice them on the job. Strategic leaders were facilitating access to diverse and complementary knowledge and skills across functions, among employees and also exchange of information with owners. This was aptly reported as follows:

> As a General Manager, I meet the owners who do not know much about this business. The owners are tobacco farmers. I listen to what the owners want. I also listen from the engineers, salespeople and the accounts people. Sometimes I bring all the key employees in the organisation together. I control the flow of information between the owners and these people. I use the employees well and there is no problem that we cannot solve here. These days a good leader should be a broker with access to different skills, and expertise, and also promote passage of information upwards to the owners and downwards to employees with him as a reliable middleman.

While strategic leaders commonly believed in avoidance of external professional support, they occasionally used external professional experts such as engineers, accountants and meat experts. One of the strategic leaders elaborated that the need to avoid external intrusion into the competitive advantage of their SME, the low perceived value of external professional consultants, and the high cost of their services weighed in favour of using experiential learning and mentorship by experienced employees:

> Training of our staff is done locally. We do not get external professionals to train them. They are trained right here. If there are changes because things are changing every day, we sit down and share ideas on those changes. These are people who have been here for years and years and are used to how things are done here. They have the experience which they have acquired over the years. We do not involve other trainers to train our people because we are small and we also do not want to expose our business tactics to other people who may later compete with us. We use technical experts only if it is beyond our capacity. Mind you these are exorbitant and we prefer that experts mentor our people for a short time. That way it‟s cheaper for us where we let more people understudy an expert for a while.

The next section focuses on cultural assumptions of relationship of family as a resource and interdependent relationship with business.

6.3.3 Family and business are dependent

Strategic leaders also upheld assumptions about family as a resources and the interdependent relationship of family and business. Changes in the conditions of business affected the pattern in the flow of resources and integration of business and family. There were times when family was a resource and also a burden to business.

6.3.3.1 Family as a resource

The allocation of priorities and flow of resources reflected cultural assumptions about the centrality of family in business. Family provided a variety of resources into the business (e.g. financial, psychological, human, and intellectual) with different purposes. Family resource were used to help with business development, business recovery, investment in business as a way to raise or maintain family status, and use of family finances to ease the financial stress experienced by the business. Essentially, cultural assumptions of family as the expected provider of resources in hostile business environment were manifested as: "we sacrifice as a family to build business and have better life" and "family sacrifices in hostile business environment" (e.g. cash injection into the business). The flow of resources from family into business exerted psychological and financial pressure which the family was enduring as they envisioned a better future through business survival(e.g. family coping with negative changes in family living standards as resources were focused on the priority of ensuring business survival).

The recruitment and use of relatives or family friends as human and social capital into the business was deeply-seated in the inherently cultural advantages of shared, similar and long-term familial identity with the SME and also the cultural expectation of positive reciprocity. Other strategic leaders recognised the advantage of having control over family labour. Paternalism by strategic leaders ensured that family members were supportive of the business and also playing a key part in monitoring of other employees in the business. Employees with family affiliation

were expected to be very exemplary and more committed to the SMEs. This also meant that it was not necessary to have written contracts, and formal wage bargaining with this type of employees. The involvement of family members and friends as employees legitimated harmonious and mutually beneficial working relationships, which were advanced by friendship and family-level goodwill. As noted earlier on, family labour as a resource flowing into business was characterised as loyal and flexible. Often this type of family loyalty stifled initiative, and reinforced relational obligations. These conditions socialised family employees to know their limits in terms of the nature of issues they could criticise and also intensity of such criticism, as there was a risk of being admonished by strategic leaders from the perspective of family loyalty.

The sharing of ideas reflected how knowledge as a resource was transferred within a network of family members. The knowledge-based interdependence of family members on aspects of the business was reflected in the following quote from one of the strategic leaders:

> The idea of baobab fruit juice is not mine. It came from my elder sister. I am the one who proposed we change the recipe. I also designed the bottle and sticker that we use. Our brother in law who owns a computer company is redesigning the label which will be brighter and eye-catching. He has been in business for a long time and we borrow some of his ideas.

Furthermore, immediate and extended family members were a resource which was vital in opening markets by creating initial customer contact, and assessing customer creditworthiness as illustrated by one interviewee:

> We thought no one would buy fruit juices made from locally available wild fruits. We were not sure really. We were jumping on public transport at lunch hour to deliver bottles of fruit juices to my younger sisters, cousins and friends to sell to their colleagues at work. People were getting the juice on credit and we would get the money at the end of the month. They knew who would pay and those that would evade payment. That was their job not for us. They knew the customers. We are not office people. But later we took over and were dealing with the customers directly. We were delivering at UGI, National bank and some few companies. We were surprised by the growing demand..... Shaaaa... These were

> wild fruits which were just lying on the ground on our farm and they were many....people thought these fruits were useless There was no shortage of raw material at all. We asked people to pick them up for us that we make this juice. That‟s how we started. From time to time these family members give us big orders from their friends in other organisations

However, it was common that family sacrifices in the form of financial resources were usually limited, therefore were complemented with other borrowed resources or cost reduction strategies to support business operations. In times of adversity, strategic leaders united organisation / staff members and capitalised on them as family centred capacity alone was inadequate to cope with external threats. This was a strategy of stimulating collective support from family and non-family employees whenever business was struggling.

The cultural assumption of family was not without problems when strategic leaders recruited and favoured family members (*za chibale* – favouritism of family members) and friends, despite their lack of know-how and overt lack of appropriate technical skills. Inadvertently, this demotivated and negatively impacted on the entrepreneurialism of existing, skilled non-family labour, and also triggered internal tension or conflict about nepotism by some members within the upper echelon. The role of family resources, and the boundary between family and non-family evolved over time, subject to sense making of a hostile or friendly business environment.

When the business started to generate an assured stream of income, strategic leaders adjusted the base of support for the business to the confinement of the immediate family and friends. These were considered as more trustworthy and committed to safeguard the business while non-family employee became excluded from some operational and strategic decision making (e.g. change of recipe, approving credit to customers). It is also this narrower circle of family who became the recipients of monetary rewards or benefits, from the success of the business.

6.3.3.2 Family and business integration

The well-being of family was a core social mission that strategic leaders were fulfilling by ensuring the survival of the SMEs. Cultural assumptions of strategic leaders placed emphasis on the salience of family and business as systems. Unconscious assumptions of system compatibility were centred on the degree of overlap, co-ordination or separation reinforced by strategic leaders‟ cultural assumptions of integration between family and business systems. Some strategic leaders‟ cultural assumptions had the conception of family and business as distinct social structures, but overlapping dual systems.

> Yes we are sisters; a family when we are home but we are business ladies when we come here. What‟s important for us is that we are sisters who want to succeed in a business. We become sisters once again when we are home. We understand each other not because we avoid quarrels but because we are always like a family willing to resolve amicably any of our differences in the business. Deep down our hearts we know we will meet again at home. Taking care of business involves not forgetting that we are a family at the end of everything. We try to separate family and business which is not really easy.

However, there was also evidence of interdependence, reciprocity, and also overburdening of the business by family financial needs. Often, strategic leaders indicated how the family provided labour, endured psychological distress of redirecting family finance into business, and also how the family overburdened the business finance for material needs and for the subsistence of family life. In a hostile business environment, strategic leaders firstly scrutinised or stopped releasing money out of the business for the benefit of the family. From a family perspective, strategic leaders conceded that this was an inconvenient way of organising or arranging the structural relationship between business and the family, but was an inevitable and temporally means of mitigating he negative effects which were threatening the business.

In some incidents, strategic leaders explained that the system, structure and operations of business were reinforced by the need for permeable boundary between family and business characterised by flexibility, speed, ease, and the deliberate absence of official procedures in the

discretionary access and use of resources in the business to conveniently meet family financial needs, and aspirations. This also reduced family anxiety and ambiguity in addressing family problems:

> We are a family business, and keeping accounting records is cumbersome. I know very well that these records are necessary. To be honest, sometimes I become scared that the Revenue Authority may one day just guess a figure of my annual turnover and arbitrarily calculate tax based on that. Government can do that since I do not have records. I guess I should start keeping these records. I do not like documentation and procedure especially when drawing out my own money for day-to-day things like salt, bread, soap and these small, small items.... I just open the cash box, take out some money and use for family needs. It‟s easy that way as long ... as I remember, but I often do not..... I also pay school fees....uniforms for my son and adopted children with money from this.

Cultural assumptions about relationships regarding family as a resource, and interdependencies between family and business were promoted by the underlying cultural notion of business as a financial tool to meet family needs and goals.

6.4 SUMMARY

This Chapter has described the cultural paradigm for strategic leadership echelon in SMEs which comprises cultural assumptions about (a) pragmatic business survival mind set; and (b) cultural assumptions about relationships which embrace networks, organisation members and family. Pragmatic business survival mind set of strategic leaders was grounded in the notion that business is competition which necessitates pragmatic business operation, and control over resources to survive in a business environment characterised as hostile or friendly. Survival is the bottom line or is central, and requires pragmatism such as following proven practices. However, these practices are shaped by past experiences. Cultural assumptions about relationships suggest that strategic leaders were engaged in and recognised different types of relationships, which had different functions or purposes in the organisation. (e.g. building bonds and bridges to powerful and useful people to support the supply chain and marketing sides of the business in various ways in order to survive, vertical, lateral and intra group relationships among employees). This Chapter has also revealed that strategic leaders‟ cultural assumptions about relationships were influencing the evolution in the composition of organisation members which strategic leaders depended on for collective support for the business to survive. Thus, the degree of involvement as well as commitment of organisation members who were not family was changing over time. Finally, strategic leaders explained that family was a provider of various resources to the business, but also drained financial resources from the business (i.e. family sacrifices in a hostile environment to support the business whenever necessary, but also benefiting when the business environment was friendly).

Having described the cultural paradigm of strategic leaders, the next Chapter focuses on describing the strategising activities which were being reinforced or constrained by the multifaceted cultural paradigm of strategic leaders in SMEs.

CHAPTER SEVEN: STRATEGISING ACTIVITIES

> Knowledge was not an intellectual search for absolute truths, but was discovered in practical activity; its value was not established against abstract standards, but derived from its usefulness in guiding subsequent activity. Activity is at the same time the producer of knowledge and its measure (Johnson *et al.,* 2007:32).

7 INTRODUCTION

This Chapter presents a variety of strategising activities of strategic leaders and how they were made in the daily organisational life. Strategising activities refers to the reported consequential activities that strategic leaders engaged in as they created and delivered value to customers and survived in the market. Findings of this study indicate that strategic leaders in SMEs engaged in four types of strategising activities which were influenced by the cultural paradigm. These were clustered as *sense making* activities*, relating* activities, *influencing* activities and *controlling* activities. Firstly, the Chapter discusses sense making activities, followed by controlling activities of strategic leaders. Subsequently, the Chapter turns to discuss influencing and relating activities.

7.1 SENSE-MAKING ACTIVITIES

Sense making was a foundation upon which all other strategising activities rested. Strategic leaders were figuring out what was happening in the external and internal environment to get the contextual understanding or meaning of the business reality as either hostile or friendly. To put it in other words, sense making was about strategic leaders creating meaning and understanding the state of affairs in the organisational life and life outside the organisation. Activities by strategic leaders to construct meaning of what was happening hinged on making sense of the (a) resources (b) threats, (c) and opportunities.

7.1.1 Sense making of resources

Strategic leaders were identifying various potential sources of resources which could be categorised as external and internal to the enterprise. In general strategic leaders were making sense of the stock of resources that were needed, and could be availed to the business. Internally, such resources were committed employees, family employees, operational agility and adaptive capacity. Alternatively, sense making of strategic leaders also concerned recognising the salience of internal resources. As a result of marginalisation from conventional sources of finance, some strategic leaders were sensing the need for internal finances such as self-generated revenue, personal and family finances put into the business, human capital and family labour. Strategic leaders were also sensing the value of intellectual capital (i.e. recipes) as a resource, how it was generated, transferred and secured within the business (i.e. relational security of recipe, skills passed on to relatives and family). Figuring the stock and also flow of financial resources between business and family helped strategic leaders to make sense of when to make personal/family sacrifices (usually when the environment was hostile) or reward themselves and their families (in a friendly business environment) for the hard work and sacrifices made for the business.

Externally, strategic leaders made reference to increase in number of banks and increasing flexibility of loan terms and conditions. Some strategic leader captured the diversity of available options on sources of financial resources and how these resources were being used in the enterprises (i.e. some strategic leaders used a bank loan to buy a SME, others were sensing the need to get and use it to renew or replace physical resources such as equipment), others sensed the importance of ethnic connections or network with indigenous suppliers of packaging). Other external sources of resources which strategic leaders considered as important were the social networks which provided resources such as business advice and support from family members, friends and other stakeholders. Resources embedded in bridging networks were identified as useful to get various supports (i.e. political support, old boys‟ club support, same ethnicity support) for the enterprise to exploit business opportunities.

7.1.2 Sense making of threats

Perceiving the need for a higher level of control in unfavourable circumstances was a cardinal sense making activity of strategic leaders. Consequently, perceived threats to the business were classified by strategic leaders as surmountable or insurmountable. Strategic leaders also made sense of the severity of impact of the various threats to the survival of the business. For instance, one strategic leader described that the severity of their vulnerable competitive posture was aggravated by an exclusive control over the supply chain by powerful competitors. Other strategic leaders were making sense of threats such as new entrants in the market, cash flow problems due to non-payment of government and ethnic based competition.

Other sense making activities of strategic leaders were about deciphering their own competitive orientation, and also the disposition and strategic intent of competitors. Strategic leaders commonly made sense of an inclination by competitors towards a competitive rather than a co-operative disposition. Strategic leaders also made sense of the threat of supplier relationships which were more open, informal and flexible such that it was easy and not strange that parties such as suppliers and Asian retailers often failed to honour such agreements. In assessing threats in the market, one of the strategic leaders involved in honey processing described how they mapped out what was happening on the business landscape in terms of competitors‟ geographical focus on the market, stringent quality demands of retail chain customers which were beyond the technical and financial ability of the enterprise to comply, and eventually identified a niche in the domestic market. At times strategic leaders were making sense of a hostile business environment in terms of (a) limited potential sources of resources; (b) and a generally non-co-operative and opportunistic predisposition of competitors. Furthermore, strategic leaders were also (c) making sense of how suppliers were not trustworthy. In the views of strategic leaders, the market was (d) unsupportive or not open enough to easily accept new local products or new entrants. Strategic leaders were also figuring out how to survive in the context of the long-term severity of constraints that were being experienced to get raw materials for the enterprise. Threats to the survival of the business made strategic leaders to think of how to (e) make family adjustments to cope psychologically and financially with reduced financial resources from the business to support the material needs of the family.

7.1.3 Sense making of opportunities

Strategic leaders fathomed out opportunities that were available in the market, which the enterprise could capitalise on, explore, or reject. In certain incidents, strategic leaders described opportunities which they identified but did not pursue for various reasons among those opportunities that were ignored by strategic leaders was the export of products to Mozambique and Tanzania. Reasons for ignoring some of the opportunities included (a) size: "we are small, we need to grow the domestic market first before we can export juice; (b) fear of upsetting the status quo and source of support to the family: " we are afraid of disturbing the current status as our family depend on what we have. We may lose what we already have"; (c) or lack of working capital: "we can produce diverse products in this plant, only that we do not have funds to get concentrates from Swaziland". According to one of the strategic leaders, the business environment was construed as favourable when they discovered business opportunities they were able to pursue. These were opportunities such as modifying, producing and selling of products which were no longer available but used to be sold in the market in the past. This was as a way of filing a market gap. Strategic leaders were making sense of such opportunities as not very risky especially that the products were not new at all and also requiring few expenditure on the necessary changes to production operations.

Ultimately, strategic leaders recognised a friendly business environment when they had pragmatic access to resources to benefit and enhance the survival of the SME. Furthermore, strategic leaders also viewed the business environment as friendly when they had opportunities which they could not fully exploit (i.e. had permission to supply retail chain stores even when they did not have capacity, had regular and small size repeat buyers who were less demanding i.e. no need for barcodes) and the enterprise was generating a steady stream of income. Harmonious co-existence with key suppliers also characterised a friendly business environment.

External resources that strategic leaders were sensing in a friendly business environment included social networks (bridging, ethnic and bonding networks) used to secure support and

power of relationships with suppliers and customers in business. In particular, strategic leaders sensed a friendly environment when they had access to networks of political, business and government elites (*malaini*). In some instances, these social connections resulted in getting government related business to supply products to colleges, schools, and also political party functions Furthermore, social networks provided opportunities to get resources such as business advice and support from family members, friends and other stakeholders..

Strategic leaders were also making sense of internal sources of resources such as family in the form of committed employees, operational agility and adaptive capacity of employees, and self-generated resources. Being able to safeguard intellectual capital (i.e. recipes) and use of family as a resource within the business (i.e. use of relatives to secure recipes, and skills passed on to relatives in the business) characterised a friendly business environment. Sense making activities of strategic leaders are indicated in Table 11 below.

TABLE 11: SENSE MAKING OF BUSINESS ENVIRONMENT

SENSEMAKING	**Friendly** business environment • Favourable business landscape • Business resources flowing into family and supporting family well-being
	Hostile business environment • Unfavourable business landscape • Family sacrificing resources into business
	New opportunities ignored

Source: Own

The business environment was also perceived as friendly by some of the strategic leaders who were benefiting from the increase in the number of supportive banks, some of which were progressively being more flexible in their terms and conditions of loans. Few strategic leaders were making sense of how the increase in number of banks presented diverse options to them in terms of available options on sources of financial resources and how these resources were being used in the enterprises (i.e. some strategic leader used bank loan to buy a SME, others were planning to get a loan to replace equipment, others used loan to settle bills for packaging materials or implement persistent aspirations of vertical integration) as a reflection of a friendly business environment.

7.2 CONTROLLING ACTIVITIES

The various controlling activities of strategic leaders had two properties identified as *boundary controlling* and *performance controlling*.

7.2.1 Boundary controlling

Boundary controlling activities were about initiating and reinforcing limits through formal and informal operating rules of dos and don'ts and hierarchical control which guided acceptable behaviour of people, distribution of knowledge and skills in the SME. Activities of strategic leaders as controllers of boundary were delineated by sub-properties which reflected (a) scope of control, (b) risk level appraisal, and (c) strategic uncertainty control.

7.2.1.1 Scope of control

Scope of control provided members in the SMEs with cultural clarity of limitations or latitude in exercising discretion. The scope of control raised attention of strategic leaders to hierarchical levels of control and lateral co-ordination of activities. In some incidents, strategic leaders controlled the scope of activities by defining the time horizon within which it was permissible for employees to exercise discretion, creativity and flexibility in the conduct of activities. The following quotation from an interview with a strategic leader reveals the various time horizons, latitudes, punishment, and span of control for various people within the organisation:

> What I do on daily basis is to count how much juice has gone out, we call it out-going. But we start with production actually in terms of how many bottles of juice we have made. We record the type of juice which every sales man has taken. ……. When he returns, we record daily sales, and we also check how many were sold on cash and credit. We also check how many were damaged and we physically see the damages. We also check any expenses incurred such as fuel, and air time and any other expenses used on that day. We also record damages. A driver is responsible to give me a report on fuel; the production supervisor gives me production report while the salesman gives me the sales report.

Scope of control also reflected sequencing of control activities and exclusion of some people from participation in certain forms of control activities. In some instances, interpersonal meetings of strategic leaders were usually convened first to collectively discuss, agree, approve and allocate resources. Meetings provided a ritual to verbally authorise expenditure as a strategic leadership team prior to any formal document to approve a request.

Furthermore, scope of control was also manifested through access and communication with higher level authority. These controlling activities to delimit or reinforce the scope of control were sometimes explicit such as well-established channels of communication, and organisation structure which specified limits of interaction between strategic leaders and employees. Another interviewee highlighted how a general manager acted as a broker, and exclusive passage through which other employees communicated. In this regard, the general manager characterised a strategic position of proximity to both the owner of the SME and other strategic leaders who never interacted or had access to the owner. However, strategic leaders relaxed the scope of control by encouraging in-put into decision-making when the environment was hostile.

Strategic leaders developed a tendency to dismiss and discourage non-family employees from making contributions when the environment was friendly. It was common for strategic leaders to distance themselves from non-family employees, reinforce the vertical social order by seeking views of family employees when business was performing well and there were less perceived threats to the survival of the enterprise. This pronounced the position of non-family employees as

"outsiders" closed out from decision making. Family organisation members and strategic leaders were forming an inner circle of family members which made decisions for the business. These actions of strategic leaders were a manifestation of cultural assumptions of distrust of non-family employees and the need for good controls, relational advantages, and pursuit of proven methods which no longer required open and deep involvement of non-family employees.

7.2.1.2 Risk level appraisal

Appraising the level of risk involved determining both the nature and extent of risk in view of the evolving profile and diversity of risks. Essentially, boundary controlling activities of strategic leaders involved risk definition. There were incidents when strategic leaders were defining risks of taking up some opportunities in terms of how such action would potentially destabilise business as a source of support to the family in the event of failure. In this way, strategic leaders were appraising the risk levels but also the potential of capitalising on opportunities to preserve or improve family life as well. Strategic leaders grappled with control or management of different types of risks. The plethora of risks engulfed implementation risks such as a lack of accounting personnel to ensure financial prudence; market risk in terms of uncertainty of customer response to new products (such as an indigenous juice from traditionally sour fruits), and uncertainty of market response to changes of established distribution pattern and product range familiar to customers. Environmental risk included depopulation of baobab trees, which were used to produce fruit juice and financial challenges in terms of the replacement cost of equipment that had been outlawed as it was environmentally unfriendly.

To survive, strategic leaders were appraising and facing challenges from others risks such as organisational risk arising from low motivation of employees who felt alienated and stereotyped as untrustworthy. There were also operational risks stemming from failure to arrange working capital and also to address the frequent break down of old and poorly maintained machines. In most instances strategic leaders were not prioritising preventive maintenance and procurement of spare parts due to cash flow problems. Furthermore, strategic leaders were continuously gauging the risks that were involved in procuring packaging materials exclusively from Asian suppliers who reserved packaging materials for fellow Asians in times of scarcity. Other strategic leaders

were building relationships with smaller retail outlets as they were mindful of the risk of exclusively distributing products through Asian-owned retail outlets. The risks emanated from tactics by the Asian retailers to delay payment for products supplied to them. This was as a way for Asian business people to trigger cash flow problems in the enterprise of strategic leaders.

The pragmatic business survival mind sets of strategic leaders informed strategising activities that appraised and predominantly illuminated the need to avoid some of risks in the market.

7.2.1.3 Strategic uncertainty control

Strategic uncertainties had the potential to threaten or invalidate the strategy of the business in the environment. Activities of strategic leaders to control strategic uncertainty were concerned with understanding the origin of uncertainty which was sometimes internal or external to the enterprise, and how to devise a response. There were short lived strategic uncertainties such the global financial crises which affected export markets for products such as animal hides from SMEs, prices of raw materials such as milk, and depressed domestic demand. In some cases, there were repetitive uncertainties such as unreliability of suppliers or persistent scarcity of resources in the form of finance. The cultural assumption of family making various forms of sacrifices in hostile environment was very important to enable SME weather strategic uncertainties in the business environment. Other strategic uncertainties which were external to the enterprise included the frequent electric power black outs and distrust of suppliers.

As a pragmatic response to the strategic uncertainty of electric power, strategic leaders stressed operational agility whenever electricity was available to avoid losses due to perishability of raw materials or processed products; use of alternative energy sources such as generators; use of bridging networks to powerful politicians as leverage in negotiations with power utility supplier for exceptional treatment; and practices of minimising quantity of perishable processed products stored in cold rooms. Activities of controlling strategic uncertainty internal to the enterprise were guided by cultural assumptions of employee relations to deeply involve human resources through promotion of sense of belonging and humanising relationships. In this type of business environment, strategic leaders were engaged in activities of controlling strategic uncertainty

which varied in degree of formality within the organisational context. Given the cultural assumptions of family in the business, strategic leaders used informal control such as relational security. This complemented other formal controls such as routine physical security checks of employees when leaving the premises, and supervisory controls.

7.2.2 Performance evaluation and control

Performance evaluation and control pertained to monitoring and evaluating performance in critical areas of business, and then correcting undesirable action and behaviour. The various controlling activities of performance evaluation and control (performance controller) by strategic leaders were characterised by two sub-properties identified as (a) monitor and diagnose critical performance and (b) intervene at strategic level.

7.2.2.1 Monitor and diagnose critical performance

Strategic leaders were involved in monitoring outcomes of operational activities based on feedback received, and then making corrections where there were deviations from critical levels of performance. Essentially, this type of control by strategic leaders was to ensure the implementation of important organisational strategies, as well as the achievement of critical outcomes. Strategic leaders described how they diagnosed incidents of theft by employees, negative productivity effects of private rebellion of employees, unbecoming behaviour of some family employees, and poor performance of aged equipment. One of the strategic leaders also noted how they diagnosed growing expenditure on social activities and subsequently curtailed the problem that was draining financial resources out of the business. One of these strategic leaders echoed this experience of diagnosing and correcting the unproductive outflow of financial resources as follows:

> Again we have been spending a lot on fuel. There are times when fuel in the company car has been used on personal trips. I could take the company car, fill in fuel using company money but use it on personal trips. Over weekends I often drive to check on some friends, relatives or attend a wedding when I am bored. I use the company fuel; do not see the need for me to buy fuel using my money. My

> sister also does the same. We warned each other that this was not good for our business. We have noticed that this is wrong. Now we have cards for fuel and we also record mileage to see how we are using the car. The idea is to manage the company to grow so that it does not shrink and collapse.

Other diagnostic controlling activities related to environmental and public health risk. It was critical that minimum standards of compliance were adhered to in terms of regulatory requirements such as meat inspection in the meat processing sector, health inspection in the diary sector, and quality inspections and certification by the bureau of standards in some of the other agro-processing SMEs. There were some incidents when strategic leaders were avoiding unreasonable expenditure simply to get endorsement of product quality by regulatory authorities as a competitive edge over others. In this regard, strategic leaders expressed opposition to engage in costly corrective action, adjustment or compliance with regulation or diagnosis, especially when they perceived little value to customers. One interviewee expressed displeasure with regulatory authorities in this way:

> According to Malawi Bureau of Standards, the factory is not well demarcated. They say there is need to demarcate and differentiate the machine room from where products are kept. I have disagreed with them on the basis that this is a [name of product] processing plant and even if there were A, B, C, D products they are all [name of product] related products anyway, only produced or processed differently. It‟s expensive for me to do the demarcation they want but what difference will that make to my customers? They are just over-stretching matters; they are giving so many problems in the way of progress. They are really an obstacle sometimes. There is no way I will lose my money to do that.

7.2.2.2 Intervene at strategic level

Control at a strategic level was concerned with the fate of the whole enterprise, activities which used immense resources, and had lasting impact on the SME. Intervention by strategic leaders was concerned with intervention of in-put and output performance at the strategic level. Firstly, intervention by strategic leaders involved controlling internal capability in functions or value

adding activities which included production, product development, finance, sales and distribution. The cultural assumption of internal resource driven positioning of the enterprise on the market influenced what strategic leaders construed as important to gain flexibility, independence and avoid the challenges of unreliability suppliers of raw materials. This pragmatic survivalist mind set oriented strategic leaders to intervene by organising the internal operations, using the limited resources, and creating intellectual capital for the business. Control activities of in-put at this level also involved organisation-wide capabilities such as flexibility and speed within the business. In the words persistently echoed by some of the strategic leaders, less risky product adaptation was cardinal to distinctively position the enterprise in the market, illustrated as follows:

> Our product is an adaptation of the original recipe we obtained from Chitedze Agriculture Research. We are the best because we changed the product recipe further using feedback from customers. We asked people in offices and at the trade fair. We still ask people to tell us about our product. We are really different in terms of taste. We just make minor adaptations which can help us get a lot of customers on the market.

One of the strategic leaders portrayed how lucid and focused sense of purpose, careful prioritisation and sequencing of strategic intervention and expenditure were helpful in the management of financial resources to address competing needs in a business context:

> We need to replace the cold rooms, they are old and break down time and again but we cannot get the loans now. We have a good relationship with the banks. We know the people at the bank and they also know us. That‟s very good for us. We have to clear the debts with our suppliers first. We are in good books with our suppliers and they are not giving us much pressure to pay them. We do not want to get an investment loan and end up using it to pay debtors.

Equally, the cultural assumption of networks and relationship was a strong driving force for strategic leaders to proactively build good will and support with suppliers as providers of strategic in-puts. It was very common that strategic leaders‟ interventions to control strategic in-put involved establishing and reinforcing control over the supply chain to ensure that raw

materials were always available for processing. These activities included motivation of suppliers through building close relationships enhanced by occasional gifts; demonstration of genuine concern for their social welfare (i.e. sponsoring football trophy, facilitation of more safe, easy and secure modes of payment) advocating of honesty, reliability, and mutuality of gains in transactions; and constant buyer-seller communication.

Secondly, activities of strategic leaders also emphasised controlling of strategic out-put in terms of outcomes or results of the firm‟s operations. Outcomes were expressed in various forms such as volumes produced. This focused very much on the consistency in the quantities being produced relative to the raw materials that were available. Strategic leaders were also intervening regularly on matters of product quality to personally address various customer complaints and ensure that they were happy. Furthermore, other concerns that were strategic and drawing the attention and demanding the action of strategic leaders were fluctuations, or sharp decline in sales due to various reasons such as salesman-customer conflicts, famine, or entry of competitors. Additionally, strategic leaders also intervened very much on the flow of cash out of the business to repay debt or loan and consequently avoid possible re-possession of assets. Strategic control of out-put was also about ensuring consistency of production and delivery of products to customers irrespective of supplier failure to honour highly flexible supply agreements, seasonality of raw materials or lack of packaging materials. Central to this modus of operandi was the cultural conviction of strategic leaders that they were local enterprises operating in a difficult environment. One of the interviewees shared his displeasure regarding the unreliability of a supplier. This unreliability did not support consistent production requirements:

> Our supplier is not reliable at all. We were expecting him yesterday but he did not come. This has happened before and this is not the first time. He sells us cheaper ingredients for bakery products. That is good business sense but he is not the type that you can always count on. He gets these ingredients from South Africa at very reasonable prices and I make some good profits as well. Because I did not have any choice, I have locally bought these ingredients at a higher price. Its better I make a small profit than nothing. I need to satisfy my loyal customers all the time, no matter what.

7.3 INFLUENCING ACTIVITIES

Influencing activities of strategic leaders involved the ability to communicate command, persuade, induce or motivate specific performance or compliance through coercive or non-coercive means of getting buy-in from organisation/staff members and other stakeholders. It also implies the degree to which organisation members have been part of the goal development and share the same mutual purposes as the leadership. These influencing activities were primarily about social interactions between (a) an agent that was bringing to bear coercive or non-coercive influence and (b) those people that experienced the influence in a particular context and time. Influencing activities (c) took one or more methods to exert the influence. Activities of influencing by strategic leaders did not only involve strategic leaders exerting but also responding to influence by other agents such as family, competitors, employees, suppliers regulators and financiers. One property of influencing activities was identified in terms of types of influencing.

7.3.1 Types of influencing activities

Type as a key property of influencing reflected how influence was translated into performance of action or compliance through a pattern of exertion or response to influence. The property identified as type of influencing activities focused on the means of achieving a particular, induced action. Influencing activities were achieved through five different forms of influencing, which encompassed (a) manipulative influencing which was coercive in nature. Other forms were (b) persuasive influencing, (c) inspirational influencing (d), didactic influencing (e) and consultative influencing, which were characterised by non- coercion.

7.3.1.1 Manipulative influencing

Activities identified as manipulative influencing were typified by one-sided, calculative control and distribution of resources by strategic leaders to induce a particular, intended and desired action. Strategic leaders induced particular behaviour of skilled employee by treating them differently from others, and also deliberately recognising them as a source of tacit knowledge, so that they willingly and easily share their expertise. The underlying cultural assumption of

managing knowledge transfer within the organisation was inextricably linked to these actions by strategic leaders. Strategic leaders deliberately pronounced an instrumental sense of belonging and togetherness of employees, or encouraged deep employee involvement to induce collective support within the organisation. This was common when business was in trouble and reflected elements of manipulative influence. Additionally, strategic leaders were also engaged in manipulative influence of external stakeholders such as suppliers by deliberately feigning that the supplied products were faulty as a basis to persuade them to give reduced prices. Sometimes, manipulative influence by strategic leaders was not one-sided when economic rewards were involved. These were variously termed as "*kamanja* – "token gifts to soften the palm to get things one"s way" or expedite payment whenever applicable.

7.3.1.2 Persuasive influencing

Persuasive influencing activities were rooted in the appeal to emotions which sought to make people understand that their best interests were embraced in the decision or action that were being undertaken by strategic leaders or that they were being asked to take. Consequently, there was a reciprocal aspect of influencing which motivated those subjected to the influence to perform or comply with the action or behaviour requested by the strategic leaders. This non-coercive mode of influencing was epitomised by emphasis on obligations to reciprocate positively to perpetuate favourable social interactions and not disappoint the other party. In most instances, strategic leaders upheld the cultural assumption of co-existence within the organisation and also the preservation of harmony with employees. Emphasising the mutual benefits to employees and the enterprise, one interviewee described how strategic leaders persuaded employees who were supposed to rest, to eventually agree to work and satisfy the order of a customer who had promised further business in future. Other strategic leaders were displaying humanising relationship by showing care and consideration of the needs of employee to sustain collective support.

7.3.1.3 Inspirational influencing

While persuasive influencing activities were about appealing to emotions, inspirational influencing was mainly about the combination of emotion and logic to trigger internal motivation. Attaining consistency between words, beliefs and actions by the strategic leader or influencing agent was very important to those employees that were being influenced. In this way, employees were inclined to identify with particular behaviour or actions that were being encouraged by their strategic leaders. Empathetic and humanistic behaviour by some strategic leaders had a non-coercive effect on solidarity and employee commitment to support them. One example is when a strategic leader who was not feeling well made the effort to physically come to the SME to amicably dissuade employees from using petty cash money for their allowances. This action by the strategic leader was construed by employees as empathetic and also a reflection of genuine employee care. The adoption of ethical solutions by strategic leaders resonated with employees as not only consideration, but also a manifestation of their commitment to the well-being of employees.

7.3.1.4 Didactic influencing

The central precept of didactic influencing was the logic espoused by the influencing agent or strategic leader, and also how it resonated with people to eventually conclude that what the agent suggested or wanted to be done was sensible. Strategic leaders were influencing retailers for mutual gains. One of the strategic leaders influenced retailers by enlightening or advising them on the benefits to the customer and also the business for carrying a variety of stock:

> Sometimes, when we go to some shops to supply our products we are told that they have already bought [brand name of juice] juice from another supplier. They say they cannot buy again from us since they think these juices are the same. But we enlighten them on the uniqueness of our juice and that they have to carry a range of juices and let the customers choose for themselves. In that way the shops offer variety and can make money. Some shops understand this but others do not. But most people started drinking [generic name of juice] juice through our product and this is what they know. They are loyal. This is an advantage but there

is growing competition on the market and things are tough. Competition is coming, and the market is getting flooded and we have to be ahead.

7.3.1.5 Symbolic influencing

Symbolic influencing was about the value of convening or allowing employees to participate or have a say in how to address some of the threats in the business. The act of strategic leaders personally engaging employees in crafting the direction of the business, or solving pertinent problems, served to exhibit confidence in employees, reinvigorated their commitment and increased their identification with the enterprise. In some incidents, strategic leaders had regular discussions with employees on how to respond to the re-entry of a market leader on the market, while they also consulted employees on how to develop products. Other strategic leaders consulted employees on welfare matters. Underlying this form of influencing were the interrelated assumptions of building goodwill and support, valuing employee involvement, and anticipated customer relationship benefits.

Influencing activities had three effects. These were identified as (a) domination (b) negotiated and (c) reverse effects, and had behavioural and cognitive consequences. Firstly, the effect of domination was about the consequences of performing action or behaviour as intended exactly by strategic leaders.

Firstly, there were incidents when the domination effect of influence was typically associated with strategic leaders dismissing views of non-family employees when the business environment was friendly and also other ways of manifesting their positional authority as well as roles expected of them by their followers. Within the organisational context, hierarchical position of strategic leaders in the organisation; the appealing power of strategic leaders‟ vision for employees and the organisation; strategic leaders‟ expertise, and higher degree of employee dependency on the SME were some of the factors which enhanced dominant effect of influence. The cultural assumption of relations between strategic leadership and employees as hierarchical and shepherding of employees, taken to the extreme gave strategic leaders a strong sense of responsibility, accountability and influence. Internally, strategic leaders used their influence

power to attain dominant effect on employees by invoking their ultimate powers to exert punishment for non-compliance or non-coercive means of inducing intended behaviour and action. Commenting on dominant effect within the upper echelon, one interviewee described how the optimistic vision of owning a fast growing SME shared by a strategic leader who also had the biggest shares in a SME resulted in infectious action of making personal and financial sacrifices by other members in the upper echelon, as they envisaged a better future of their enterprise.

Secondly, there were also instances when influence resulted in negotiated effect which was essentially the mediated or adapted outcome of influencing activity. A negotiated effect of influencing was characterised by a mixture of oppositional or adaptive elements to the exerted influence. The strategic leaders‟ influence on a bank to revisit and tailor loan conditions to particular circumstances was a manifestation of negotiated effect. On the other hand, strategic leaders were accepting delayed payments for stocks supplied to manipulative retailers against their will. Sometimes, strategic leaders extended credit facilities to their small retail customers as supportive endeavour based on genuine understanding. In both instances, the negotiated effect of influence on and also by strategic leaders was premised on the cultural perspective of co-existence with suppliers, and also cultivation of harmony with suppliers and customers for the business to survive. Negotiated effect of influence was equally manifested in employee relations as strategic leaders negotiated with employees for delayed or partial payment of allowances when the enterprise experienced financial problems.

Reverse effects occurred when influencing activities resulted in unintended, opposite effects. One of the strategic leaders described how they authorised employees to eat raw material to contain employee theft. The reverse effect was evident when employees were actually not eating as much or stealing the raw material as they felt they were being taken care of by strategic leaders. In the retail arena, strategic leaders were also careful not to exert much influence on Asian retailers to pay on time. Essentially, the disabling threat posed by ethnic based networks inhibited strategic leaders from exerting unbearable influence on Asian retailer for fear of negative reverse effect in a form of absolute exclusion. This manifested the cultural tension between the need for co-existence with exploitative and dominant retailers, and endurance of the

negative and reverse effects of exerting influence and getting completely detached from the dominant ethnic based networks of Asian retailers.

7.4 RELATING ACTIVITIES

Activities of relating focused on creating and shaping relationships between strategic leaders and various stakeholders such as employees, suppliers, competitors, regulators, and family members. Strategic leader‟s activities of relating with various stakeholders were not just embedded in an economic setting, but rather in a setting of people deeply rooted in a densely interwoven social system which reflected two properties of relating, namely (a) showing solidarity and (b) using people.

7.4.1 Showing solidarity

Showing solidarity was about strategic leaders interacting with members of the organisation and other stakeholders to build a relational bond and pursue shared objectives which were both of a social and economic nature. Solidarity between strategic leaders and employees was dimensionalised to illuminate on the nature of the solidarity that was being shown and characteristics of members of the collective that was supporting the business. Solidarity as a combination of committed effort by family and non-family organisation/staff member was dimensionalised as inclusive and also heterogeneous. Collective support for the enterprises embraced the committed efforts of every organisation members irrespective of whether they had family or friendship connection with strategic leaders or not. This type of solidarity was evident in a hostile environment. There were also incidents when solidarity between strategic leaders and organisation members comprised primarily of committed and self-less efforts by strategic leaders themselves, employees with friendship and family affiliation. Since this type of solidarity excluded non-family staff members, it was dimensionalised as relatively homogeneous or rather exclusive to those with some form of social connection with the strategic leaders. This type of solidarity was unique to when the business environment was friendly.

There were incidents when solidarity by strategic leaders was dimensionalised by transient or episodic co-operation with competitors to address environmental challenges. For example, a group of milk processing competitors joined together to pressurise farmers to reduce prices of raw milk as a means of helping the industry to weather the financial crisis of 2009 which had sharply reduced the demand for processed milk products.

Other interviewees echoed how open and inclusive consultation meetings closely involved people of different hierarchical positions within the enterprise to generate ideas and collectively set a resonating purpose, and relevance of their actions. Additionally, strategic leaders were also developing co-operative relationships with employees to fight business – destroying competition, and also implicitly addressing legitimate concerns of employees (e.g. fear of loss of employment). Frequent and open dialogue, as well as extensive employee involvement was significant, with strategic leaders sharing with employees their thoughts and feelings regarding the vulnerability of the business. This encouraged a collective sense of purpose, determination and inclusiveness within the organisations.

> We were depressed when we heard advertisements on the radio announcing that our giant competitor who closed down sometime was back in operation. It was like a hungry giant waking up from a deep slumber. The new managers advertised [name of product] extensively in the market. We were all scared that we were finished. We do not have money to advertise. Our products advertise for themselves. We used to sit down time and again, all of us together and think about what to do. I knew I was going to lose my money, they also knew that their jobs, and family support would be painfully cut just like that ... no more fees for their children ... no more money for clothes, salt for food, and penicillin for headache. We were scared this business was going to close and this would be bad for everyone who is here. People came up with ideas to help the business. Ideas came one after another as we talked about our common fears time and again. We finally agreed that we had nice quality [name of product]. All we needed was to continue to improve. There was great optimism to fight and we are still fighting to remain in business.

Other strategic leaders noted that the occasional celebration involving employees and other external stakeholders were a useful, inclusive means to cement supportive working relationships. Cultural assumptions of strategic leaders about relationships influenced the type of solidarity that was useful in specific circumstances. Commonly, strategic leaders were engaged in an inclusive show of solidarity by mobilising family and non-family resources based on the understanding of building collective support, so that the business could survive when the environment was hostile. One of the interviewees tersely illustrated this as follows: "Everyone worked hard and collectively like ants building an anthill *(Timagwira ngati nyelere pomamanga chulu)"*. When strategic leaders sensed a friendly environment, there was an exclusive show of solidarity characterised by a focus of social interactions and relations to particular groupings such as the upper echelon members and family members because of their relational advantages. This was embedded in the cultural assumption of long-term interdependencies between family and business and also the cultural rationale of advantages derived from employees who were family members or friends.

7.4.2 Using people

People were used internally and externally in four different ways by strategic leaders. The various ways of using people were being reinforced by the pragmatic business survival mind set of operating in a difficult environment which needed extra care to survive, targeting of small retailers; and cultural assumptions about relationships in terms of the value of employee involvement, and sharing of tacit knowledge. Internally, strategic leaders were using employees (a) in agenda driven relationships which primarily served the interests of the owners, (b) as motivators of other employees, (c) transmitters of standards of desired competency and work behaviour, and as (d) political instruments within the organisation to send messages to others and align heterogeneous groupings.

There were incidents in which strategic leaders were guided by stereotypes in shaping instrumental relationships with employees as means to primarily achieve internal control. Although some of the employees, especially non-family employees were stereotyped as opportunistic and not trustworthy, they played a part in securing the survival of the business. As

such, strategic leaders were faced with the challenge of how to manage and align purposive interactions with a diverse group of members, some of whom had family ties while others did not. As aptly captured in the words of one of the interviewees:

> It is appropriate that some things cannot be left in the hands of people you do not trust. Relatives are the best, they do as they are told whether you are present or not. We put our relatives as supervisors because we rely on them. You never leave the key for the cash box with a worker... *anthu wamba atha kuweluka* (non-relatives may steal in a big way). The other employees work and get paid. But we make sure they work hard to justify whatever they are paid. We do not play here. Sometimes I shout at them as if I am a mad man. I do not care if they become angry or not as long as they comply with what I want. I do not want anyone to destroy my good business...my hard work.

Deliberate verbal recognitions and acknowledgement of skilled employees in meetings by strategic leaders was a significant way of not only motivating skilled employees or elevating their self-esteem, but also signalling and communicating that desired work behaviour were achievable. Strategic leaders encouraged employees to emulate their colleagues to be rewarded or recognised in a similar way. One of the strategic leaders illustrated how they used skilled and experienced employees as think tanks, motivators, transmitters of exemplary standards to unlock the potential of available human capital. Some employees were construed as experts by virtue of their experience of what was found to be repeatedly workable and helped everyone to stay consistently on the generally accepted practices and approaches when solving problems:

> The boy who was just here has worked for so many years with [name of competitors], our competitors. He is the one who knows much about roasting ground nuts and all that. The boy is not very educated but he is an expert. He tells us what to do whenever we have a problem at this plant. He always comes up with solutions and we all follow that. When we have meetings, he contributes a lot. I have learnt a lot from him. I encourage the others to be like him, become experts...with knowledge of what works consistently.... *ndi akatundu amenewo* (he knows his work thoroughly). Two or three boys are coming up because he always calls them to observe what he is doing. He shows others that the machine

> problems can be resolved.... It‟s possible. We all call him the engineer.... and he is happy.... to be called that.

This type of peer to peer social exchanges and relations were the bedrock of burgeoning relationships of storing, distributing and transferring tacit knowledge in most SMEs. It was common in the parlance of skilled employees to refer to unskilled colleagues as *"awa ndi ana akuphunzira, ife ndi mizwanya*" (these are novices, they are learners, and we are the experts).

Externally, strategic leaders were using people outside the enterprise in two ways, namely to (a) informally get information about the history of a customer‟s business and thereby more accurately assess the creditworthiness of retail customers and (b) help in market penetration. Sometimes, strategic leaders would deliberately give new products to retailers on concessionary terms. This was a way to use retailers or encourage them to carry new products and test the market. Other business people and relatives were instrumental in assessing the creditworthiness of customers. This specific information was however evaluated against the general experiential knowledge of strategic leaders that had been derived from their dealings with previous customers. This knowledge served as a practical guide to assess and build customer driven relationships. The following quote indicates how past experiences of relating with different customers and customer behaviour enhanced efficiency by minimising product wastage or loss through perishable products which were not sold such that this continues to guide strategic leaders in the justification of providing sales on credit in a different business context.

> We were selling vegetables sometimes back to women vendors. Most of them became our reliable customers. They started asking to get vegetable on a day long credit. They would get vegetables in the morning and give me my money before the evening. They always brought the money back in the evening. I started with one old woman and she recommended her friends to us who were also vegetable vendors. We were worried about our vegetables loosing freshness because there was nobody to buy. That is how we operated for a long time before we started this business. Even in our current business we give some customers products on credit. We are used to give products on credit to our honest customers. We can tell honest and loyal customers from one who is not... just based on how they

behave and what they say. We have the experience and we always use it. This is done only to customers…those people we know very well.

7.5 SUMMARY

This Chapter has described how strategic leaders engaged in sense making, controlling, influencing and relating activities in the backdrop of various cultural assumptions. As such strategic leaders in these agri-based processing SMEs were sense makers; controllers of boundary, risk and performance; influencers of types of inducing particular actions from employees, suppliers and other stakeholders. In a nutshell, strategic leaders were also builders of solidarity. Furthermore, strategic leaders were also drivers of goal-directed relationship and various ways of using people in the business environment.

In the following Chapter, the theory of *conveniencing the family in business* which has been induced from these findings is more fully conceptualised and presented. The theory brings together the patterns of strategising activities influenced by strategic leaders‟ cultural assumptions in changing external business environment of SMEs.

CHAPTER EIGHT: CONVENIENCING OF FAMILY

> Change must not be thought of as a property of organisation. Rather organisation must be understood as a property of change (Tsoukas and Chia, 2002:570).

> Thus strategic issues can be fragmented into smaller, experimental and understandable actions, and these actions allow strategy to emerge. Purpose thus follows action (Henderson, 2007:137).

8 INTRODUCTION

In the previous three Chapters, cultural assumptions, the cultural paradigm, and strategising activities of strategic leaders have been described. While privileging the perspectives of strategic leaders who formed the strategic leaders` culture of agri-based processing SMEs, this study has developed a grounded theory, labelled *conveniencing the family in business.* This Chapter is more conceptual than the previous descriptive Chapters as it aims to more fully develop this theory by presenting the influence of cultural assumptions on strategising activities. This cultural influence is manifested in two iterative sub-processes of *commodifying relationships* and *humanising relationships* at different times in the course of business life.

In remaining faithful to this purpose, the Chapter begins by firstly, presenting a summary of cultural assumptions and strategising by strategic leaders. Thereafter, an overview of the theory *of conveniencing the family in business* which was developed in this study is presented. The Chapter progresses to discuss the two sub-processes of humanising and commodifying relationships which culminates in*conveniencing of the family in business.*

Lastly, legitimation processes are central and integral to the theory. As such they are described in the light of each stage of the two processes.

8.1 SUMMARY OF CULTURAL PARADIGM AND STRATEGIZNG ACTIVITIES

In pursuit of the main goal of this study to ultimately generate a substantive grounded theory, descriptive accounts in Chapter Six have identified and clarified two patterns of cultural assumptions which comprise the cultural paradigm of strategic leaders. One pattern of assumptions has been labelled as pragmatic business survival mind sets while the other is labelled cultural assumptions about relationships. These two patterns of cultural assumptions originated from strategic leaders‟ own experiences and what other people in business were doing in solving problems of internal integration (e.g. them versus us, degree of employee involvement) or external adaptation (e.g. entry of new competitors, supply chain problems, anti-competitive behaviours in the market) as they competed in the market.

Pragmatic business survival mind sets were stable and were mainly about two aspects of the business environment in which the enterprises operated. These were the (a) nature of business environment to survive for family and also the (b) nature of competitors in the market, which legitimated and energised the persistent cultural force of business survival in the market. These mind sets are predominantly about business competition and survival which is perceived to be like a battle, such that internal resources are vital for the business to survive in the market among giants and also inherently opportunistic competitors. The pragmatic business survival mind sets were influencing the type of co-operation between strategic leaders and competitors which was very conditional to avoid any risks in such relationships. The nature of business to survive is also embedded in several other cultural assumptions which encourage strategic leaders to target small retailers in order to avoid direct confrontation with giant competitors, to strategise to simply survive as a business, and to reinforce proven practices that avoid risks and costs of new, creative or innovative practices among others. In the light of this, strategic leaders entrench business survival as a fundamentally stable concern of the organisation.

Additionally, cultural assumptions about relationships were manifested in the functional value of various types of networks, changing relationships of strategic leaders with organisation members over time, and also the dynamic overlap between family and business. Interactions of strategic leaders with stakeholders were driven by the cultural assumptions of building goodwill and

support through bridging, ethnic and mutual gains networks. Strategic leaders felt that their businesses were threatened by Asian ethnic-based networks on the supply and market side of the business (e.g. facilitating entrepreneurially unfair advantages to ethnic in-group members, while creating disadvantages to those outside the ethnic group). These threats had a variety of consequences for the business of strategic leaders (e.g. Product non-availability on the market due to ethnically driven problems in the supply chain of packaging materials, cash flow problems due to deliberate delays of payment by Asian retailers for stock delivered by non-Asian business people). While entrenching the threat of exclusionary ethnic-based networks, strategic leaders were preoccupied with how to react to, or cope with this threat in the market. Some strategic leaders were initiating their own ethnic networks. Strategic leaders subscribed to the view that direct connections and a position of prominence in social networks was a source of competitive edge over competitors.

The dynamics of relationships, embedded in strategic leader`s cultural assumptions about the nature of relationships, were manifested in two ways. Firstly, there were internal relationships of strategic leaders with organisation member or staff members, and secondly, there was the degree of overlap between family and business systems. These were changing over time, according to the business environment. As much as strategic leaders valued the involvement of employees in the business, the degree of involvement was not stable over time. The degree of non-family employee involvement in decision making deteriorated as strategic leaders increasingly preferred the use of employees with family and friendship ties to build advantages for the business, especially when the business environment was friendly. Non-family employees were not trusted to steer the enterprise in a friendly business environment. This was when there were no immediate threats to affect business survival. By contrast, during hostile business conditions they became useful members of the collective support system. When the business environment was hostile and the SME needed collective support to survive, strategic leaders orchestrated deep involvement of both family and non-family employees as a united collective of organisation members . This revealed that strategic leaders were widening or narrowing the base of collective support by switching between inclusive, organisation-wide support and family-centred support, depending on the nature of the business environment.

The dynamic cultural assumptions of relationships between family and business were manifested in the adjustments to the degree of overlap between family and business. In a hostile business environment, family financial interests were temporarily peripheral (i.e. the family made periodic sacrifices, money flowing into the family was reduced, and benefits were at times suspended). The opposite was the case in friendly business environments, as family was central to the strategising of business activities. This was evident as the family was then rewarded materially by strategic leaders. However, the centrality of family in the cultural assumptions of strategic leaders was always evident and enduring in both hostile and friendly business environments. Family was a resource in a hostile business environment and a burden on the business during friendly business circumstances.

Another building block of the theory is the descriptive account of four strategising activities used by strategic leaders. These were *sense making, controlling*, *influencing,* and *relating*, all of which were driven by cultural assumptions. Strategic leaders were making sense of perceived threats, the degree of risk from the business environment and competitors; and figuring out opportunities.

However, new opportunities were ignored due to various internal constraints such as limitation on production capacity, and lack of working capital. Strategic leaders were also very reluctant to jeopardise the continuity and status quo of the business that was providing material support to the family. At such times, strategic leaders were very conservative, or afraid to expose the business to risks associated with the exploitation of new opportunities. Eventually, sense making informed strategic leaders as to whether they perceived the business environment as either hostile or friendly.

With this backdrop, strategic leaders were *controlling boundaries* in terms of scope, risk level, and strategic uncertainty while *performance and evaluation controlling* was about the actions of strategic leaders to ensure monitoring and diagnosing of critical performance, and intervening where necessary. *Influencing* activities of strategic leaders were varied and characterised as manipulative, inspirational, didactic, and symbolic. The effect of these influencing activities was sometimes dominant, negotiated or the reverse of the action that strategic leaders intended to encourage or discourage. *Relating* with people by strategic leaders was to show inclusive

solidarity which embraced all organisation/staff members. Alternatively, showing of solidarity was through committed and selfless effort that did not incorporate non-family staff members. Instead, showing solidarity in a friendly business environment was about the cohesion and efforts that excluded some of the members of the organisation who had no family affiliation or friendship ties with the strategic leaders. This is how strategic leaders used people in different ways in the course of business life to ensure the bottom line of business survival was secured.

The descriptive accounts of various strategising activities add another building block towards developing the substantive grounded theory. Presented below is an overview of a more conceptualised and integrated theory of how strategising in SMEs is influenced by a stable and persistent underlying force of pragmatic business survival and dynamic cultural assumptions about relationships upheld by strategic leaders.

8.2 OVERVIEW OF THE THEORY

The influence of cultural assumptions on strategising manifests two sub-processes which occur in different environments. The two sub-processes are (a) commodifying of relationships exclusively with staff/organisation members when faced with problems of organisational integration in a friendly business environment; and (b) humanising of relationships with all organisation /staff members to solve problems of external organisational adaptation in a hostile business environment.

A pragmatic business survival mind set and cultural assumptions about relationships influence strategic leaders to sense a friendly business environment and encouraged a different pattern of strategising that would perpetuate the comfort or convenience of the family of strategic leaders involved in the business. This sub-process is the commodifying of relationships with organisation/staff members who did not have family or friendship ties to strategic leaders, as a way to give primacy to family convenience. In this study, the terms organisation members and staff members are used interchangeably to mean people working in the SMEs.

Strategic leaders encouraged humanising of relationships with all organisation members to ensure business continues when the environment was hostile. As external adaptation of the SME becomes the main challenge, strategic leaders strategise to secure the continuity or survival of the business as family concerns cease temporarily to be the priority. The ultimate underlying cultural influence for strategic leaders to switch from commodifying to humanising relationships with organisation members is to ensure that business survival suited or was convenient for the family. This main concern guides strategic leaders to legitimate a persistent mind set of pragmatic business survival and dynamic cultural assumptions about relationships, sense making, and other strategising activities. In the legitimation processes, strategic leaders encourage, or discourage, entrench and also modify aspects of these two sub-processes to either secure the business when there are business-destroying threats and eventually convenience the family. Family is central, such that business survival and relationship dynamics in the course of the business life are strategised to ultimately provide convenience to the family.

The switching between the processes of commodifying relationships and humanising relationships with organisation members in different business environments depicts these two sub-processes that form the theory of *conveniencing the family in business* (see Figure 15). In Figure 15 the theory of *conveniencing the family in business* is represented, in which the process of humanising relationships with organisation members is portrayed by a solid red arrow, indicating that stable pragmatic business survival mind sets and dynamic cultural assumptions about relationships motivate and shape the humanising of relationships with family and non-family organisation members, when in a hostile business environment. The primary result of strategising by strategic leaders is business survival in a hostile business environment. The red colour has been chosen simply to distinguish this sub-process from the other. This same reason applies to the choice of blue colour to distinguish and represent commodifying of relationships with non-family staff members.

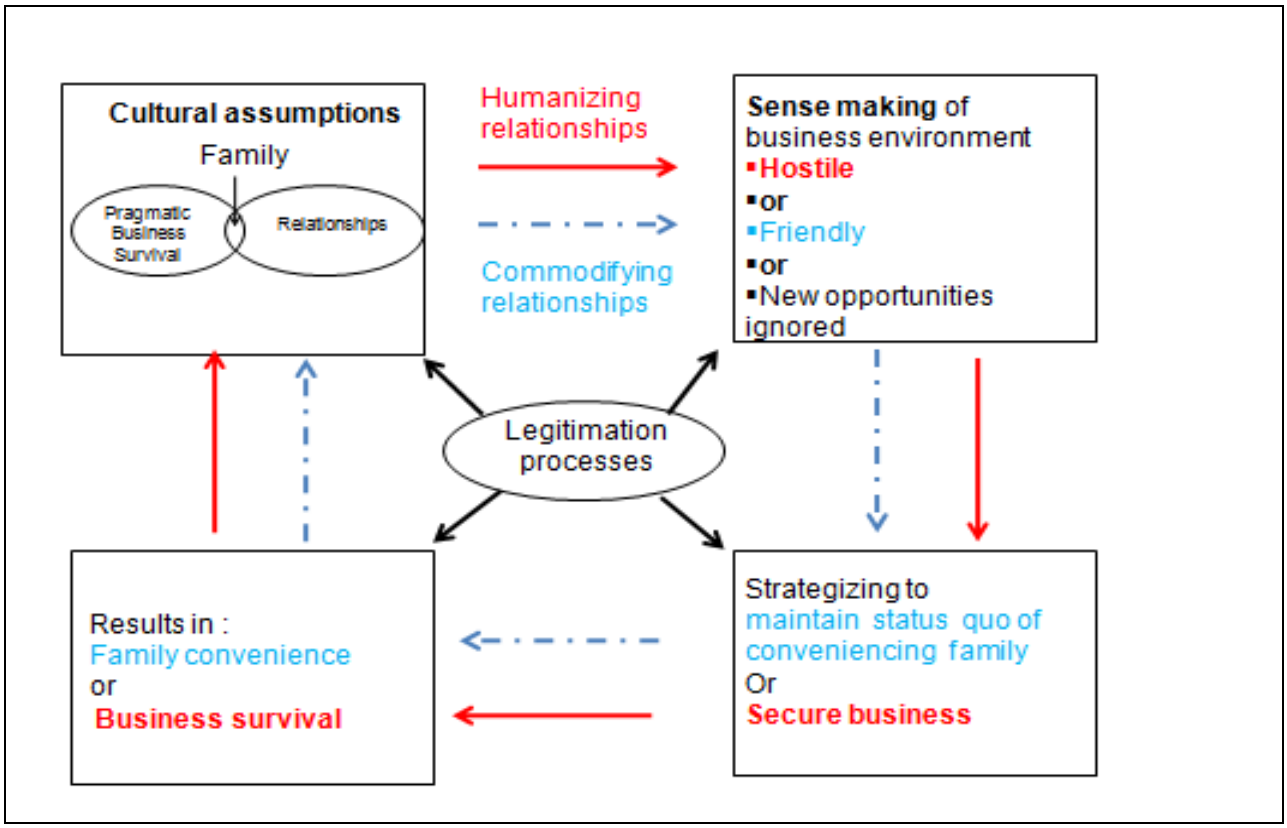

Figure 15: Theory of conveniencing the family in business

Source: Own

The process of humanising of relationships is represented by a blue broken arrow, indicating that the mind sets of pragmatic business survival and cultural assumptions about relationships reinforces commodification of relationships with employees outside the family or friendship ties as a means of perpetrating the status quo of family convenience. The ultimate result of this process is the convenience of family. The mission of strategic leaders to perpetuate family convenience is largely dependent on the humanising of relationships with family staff members and relatives while commodifying relationship with non-family staff members. Succinctly, the theory of *conveniencing the family in business* is a process that strategic leaders pursue to lead SMEs through both hostile and friendly business conditions in a way that ensures family well-being, or family convenience.

The cultural assumptions of strategic leaders and their sense making have already been presented in preceding Chapters. The next section focuses on each of the two sub-processes starting with commodifying of relationships with non-family staff members, followed by humanising of relationships with all organisation/staff members.

8.3 COMMODIFYING OF RELATIONSHIPS

Strategising by strategic leaders involved relaxed control of operations, increased overlap of family and business, coercive influencing of non-family employees, and an exclusive show of solidarity with family staff members. Additionally, this was also characterised by low levels of emotional harmony and involvement of non-family staff members, which culminated in business operation and social structures that entrenched family convenience through business.

Commodifying of relationships reduced interactions between strategic leaders and non-family staff members to a set of market-like exchanges. It underscored the underlying difference in value of family and non-family employees upheld by strategic leaders. Strategic leaders did not treat the entire organisational community in the same way all the time. Employees who were not members of the family of strategic leaders (non-family employees) were treated as different and also excluded from close-knit interpersonal relationships by strategic leaders. This is how strategic leaders manifested latent disregard of this constituency of organisation members. In the absence of external threats, strategic leader‟s distrust of employees who were not family members was more pronounced. Strategic leaders were becoming less humanising and empathetic in their relationship with non-family staff members. While strategic leaders were commodifying relationships with employees without family or friendship ties with them, they were also humanising relationship with family organisation employees. Strategic leaders had to manage the delicate consequences of switching between commodifying the majority of organisation members, thereby prioritising family on one hand, and ensuring support to continue the business on the other, especially in a friendly business environment. This impacted negatively on the relationship between employees and strategic leaders in terms of social disintegration and the demotivation of staff members. Figure 16 depicts the sub-process of commodifying relationships with non-family organisation members.

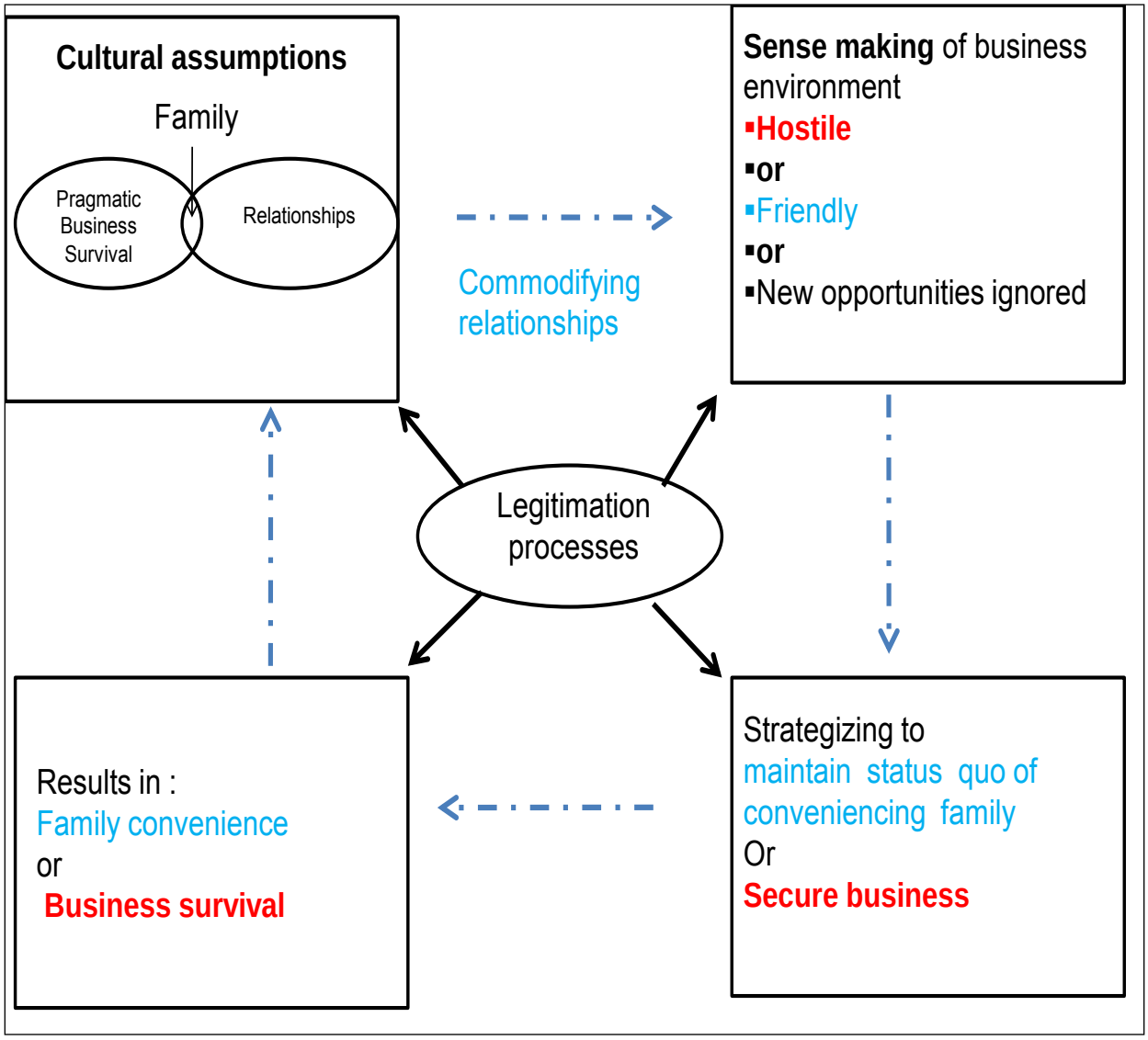

Figure 16: Sub-process of commodifying relationships

Source: own

8.3.1 Relaxed control

Although, strategic leaders were still directly involved in the day to day operation of SMEs, they gradually relied more on trusted relational employees. On the other hand, the level of access and

informal two way communication was degenerating between skilled employees who were not family members, and strategic leaders. This was because relational capital became more valuable. Strategic leaders treated all employees respectfully when business was in trouble because they needed employee support only to change and become disrespectful to employees once business was doing well (*Pakalowa njoka nde amafuna anthu antchito, koma pakalowa mbewa nde ndikumba ndekha).* The underlying cultural force behind the relaxation of controls by strategic leaders was relational trust, premised on the cultural assumption that relational employees had long-term orientation towards the enterprise, were willing to be flexible, and were unswerving in their commitment to ensuring the future of the business

After steering the SME through external threats and internal problems, strategic leaders had a repertoire of underlying cultural assumptions and pragmatic actions. Practices that had proved successful before, encouraged strategic leaders to re-enact the past, imagine the future and fundamentally respond to present circumstances with old proven solutions. Successful decisions made in the past reduced the search for new solutions as most of the significant decisions did not require reconsideration even when strategic leaders perceived that circumstances had changed. Strategic leaders were pursuing proven practices or behaviours that were not responsive to new opportunities. Especially when there was consistent satisfaction with the outcome, strategic leaders preferred to be less sensitive to context. Strategic leaders were also relaxing control of operations (i.e. Relational trust was more valuable than professional experience in assigning responsibility). Relational assets (trust, advice and security) enhanced operational convenience of the SME through cancelling out the need for intensive surveillance of family members and friends in the business. In some cases, nepotistic recruitment practices brought in less competent and experienced people to control operations. Relaxed controls in the business were becoming common because family and business relationships at supervisory and strategic leadership levels could not be clearly distinguished. In line with the prominence of harmony among family members, strategic leaders and family employees avoided critical reflection of events especially when these would lead to internal conflict in the SME.

8.3.2 Increased overlap of family and business

Having leveraged relational value and built social networks to strengthen the SME‟s position in the market, strategic leaders re-directed their energies towards enlarging the overlap of family and business that enhanced family living. Strategic leaders saw family and business as overlapping extensively. The increasing integration of family and business operation was an exclusive means by strategic leaders to rely more on blood family members and close friends to preserve or reproduce the prevailing status quo of family centrality in the business. This is a contrarian view to family and non-family employees as a collective support base, which was resourceful in the business during hostile business environment. Strategic leaders shifted attention from inclusive to exclusive relationships with staff members connected by blood, lifelong family history or friendship. Through the attachment of value to employee connectedness to owners, trustworthiness and work ethos of family employees, strategic leaders were creating divisions among employees and also communicating a new togetherness based on "family" and "friendship". This was legitimatising an inner circle of friends and relations as the base of power, status, and privilege in the business.

Strategic leaders placed great value on transactional convenience characterised by time taken to get business resources to meet family needs. Accessibility, speed and flexibility of execution, as well as the informality, personal freedom and reduction of worry (mental energy or psychic cost) by strategic leaders in making decisions to get cash and other resources from the business, also reflected transactional convenience. Where financial and accountability systems were in place in SMEs, strategic leaders ignored, or adapted them to allow repeated and timely access of resources to promptly address challenges faced by the family. The adaptation of transaction processes in SMEs by strategic leaders was to achieve a vehicle that provided the family a way of life. Strategic leaders enjoyed time efficiency as there was no need for extensive search for a solution to family problem, or ensuring that the actions undertaken were ethical or that the best solution was formally approved by others.

8.3.3 Influencing

One aspect of entrenchment was local grounding which meant integration into established organisational structures and every day practices that resonated with the social and cultural reality of business as perceived by strategic leaders.

As long as strategic leaders were sensing that the business environment was friendly, relationships with non-family staff members were characterised by the deterioration of intrinsic value of human beings, a significant decline in the degree of involvement (arm"s-length type of relationship), and participation in operational decisions. This was the undoing of some of the social resources, enthusiasm and collective values embedded in relationships among staff members which had previously facilitated the pursuit of actions that benefited the whole SME.

Coercive influence used by strategic leaders took the form of manipulation of non-family employees to induce action, and behaviour. Thus, influencing of employees had a functionalist view of commodifying relationships (i.e. unpleasant action for ignoring the influence). In commodifying relationships, strategic leaders were looking exclusively at their self-interest (achieving family well-being through the SME) which triggered resentment from non-family employees who were cut out from relationships where more detailed, intricate, and proprietary information was shared. A distant relationship with non-family employees meant that their voices could not really influence issues in a friendly business environment.

Furthermore, strategic leaders became indifferent to how their language and actions affected the socio-emotional aspects of employees. To strategic leaders, employees were simply paid for their labour (*wantchito syndrome*). Strategic leaders talked and treated employees in a way that conveyed to them that they were merely workers who could easily be replaced, despite their skill levels. This economic perspective of relationships reduced social and human value into an exchangeable value of labour as a marketable commodity.

The differentiation of family and non-family employees became more pronounced when SMEs were generating a steady stream of money. The social order of employees in SMEs had cultural

meaning, which guided social action to structure relationships of staff members. Differentiation of staff or organisation members by strategic leaders was manifested through more personalised ways of interaction with family employees. When the continuity of the SME was no longer questionable, strategic leaders consulted and sought ideas from a limited circle of family employees, and depended a lot on them to assist in supervisory and monitoring activities. This alienated non-family employees while simultaneously bonding blood family employees and close friends as a more trusted and reliable human resource.

Strategic leaders‟ distrust of non-family employees forced them to limit employee access to intellectual property (who knows the product recipe); to limit the acquisition of core skills to family employees; to limit their level of discretionary power; and to also limit who they generally related with so as to safeguard the SME‟s competitive advantage. Distrust of employees emerged from various experiences of strategic leaders within the SMEs (e.g. collusion by several employees to deliberately produce more but inferior products, or to share money from the sales of the surplus products; employees caught stealing; covert rebellion by employees, etc.) and also general information about employee distrust in other SMEs within the same industry.

The process of commodifying relationships with non-family staff members was driven by cultural assumptions of relationships that reinforced the perception of non-family employees as commodified human resources useful primarily to secure the business. Strategic leaders delimited and weakened the collective force and action of staff members by relying mainly on family employees to maintain the status quo of family convenience. Transactional aspects were more prominent in the relationships of strategic leaders with non-family employees as there was no imminent threat to continuity of business.

The contribution of non-family employees was trivialised or less valued by strategic leaders relative to that of family employees. This location of family employees in the social structure of interaction in the organisation gave them status by being entrusted with business secrets. The discrimination or differential treatment of family employees reflected a re-definition of the inclusionary internal boundary and a re-definition of who was in and outside the core group that

was steering the enterprise. This posed a potential threat to the survival of the business, as most non-family employees became emotionally and psychologically alienated, disillusioned and lost their sense of belonging and responsibility to the enterprise.

Deterioration of emotional harmony, low participation and sense of inclusion of non-family staff members evident in commodifying relationships was aptly portrayed in the words of one of the strategic leaders as: "*We used to sit down and listen to ideas from employees, but these days we stand up and shout at them: „Who are you to tell me that?"*. The stereotype held by strategic leaders of distrust of these employees affected social interactions with those employees who were seen as more of a threat than supporters of the business.

Some of the prominent aspects of commodifying of relationships between strategic leaders and non-family staff members included emphasis on transactional aspects in relationships, declining in the participation and the lack of involvement of non-family employees in decision making, and also the increase in disdainful communication. Commodifying of relationships with non-family employees resulted in an in-ward and family focused solidarity, which eroded the diversity needed to maintain the adaptive capacity of the enterprise. Complacency and overestimation of strategic leaders" own capabilities and that of family employees" social networks and relationships combined to de-value the contribution of non-family employees in the organisation. However, this was not legitimated by strategic leaders when there were business-destroying threats which, to secure the business, required wider collective support beyond the family and friends.

8.4 HUMANISING OF RELATIONSHIPS

When the environment was sensed to be hostile, specific strategising activities that were embraced included high control of business, increasing the separation of business from family, non-coercive influencing, and an inclusive show of solidarity with all staff members, so as to enhance collective support and actions for the business to survive. Strategic leaders encouraged employees to co-operate with each other. They also promoted a sense of togetherness by entrenching a common, collective identity of both non-family and family employees who shared

their fears and vulnerability when the enterprise was under external threats. All staff members, without any regard to whether or not they had family affiliations or friendship ties to strategic leaders collaborated with and encouraged each other as a homogeneous group of human beings reacting to a common threat. This encouraged the cultural predilection of strategic leaders to create organisation-wide collective efforts, characterised by high emotional involvement, and co-operative actions focused on the survival of the business. Strategic leaders had relational competence to form and shape relationships not only with staff members, but also with other parties outside the SME, some of whom were competitors.

Thus, humanising of relationship by strategic leaders comprised employee identification with the enterprise, sense of community feeling; open two way communication, and greater employee involvement. Humanising of relationships with staff members was also manifested by collaborative learning and problem solving. This created the mind set of "us and them" together committed to solve the challenge of business survival. Humanising of relationships involved "people focused" interactions reinforced by strategic leaders who placed great value on sharing ideas and the intrinsic human value of every staff member. Additionally, strategic leaders believed that every individual was a source of ideas and entrepreneurial spirit. As such, strategic leaders were actively seeking ideas from every employee on which they subsequently built their decisions to resolve a variety of problems. Following is Figure 17 which depicts the sub-process of humanising relationships with all staff members by strategic leaders to garner their collective support that was very significant to ensure the continuity of business through a hostile environment.

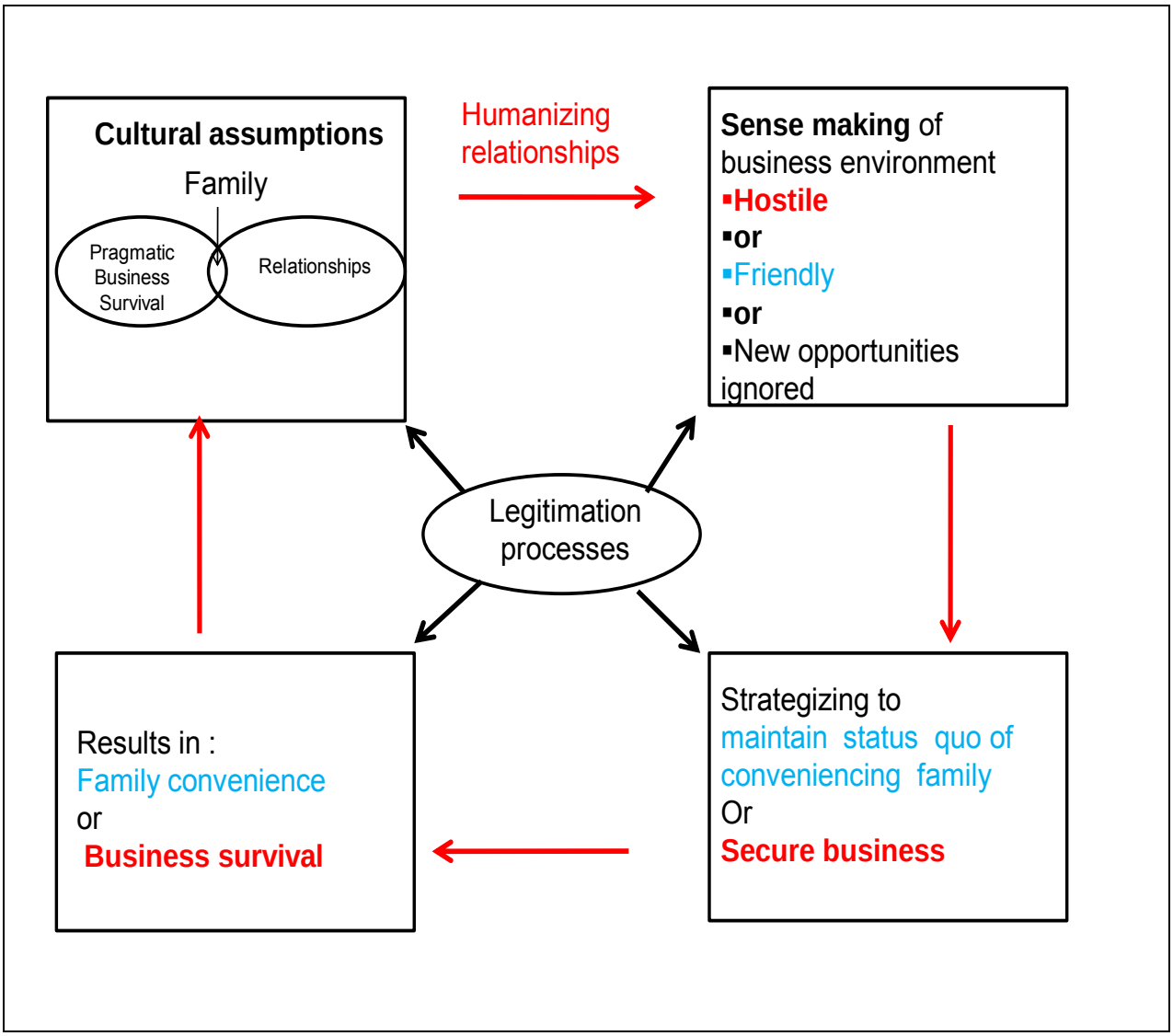

Figure 17: Humanising relationships

Source: Own

In some incidents, strategic leaders engaged in open discussions which involved members at all levels of the organisation. Issues that were common in such discussions were varied and incorporated matters such as employee welfare (i.e. making funeral arrangements for a deceased member of staff); crafting of responses to threats in the market (i.e. new entrants or falling prices) and also marketing in terms of suggesting product ideas. This way of giving employees an opportunity to have a say on how the enterprise could respond to competition, changes in the

market, supply chain challenges and also on matters of their welfare appealed to the emotional or psychological aspects of employees as being part of the enterprise. This type of meeting also served as a symbol that not only led to symbolic identification of employees with the enterprise but also encouraged commitment, collaboration and action towards implementing of what was discussed and agreed openly through the participation of everyone.

Business survival was an intrinsic motivator of strategic leaders to shape and reinforce broader social integration and organisational solidarity. To cultivate the powerful sense of togetherness, strategic leaders used diverse types of influencing activities characterised as consultative, didactic and persuasive influence of staff members to encourage contribution towards business survival. Strategic leaders placed emphasis on consulting experienced employees with industry experience in how to respond to competitor threats, operate the business and also mentor new and unskilled employees. These experienced employees were also often used by strategic leaders as role models to transfer and diffuse skills to other employees in the organisation.

8.4.1 High control of business

High control of business operations was a key aspect of strategising in the process of humanising of relationships within the organisation by strategic leaders in the SMEs. This type of control was usually manifested when the enterprise was struggling to survive. Strategic leaders also had controls which focused on the internal capability of SMEs to generate internal finance and mobilise human resources during unfavourable market conditions. In these incidents, strategic leaders were optimistic about making short-term personal and financial sacrifices to address problems. Strategic leaders were resourceful, dependent on more resilient human resources (i.e. flexible family employees). Tacit capabilities such as speed, integration, collective agility and flexibility in processing of products were vital to control and minimise wastage and withstand competition. This was evident in incidents of electricity outage, erratic availability of raw materials, fluctuating market demand which necessitated speed, operational agility and flexibility as key capabilities to remain in business.

As a way of increasing control, strategic leaders initiated and reinforced more operating rules, clarified the scope of control (rules of boundary) and reinforced latitude for discretion, demarcated levels of risk tolerance (rules of risk definition and management) and exercised rules of priority as continuity of business superseded family well-being. Strategic leaders did not take up new business opportunities for of various reasons. There were incidents in which strategic leaders did not take up business opportunities because their enterprises were construed as being too small to consider export markets. Some strategic leaders also did not take up opportunities to avoid the multiplicity and diversity of problems associated with growth, and for fear of stretching widely their thin resources to the inconvenience or detriment of family that was reliant on the business for livelihood.

Other control measures by strategic leaders were the occasional involvement of police, use of family members as spies on employees to deal with theft; collective discussions of plans within the upper echelon prior to approval and allocation of resources; one-to-one reflective discussions between strategic leaders and owners. Furthermore, strategic leaders were also seriously contemplating vertical integration of the supply chain to enable them to exercise demand-driven flexibility and co-ordination, control and regulation over supply and production. The merits of vertical integration as a form of control in the business were derived from a series of experiences of failure or difficulties of SMEs to process products due to problems such as ethnic based discrimination and favouritism by Asian suppliers; late, and under-delivery of raw materials by local suppliers so that vertical integration was conceived as the correct solution to these external uncertainties.

When vertical integration was not feasible, strategic leaders engaged in flexible relationships with suppliers. In these supplier-buyer relationships, strategic leaders were searching for co-operation and commitment of suppliers. The persistent desire of strategic leaders was to dominate or have some influence over sources of raw material and enjoy the convenience of regulating the flow of supply. In most instances, strategic leaders did not have dominant or direct influence over suppliers. This was evident when the frequency, quantities of material bought by the SME from a supplier were low, materials were obtained on credit, payment was made in part

or delayed when due, and they also lacked bargaining power as the number of suppliers were very few.

8.4.2 Increasing separation of family and business

Humanising of relationships with non-family staff/ organisation members was characterised by strategic leaders who increased the separation between family and business systems. Strategic leaders‟ cultural assumptions depicted family and business as distinct but overlapping dual systems. The emphasis on business survival was most noticeable in an external focus of the enterprise in the market. Strategic leaders were clarifying, reinforcing and limiting as much as possible the overlap and boundary between family and business by shifting towards more business procedures and systems. This temporarily relegated the family well-being to the background or periphery until the business became steady again.

Although family and non-family resources were increasingly flowing into the business, the goal for strategic leaders was to control, and separate family (emotional-centred) from business operations (task-centred) as a pragmatic way to ensure business survival. Although family labour was used in the business, this did not automatically mean that the family and business existed as an integrated system. Business needs were given higher priority than social and family needs. When expenditure of business resources directed to serve social and family needs was increasing, strategic leaders initiated formal approval procedures, control systems and also enhanced the training of finance personnel to ensure that family and business expenditures were distinct and in check.

8.4.3 Influencing

Hierarchical influence was a mechanism that enabled strategic leaders to perpetuate a high degree of obedience of subordinates to their superiors in the organisation. Hierarchical influence was considered as normal by both strategic leaders and subordinates in SMEs (i.e. employees not allowed to make own decision without checking with their leaders for approval which diminished employee initiative and accountability as they were not decision makers). Managerial

influence and accountability by strategic leaders was about providing employees with schemata and use of non-coercive influence (i.e. persuasive, didactic, consultative influencing) on organisation members to carry out tasks in line with specified criteria of performance in the business operations). Sanctions and punishment (i.e. warning, dismissal) of employees who overlooked or ignored the interpretive cultural schemata were used by strategic leaders to influence acceptable actions and behaviour.

Premised on the cultural notion of social networks as a competitive edge, strategic leader were creating privileged network positions or positions of prominence as a vehicle of influencing business opportunities. Strategic leaders felt that they had influence over business matters when they had more direct, easy and quick access to orders or decision makers, were able to use short-cuts to avoid lengthy or problematic procedures and were aware of opportunities earlier than others because of shorter paths to key and diverse powerful contacts (*malaini*).

8.4.4 Relating

In business environments sensed as hostile, strategic leaders emphasised social and emotional connection between organisation members to create support for the SME. An inclusive show of solidarity by all organisation members was encouraged by strategic leaders and was manifest in a collective response to external threats of business survival. Strategic leaders were being inclusive to mould solidarity using non-coercive influence during adversity.

Crises and turbulent business environments offered strategic leaders occasions to stretch their existing knowledge and skills or enhance acquisition of new skills, and transfer knowledge and skills from experiences both within and outside the organisational contexts. In this way, strategic leaders were building knowledge capital, ability to adapt and learn through reflective and purposeful conversation with peers about tasks within the organisation; customer feedback; mentorship; and inclusive open consultation meetings. Sharing of tacit knowledge through extensive on the job interaction between experienced employees and new recruits made general knowledge available to other employees. However, strategic leaders protected the competitive advantage anchored in knowledge capital by restricting transparency of critical knowledge and

activities (i.e. product recipe, transactions, etc.) to relatives, the upper echelon, and a few reliable people and were reluctant to expose the SME‟s competitive advantage to external professional consultants.

8.5 CONSEQUENCES

The influence of cultural assumptions on strategising had two distinct consequences, namely securing of the business and family convenience. Firstly, strategising that resulted in securing of the business meant blocking or freezing of some family benefits emanating from business, while the family made financial and personal sacrifices. Business was secure when integration and resilience of organisation resources, networks and relationships with stakeholders yielded a stream of finance to support business. As a way of securing business, strategic leaders were promoting a sense of community feeling among employees, emphasising the prospective value of financial returns from the sacrifice made by relatives and friends. This picture reflected when financial sacrifices by family would no longer be needed to ensure business survival. Securing of the business was pre-dominantly to give comfort to the family in terms of material wealth and status in the community.

Secondly, sustaining of the status quo of family convenience as a consequence of strategising referred to conditions that reflected satisficing of business, as survival was taken for granted. The collective support which incorporated non-family employees to face external threats was perceived as not necessary. With a focus on support from family staff members and friends, strategic leaders were reinforcing the goal of family well-being. Thus, strategic leaders enjoyed the convenience characterised by less time, and more direct access to resources from the business which provided solutions to family financial and material requirements. Family convenience was therefore characterised by congruence of family informality and decisional freedom in the context of SMEs. This suggested a fit between the operation of business and family in which informality enveloped operations of business to create transactions convenient to the well-being of family.

Family convenience had the problems of financially overburdening the SMEs, creating a small-minded philosophy that contributed to failure to exploit bigger opportunities, and the absence or relaxation of control systems. In cases where there were some control systems, strategic leaders knowingly undermined or subverted them to access financial resources for family use. Often, strategic leaders were making decisions to serve the short-term needs of family while struggling with long-term control over the management, utilisation and conversion of their time, effort and resources in the enterprise. Without procedural delays and hassles, resources were wilfully withdrawn by strategic leaders from the business and redirected to non-business activities.

8.6 LEGITIMATION

In the *theory of conveniencing the family in business*, legitimation processes of strategic leaders were central, and framed actions and relationships of strategic leaders as desirable, proper, and appropriate to maintain internal integration and resolve challenges of external adaptation within widely shared ways of solving problems in accordance to pragmatic business survival for the family. Legitimation by strategic leaders entrenched cultural assumptions about business as competition, and competitors as opportunistic and predatory. Strategic leaders legitimated sense making of the business environment. Subsequently, strategic leaders were also encouraging or discouraging some strategising activities to ensure pragmatic business survival which was a pre-requisite to maintain the convenience of family through business. Legitimation in the pursuit of family convenience by strategic leaders involved continuous review of controlling, influencing, relating activities in relation to results and their resonance with the underlying assumptions driving such activities. In this way, strategic leaders‟ cultural assumptions were influential in rendering these activities and their results as desirable, proper, appropriate or not in ensuring pragmatic business survival for family.

The strategising activities that were legitimatised by strategic leaders‟ cultural paradigms increased their likelihood of being adopted by employees. Staff members were integrating these activities into the widely shared system of problem solving, organisational functioning and ways to interact as staff members. In this respect, the legitimation process by strategic leaders was evolutionary, continuous and central to what was being discouraged and encouraged in the

organisation as the business environment changed. This involved learning as a result of past success in solving problems or in avoiding of anxiety which guided cultural evolution and iteration in the enterprise.

During legitimation, strategic leaders were *weighing-up* the significance, and appropriateness of continuing with strategising activities and their outcomes. In the process of humanising relationships with staff members, strategic leaders *modified* or *entrenched* internal integration and undermined anxiety of inclusion through favourable relationships with non-family staff members and focus on external threats to the business. Strategic leaders engaged in an inclusive show of solidarity, which transmitted internal signals of co-operation, sense of cognitive and emotional group belonging by all employees. In this perspective, all staff members were valuable "in-group members". Strategic leaders downplayed the distrust of employees as they depended on them and minimised internal differences. Group solidarity in the face of challenges, emotional expression of affection, and tendency to bend over to be nice to employees was legitimated by strategic leaders to help employees internalise the feeling that they were part of the SME. The cultural drive underlying how strategic leaders strategised to secure business triggered inconvenience to the family. In other words, strategic leaders and their families deferred gratification, or sacrificed present pleasure in hope of greater pleasure and rewards to come.

When strategic leaders had developed the capacity to secure the business, they shifted goals and strategy in the business. Changes after the business was secured involved differentiation in the nature of social interactions of strategic leaders with non-family members, re-definition of control boundaries, priorities, and strategic leaders` assumptions about the flow of family resource. For example, financial and personal sacrifice by family, separation of family and business, and assumptions of humanising relationships with non-family staff members were some of the behaviours, cognitions, and emotions which strategic leaders could no longer continue to uphold to assure themselves and those around them that business was surviving for family well-being. The main concern of maintaining the status quo for the convenience of family centralised the role of friends and family (e.g. value of employees with family ties, sacrifice and rewards by family) and disregarded non-family staff members. This triggered internal differences, which negatively impacted on organisation-wide solidarity.

Another process of legitimating involved *preventing* behaviour which sustained disadvantage to the family. Assumptions of what to avoid and what was successful were persistent. During friendly business environment, strategic leaders discouraged humanising of relationships with non-family staff members, as this was construed as no longer appropriate in the absence of external threats to the business. Strategic leaders‟ relationships with staff members reinforced the cultural assumptions that non-family employees could not be trusted. As such, family-wide support was more appropriate to perpetuate or take charge of efforts to preserve family comfort. In these circumstances, strategic leaders switched to a more inward, family-focused approach. This was distinct from a more external market focus, which had required wider and collective organisational support to overcome threats. As business leaders on the one hand and family leaders on the other, strategic leaders were operating the business to ultimately culminate in a business structure, and internal social relationships which would facilitate continuity of business alongside convenient withdrawal of business resources to address challenges in the family.

To exemplify this, one strategic leader made sense of putting family well-being at the centre of action as follows: “If the family needs salt, sugar, school fees, I simply pull [open] the drawer where I keep the money and start counting how much money is needed. The needs for the family are many and we use the money from the business all the time”. In pursuit of convenience of family, strategic leaders legitimating controls, relationships, and influence that placed emphasis on the primacy of comfort to the family, accomplished through the business. In this regard, convenience underlies practices which embed high accessibility, appropriateness, and avoidance of unpleasantness or enhanced family comfort through the liberty to access and use of business resources to perpetuate family well-being.

In this way legitimation of pragmatic business survival mind sets and cultural assumptions about relationships provided interpretative schemes for making sense of experiences and behaviour in hostile or friendly business environment. This encouraged or prevented strategising activities that enhanced or weakened internal integration of the organisation to address critical incidents in the course of business survival. Legitimation by strategic leaders encouraged, entrenched and

prevented patterns of perceptions, and interpretations of the business environment and stakeholders, strategising actions and their anticipated results in solving critical incidents.

8.7 SUMMARY

This Chapter has conceptualised two iterative sub-processes of the *theory of conveniencing the family in business* which occur at different times in the course of the business life. These two sub-processes are *humanising of relationships* with all organisation members, characterised by internal organisational integration and external market focus to secure business in hostile business environment, and also the *commodifying of relationships* with non-family organisation /staff members in friendly business environment. Commodifying of relationships with non-family staff members was epitomised by arm"s-length relationship, low employee involvement in decision making, disregard of support and contribution of non-family employees, and also use of coercive ways of influencing them. Strategic leaders" cultural assumptions about non-family employees as not being trustworthy not only reinforced stereotyping among staff members but also created internal divisions and eroded a sense of "community" or "belonging" to the enterprise. This was the opposite of the sense of unity and purpose that all organisation members as a collective had when humanising relationships prevailed in the organisation. In this respect, humanising of relationship with employees was a strategy by strategic leaders to stimulate self-lessness and commitment of all organisation members. On the contrary, commodifying of relationships with non-family employees was embedded in favouritism of friends and nepotism by strategic leaders, which was ultimately destructive in terms of not nurturing organisation-wide support.

It was conceived that strategic leaders were humanising relationships with family members and non-family organisation members as a socially integrated means for business to survive as long as the business environment was perceived as hostile. However, strategic leaders stopped humanising of relationships with non-family staff members in a friendly business environment. Ultimately, support of family staff members was useful and more appropriate to perpetuate the convenience of family business. Thus, strategic leaders adapted relationships with non-family

staff members to particular external environment. Legitimation processes by strategic leaders encouraged and entrenched types of cognitions, perceptions, feelings and actions enhancing solution to problems while preventing or discouraging those that were perceived as impeding the strategic persistence of pragmatic business survival. On the other hand, legitimation processes by strategic leaders also involved discouraging behaviours, perceptions and cognitions posed disadvantages in relationships and undermined efforts towards business survival. The underlying power of family in driving pragmatic business survival was evident through the influential dynamics of relationship between strategic leaders and non-family staff members, and the evolving overlap of family and business systems at all times but in different degrees.

Central to the theory of *conveniencing the family in business* are two distinct sub-processes. In one of the sub-processes, strategic leaders humanise relationships with all organisation members in a hostile business environment. The other sub-process is that of commodifying relationships with those staff members without family or friendship ties to strategic leaders. This is commonly evident in friendly business environment and ultimately serves to facilitate family convenience.

Each of the sub-processes had four stages, namely, (a) *cultural assumptions,* (b) *sense making of the environment and implications on business,* (c) *strategising* and (d) *results*. Strategic leaders were upholding stable mind sets about pragmatic business survival and dynamic cultural assumptions about relationships which were evident in the various stages in each of the processes to ultimately convenience the family in business.

Central to the theory are legitimation processes, which encourage, prevent, modify or entrench aspects of the various stages in each of the two sub-processes. The next Chapter discusses the theory of *conveniencing the family* in the light of extant literature.

CHAPTER NINE: DISCUSSION

> Much of the leadership thinking has failed to recognize that leadership is not merely the influential act of an individual or individuals but rather is embedded in a complex interplay of numerous interactions (Uhl-Bien *et al*., 2007:302).

9 INTRODUCTION

The aim of this research was to develop a substantive grounded theory that describes how the cultural assumptions of strategic leaders influence their strategising in SMEs to compete in the market. In order to answer the main research question and develop the substantive grounded theory, secondary goals were developed to (a) clarify the cultural assumptions being held by strategic leaders of agro-based processing SMEs in Malawi; (b) to understand how the cultural assumptions of strategic leaders and strategising in agri-based processing are shaped; and (c) to describe and understand how basic cultural assumptions affect strategising by strategic leaders of agri-based processing SMEs.

Chapter Five has clarified the cultural assumptions shaped by various past critical experiences of strategic leaders in the SMEs. Furthermore, Chapter Six has described a cultural paradigm of SMEs while Chapter Seven has presented the strategising activities adopted by strategic leaders as they compete in the market. Linking the descriptive accounts about cultural assumptions and strategising activities, Chapter Eight has presented a substantive *theory of conveniencing the family in business* which has two sub-processes (i.e. the humanising or commodifying of relationships with organisation/staff members) explaining how strategic leaders‟ cultural paradigms influence their strategising at different times.

Having met the above goals in the previous Chapters, the purpose of this Chapter is to address the last aspect of a grounded theory study. Primarily, this is a discussion of the grounded theory

developed in this study as it relates to existing theories and eventually locates it within the available literature. Theories are not produced so that they stand in isolation to the extant body of theoretical knowledge in different fields. Actually, theory is supposed to relate to the existing body of knowledge, illuminate what is seen and extend current understanding of the area under research (Strauss and Corbin, 1990:50-55).

9.1 GENERATED THEORY AND RELEVANT LITERATURE

The theory developed in this study has arisen largely through an inductive process of analysis, working with the data from a number of Malawian SMEs. As such, it is possible that there are other extant theories which may provide competing or complementary explanations of how the cultural assumptions of strategic leaders of agri-based processing SMEs influence strategising to compete in the market. It is worth mentioning that literature reviewed initially in Chapter Two is essentially about strategy in general, competitive strategy and the relationship between strategic leaders and culture, in terms of culture creation, maintenance and change. This literature served to orientate the researcher to the phenomena under investigation. Grounded theory analysis produced a theory comprising two distinctive and alternative processes of firstly, strategic leaders commodifying relationships with organisation members who are not family members or friends, and secondly humanising relationships with all organisation members. These processes were evident in a friendly and a hostile business environment respectively. Having generated the grounded theory, it was evident that the literature previously reviewed was less relevant to the theory generated. Similarly, the literature on culture that was reviewed in Chapter Three was more general and does not delve into the management of different types of relationships with heterogeneous organisation members. However, literature on Ubunthu reviewed in Chapter Two may shed some light on how strategic leaders relate with others within the organisational context. It is on this basis of relevancy to the theory generated in this study that literature on Ubunthu will be explored further. The findings of this investigation are discussed in the light of the research problem and objectives, and also in relation to a number of other relevant theories not reviewed at all in the early Chapters of this study. In particular, social exchange theory, social capital theory and family capital theory have served to further illuminate the findings of the study and resonate with the grounded theory generated.

Literature on Social Exchange Theory (SET) is used to understand exchange behaviour and possibly account for strategising that secure business and also ultimately convenience the family in the business. Social exchange theory has roots traceable back to disciplines such as anthropology, social psychology, and sociology, but has also spread to disciplines such as economics and organisation science.

Secondly, the results are also discussed in the light of literature on resources that are embedded in social networks and relationships that are evoked in business. To this effect, literature on internal organisation social capital within the domain of social capital theory is used to illuminate the findings. Social capital theory originated from the discipline of sociology and has since gained wider scholarly currency in different fields of study.

Mindful that the cultural assumptions of strategic leaders highlight the unique influence of family in business, it is informative to discuss the patterns of strategising in the market in relation with literature on family capital in business and convenience in marketing. This bears in mind that the family is a special social group or form of collective.

In the next section, the main perspectives of Social Exchange Theory (SET) are examined with the aim of considering their explanatory power pertaining to types of exchange relationship and exchange resources which govern exchange relationships in a business setting.

9.2 SOCIAL EXCHANGE THEORY AND STRATEGISING

The cultural assumptions of strategic leaders provide the underlying raison d"être which legitimates the manifested actions or influence a shared "local-social-cultural" learning and understanding. This influences what members of a cultural group display and express through their social exchange relationships, actions and behaviours in the organisation. The basic precept of exchange theory is that individuals establish and continue social relations on the basis of their expectations that such relations will be mutually advantageous (Zafirovski, 2005:3; Blau, 1994:152-6). Within Social Exchange Theory (SET), interactions are usually seen as

interdependent and contingent on the actions of another person, which over time have the potential to generate high-quality relationships and mutually rewarding transactions (Blau, 1964).

The early ideas of SET‟s explanatory power include (a) rules and norms of exchange such as reciprocity or negotiated rules, which guide the exchange process, (b) economic or symbolic resources that are exchanged, and (c) the types of relationships that emerge from these exchanges (Gouldner, 1960). Literature is examined on the type of resources exchanged and the type of relationships in SET, so as to locate within the extant literature the type of relationship between strategic leaders and organisation members that were identified in this study.

Resources in organisational sciences generally have two forms of outcome, namely economic and socio-emotional outcomes. Firstly, economic outcomes are characterised as those that address financial needs, and tend to be tangible. Secondly, socio-emotional outcomes are those that address one‟s social and esteem needs (and are often symbolic and particularistic). It is instructive that socio-emotional outcomes send the message that a person is valued and/or treated with dignity (Shore, Tetrick, and Barksdale, 2001).

From an employer‟s perspective, Tsui, Pearce, Porter, and Tripoli (1997) proposed four types of employee-employer relationship strategies, based on the types of resources exchanged. This posits that employer resources are categorised into short-term (transactional) versus long-term rewards (relational), while employee resources are classified as specific, short-term contributions versus unspecified, broad, and open-ended contributions. This reflects not only the expectations of an employer towards his or her employees but also the type of inducements he or she is willing to provide to employees (Tsui *et al.*, 1997:1091-1095). Relational aspects of resources are those based on the exchange of socio-emotional resources (i.e. loyalty, commitment and organisational-citizenship behaviour) while transactional aspects are those that are purely based on „getting the job done‟.

TABLE12: EMPLOYER-EMPLOYEE RELATIONSHIP

		Employer Resources	
		Relational	*Transactional*
Employee Resources	*Unspecified*	Mutual investment approach	Underinvestment approach
	Specified	Overinvestment approach	Quasi-spot contract

Source: Own (Visual illustration developed based on work of Tsui *et al*., 1997)

The four types of relationships in this typology are (a) *quasi-spot* (resembling pure economic exchange-aspects of commodifying), (b) *mutual investment* (resembling social exchange-humanising), (c) *underinvestme*nt (where the employee provides symbolic resources, but is awarded short-term rewards or pushed to give broad and open-ended obligations in exchange for limited, reduced rewards that do not reflect corresponding reciprocity on the side of the employer) and (d) *overinvestment* (where the employee provides particular resources, but is awarded long-term rewards (Tsui *et al.*,1997:1090-1098). Unlike an underinvestment relationship between employer and employee, which favours the employer, the overinvestment relationship is more advantageous for the employee, who offers only well-defined resources whereas the employer engages in a long-term commitment. In this study, strategic leaders were getting the benefits of mutual investment in social exchanges with family and non-family employees, so as to achieve business continuity in the face of a hostile business environment.

The theory of conveniencing the family in business has some aspects of strategic leaders‟ behaviour that transformed and inspired followers, made followers feel better about their work, and perform beyond simple transactions and basic expectations, while transcending self-interest for the good of the organisation (Bass and Stogdill, 1990; Yukl, 2010). This collective and socio-emotional aspect resembles strategic leaders‟ humanising of relationships with all staff members in a hostile environment, and continuity of this with family employees only, when in a friendly business environment.

Humanising of relationships is in line with what other scholars have termed mutual investment social exchange, or transformative behaviours which refers to (a) the leader‟s effect on the followers (i.e. higher levels of motivation and collective identity) and (b) behaviours (i.e. idealised influence or charisma, inspirational motivation) used to achieve that effect (Yukl,2010). However, this is a partial explanation to *the theory of conveniencing the family in business*. Because of the long-term commitment, flexibility, and trust of family affiliated employees and the primacy of family convenience, strategic leaders demeaned the human or socio-emotional aspect of non-family employees in social exchanges. This resulted in deterioration into quasi-spot social exchange and the emergence of divisions among organisation members. In this way, strategic leaders were indirectly transmitting new cultural messages which pronounced a transactional exchange when it comes to relationship with non-family employees, especially when the business environment was friendly. Consequently, strategic leaders were legitimating greater dependency on family staff members who could make contributions towards the continuity of the enterprise. Strategic leaders were also implicitly not able to capitalise on business opportunities through quasi-spot social exchange (Tsui *et al*., 1997).

Thus, there was inadequate adaptive capacity to optimise opportunities in the business due to lack of sustained mutual investment in social exchange with all staff members (Tsui *et al*., 1997). The cultural notion about employees as a resource connotes a quasi-spot exchange that did not meaningfully transcend the exchange of expected value. This is consistent with the commodifying of relationships characterised by instrumental and coercive influence, a failure of strategic leaders to relate to people empathetically and the use of social exchange of resources to maintain the status quo of family convenience in friendly environmental conditions. Strategic

leaders recognised what the followers wanted and used them to achieve their goals through self-interest-oriented exchanges of rewards or benefits for employee compliance.

In quasi-spot exchanges, strategic leaders managed social exchanges with non-family employees through rational or economic means in a form of (a) contingent reward and (b) and management by active or passive exception. Other than economic reward in form of payment for work, strategic leaders were also providing emotional rewards such as public praise of employees, and occasional tokens of appreciation (Jansen *et al*., 2009; Yukl, 2010). These behaviours were derived from, socially validated or internalised through experience as they were consistently successful and shared patterns of how to appropriately feel, think, perceive and relate with non-family employees to resolve particular problem situations.

In *the theory of conveniencing the family in business,* the instrumental and human sides of strategic leadership processes are both meaningful manifestations of the underlying cultural assumptions. As such, the explanatory power of transformative behaviours of strategic leaders in an economic exchange context is weak, because it only illuminates the humanising of relationships with staff members in a business context. That is, it fails to account for the circumstances in which strategic leaders‟ cultural assumptions legitimate the treatment of non-family employees as an economic resource in a quasi-spot social exchange (i.e. not emphasising the human aspect).

The human and instrumental sides of the theory of *conveniencing the family in business* cannot be explained by the binary, oppositional perspectives of quasi-spot (transactional) or mutual investment (transformational) social exchanges. Although these are different aspects of social exchanges in the relationship of strategic leaders with family and non-family staff members, they are merely two sides of the same coin or reflect variations in the type of emergent relationships and resources that strategic leaders were exchanging with organisation members on the journey or along the iterative path which culminated in family convenience. Trust and longevity of commitment were central exchange resources which strategic leaders valued in social exchange relationships with different staff members.

Cultural assumptions about relationships allow both transformational and transactional aspects of meaning to emerge and get appropriate validation in the social space and interaction between people within the organisation. Additionally, the theory shed light on the exchange rules embedded in cultural assumptions and how they influence specific resources (i.e. sacrifice by family, reciprocity manifested through loyalty and commitment as gratitude for employment opportunity to friends and relatives, commodification embedded in views of non-family employees as not worth of trust).

Another perspective that might capture how cultural assumptions of strategic leaders were influencing what they were doing in the organisation may emanate from literature on *Ubunthu*, which underscores the African communal life and recognition of the humanity of others. It has been argued that the cornerstone of African social organisation and leadership is *Ubunthu*, since business is always about people and the importance of relations, such that people have to be treated with dignity, respect, and compassion within the community concept of business organisation (Khoza, 2006:xix-xxi; Huevel, 2006:12). The humanising of an employment relationship by strategic leaders is congruent with what Brookryk (2005:176) asserts are five values or "core virtues" of *Ubunthu*, namely humanness, caring, sharing, respect, and compassion. Notably, other scholars have proposed their own lists of virtues that unpack the concept of *Ubunthu*. For example, Khoza (2006) foregrounds supportiveness, co-operation, solidarity, and communalism. The cultural assumptions of strategic leaders about co-existent relationships in the organisation anchors the people-centred view of the enterprise, and participatory decision making in the organisation which was widening and unifying all organisation members. Every staff member was part of the support base when strategising to secure business. Arguably, this cultural disposition seems to be consistent with *Ubunthu*, which means, "I cannot separate my humanity from the humanity of those around me" (Mbigi, 2005:69). In another popular parlance, *Ubunthu* is "I am, because of the others" (Broodryk, 2005:176). However, strategic leaders‟ exclusion of non-family employees, their failure to provide them with "a shared sense of identity and purpose" or to display empathy does not sit well with the notion of *Ubunthu*, as it fails to develop an inclusive community. Strategic leaders‟ behaviour and actions in commodifying relationships suggest that there was separation of good for them, their family and friends from that of non-family organisation members. Commodifying

of relationships with some staff members was enough for these employees to engage in covert rebellion which impacted on internal interpersonal relationships in the organisation as a genuine community. Like most shareholder and stakeholder theorists, Musopole (1994), who is a theologian, acknowledges the existence of practices that undermine *Ubunthu* motivated behaviour. These practices are used by people in the service of capitalist and individualistic needs of few people at the expense of human well-being.

Literature on *Ubunthu* fails to account for the empirical reality in cultural assumptions of strategic leaders which embed an instrumental view, upholding people, especially non-family employees as different from family employees when it comes to rewards after securing business. The failure by strategic leaders to listen to different ideas from non-family organisation members about how to best promote the common interests of all staff members, particularly in friendly business environments manifests a contrast to *Ubunthu* philosophy. In this respect, strategic leaders‟ cultural assumptions about the nature of business being to survive and the nature of relationships with staff members do not always reinforce *Ubunthu* or the organisation as a community.

It is clear that the understanding of the firm as a community underscores that the purpose of strategic leader is neither to lead the enterprise in a way that benefits one collection of individuals as shareholder-maximisation theories assert, nor to benefit several collections of individuals as shareholder theories advances, but rather all members of the firm and also the larger community of which it is part of (Khoza, 2006; Mbigi, 2005). In this study, commodifying relationships provides evidence of shareholder theories and stakeholder theories being adopted by strategic leaders. These theories do not accept that everyone in the organisation benefits in the same way as some people are placed below their fellows. The notion of *Ubunthu* leadership philosophy as sharing and togetherness in times of both pleasure and disappointment in business seems to be an illusion in economic exchange relationships. Evidently, strategic leaders used or “exploited” non-family employees as a part of the collective means to simply secure business in hostile environments, and subsequently did not appreciate them in the course of enjoying rewards or perpetuating convenience of the family (i.e. non-family staff members were on the periphery).

This raises questions on the common and humanistic good that is missing in business relationships but that according to *Ubunthu* is touted as being very prevalent in social relationships. Applying the notion of *Ubunthu* to Malawi, Bandawe (2010:27) states that "uMunthu ...provides a way for us to recognise our dependence on each other" in a harmonious perspective. However, this study illuminates that there are negative aspects reflected in strategic leaders" conditional dependence of non-family employees in an organisation. This is evident in this study as the very same non-family employees were at times perceived as "humans contributing towards collective effort" to safeguard the interest of the business against external threats. At other times, they were treated as "instrumental resources" when strategic leaders were trying to integrate the enterprise in friendly business environment. More importantly, this study asserts that there is a selective and differential relationship between strategic leaders and organisation members in business which commodifies some of the people and subsequently divides employees. *Ubunthu* fails to embrace the full weight and variations in the dual pattern of relationships- humanising and commodifying of relationships – which constitute the process of conveniencing the family in business. Family and non-family organisation members may be "branches on the same tree of humanity", but differential relationships are evident within SMEs which sometimes impact negatively on internal integration of all organisation members. Chua *et al*. (2003) and Chrisman *et al*. (2005)) share the view that issues of family members (FMs) versus non-family members (NFMs) in business have received limited attention by researchers, and that there is definitely a gap in our understanding of the role played by non-family employees and managers in the business, and also how family involvement affects firm behaviour and performance.

While Tsui *et al.* (1997) have emphasised the types of resources in social exchange relationships, other scholars such as Blau (1963) focus on the characteristics of social exchange relationships. Blau (1963:93-94) asserts that social exchange is distinctively characterised by (a) unspecified obligations, (b) involvement of favours that create diffused future obligations, (c) engenders feelings of personal obligations, gratitude and trust, and (d) an absence of an exact price in terms of single quantitative medium of exchange for the benefits involved in social exchange. The model of SET stipulates that certain workplace antecedents lead to interpersonal connections,

referred to as *social exchange relationships* (Shore *et al.,* 2004). Arguably, social exchange relationships evolve when employers "take care of employees", which brings about valuable, beneficial consequences. In other words, the social exchange relationship is a mediator or intervening variable.

There is a common contention that advantageous and fair transactions between strong relationships produce effective work behaviour and positive employee attitudes (Cropanzano and Mitchell, 2005:882). Alternatively, *economic exchange* (*or exchange relationships*, which is another nomenclature) is characterised by: (a) a demand of repayment within a particular time period, (b) the exchange of economic or quasi economic goods in a form of extrinsic rewards, (c) a clear specification of transactions, and (d) a personal self-interest motive (Blau, 1994:91-94; Cropanzano and Mitchell, 2005:882; Zafirovsk, 2005:3-4). This connotes that social exchanges create enduring social patterns, and feelings that a purely economic exchange alone cannot engender (Song *et al.,* 2009:64-65).

Current literature on SET advances two different and more specific conceptualisations which distinguish a relationship as "a series of interdependent exchanges" or "interpersonal attachments" (Cropanzano and Mitchell (2005:885-887). This distinction between relationships-as-transactions, and relationships as interpersonal-attachment, has led to the development of an instructive typology of transactions and relationships in social exchange by Cropanzano and Mitchell (2005: 887). The typology by Cropanzano and Mitchell (2005) differentiated and used two dimensions which are type of relationship and form of exchange to develop four models These represent four forms of transaction and nature of relationship, namely, (a) Social Transaction in a Social Relationship, (b) Economic Transaction in a Social Relationship, (c) Social Transaction in an Economic Relationship and (d) Economic Transaction in an Economic Relationship. The four models are depicted in Figure 18, following.

		Type of Transaction
	Social Exchange	Economic Exchange
Social Exchange *Type of Relationship*	**Cell 1: Match** Social Transaction in a Social Relationship	**Cell 2: Mismatch** Economic Transaction in a Social Relationship
Economic Exchange	**Cell 3: Mismatch** Social Transaction in an Economic Relationship	**Cell 4: Match** Economic Transaction in an Economic Relationship

Figure 18: Transactions and Relationships Social Exchanges
Source: Cropanzano and Mitchell, 2005:887

The distinction between humanising and commodifying of relationships finds more robust support in two of these models in which business is characterised as simultaneously embedded in social relationships. Humanising of relationships encouraged by strategic leaders as a process which is part of *conveniencing the family in business* is consistent with the model (cell 2) of parties in economic transactions but engaged in a social exchange relationship. Based on a perspective of business, strategic leaders were combining social exchange relationships with economic transactions. This pattern offers both rewards and risks. In this type of social relationship, failure to discharge economic obligations could be seen as betrayal, which would likely result in far greater psychological injury and perhaps permanent damage to the

relationship. However, there are advantages to social exchange relations, such as greater trust (e.g. hence employing relatives and known friends – who have a reputation of trustworthiness – in the business). The pre-dominant commodification of relationship, influence, and control of non-family employees, while adopting a family-oriented approach to business activities resembles economic transactions in an economic relationship (cell 4). This orientation of strategising by strategic leaders was premised on economic exchange transactions and extrinsic rewards with non-family employees within the context of an economic exchange relationship that preserved family convenience.

Examining the typology of Transactions and Relationships in social exchange in more detail, it can be argued that strategic leaders were adopting a "matching" approach, characterised by economic form of contingent transaction consistent with an economic type of relationship with non-family employees (commodification) in a friendly business environment. Alternatively, strategic leaders were also adopting two mismatching approaches which divided the staff members. Firstly, there were economic transactions built around a social exchange relationship between strategic leaders and all organisation members to garner collective support in times of hostile business environment. This resembles the humanising of relationships with all organisation members which strategic leaders were pursuing in a hostile environment. This is located in Cell 2 of Figure 18.

Secondly, strategising by strategic leaders was also characterised by cell 3 which displays social transaction in an economic relationship. This was evident in the consistent humanising of relationships between strategic leaders and family staff members and culminated in the family taking centre stage in the business. Fundamentally, relationships between strategic leadership and staff members were emergent and inseparable from the context that forms the basis of distinctive cultural influences on the dynamics and resources of strategising by strategic leaders.

While the typology of Transactions and Relationships has substantial explanatory force to illuminate the form of relationships and type of transactions, it also opens up a series of pertinent issues. It raises questions as to whether it is appropriate for strategic leaders to influence, control and relate with employees differently when the business environment is friendly. The findings

that strategic leaders shift between social interactions that humanise to those that commodify relationships with staff members also raise two questions. While humanising builds co-operation and collective support by staff members to steer SMEs through a hostile business environment, the question is whether the shift of strategic leaders to commodifying of relationship is not only ineffective but also a reflection of exploitation of non-family employees. Secondly, it may be argued that commodifying of relationships with organisation members or other divisive relationships may account for failure of strategic leaders in running of SMEs.

Social exchange theory illuminates the types of distinguishable social exchange relationships within the organisation as strategic leaders iterated between humanising and commodifying of relationships with different stakeholders over time. Social transaction exchanges in economic relationships (humanising) and economic transaction in social relationships (commodifying) are indeed part of the same process rather than opposites. There is a need to understand the resources inherent in these relationships. Social exchange theory has been useful in classifying employer resources as short-term versus long-term rewards, while employee resources as specific, short-term contributions versus unspecified, broad, and open-ended contributions, but this does not specify the nature of relationship resources, or how they are built or destroyed.

Given the understanding of types of social exchange and forms of relationship, it is now appropriate to delve into how social capital that is embedded in relationships is relevant, to explain further the *theory of conveniencing the family in business*. This has the potential to illuminate specifically the resources strategic leaders were capitalising on when strategising.

9.3 SOCIAL CAPITAL

Strategic leaders were garnering different levels of support from organisation members at different times as they competed in the market. The dynamic influence of cultural assumptions on strategising that shapes and redefines (i.e. build and disinvest social capital) collective capacity and collective action in the process of *conveniencing the family in business* can be examined and understood using literature on organisation social capital. With sociological roots,

social capital is broadly described by researchers as the sum of actual or potential resources rooted within, available, and derived from the network of relationships of an individual, family or any social unit (Burt, 1997; Coleman, 1990; Field, 2003:24; Nahapiet and Ghoshal, 1998).

There three originating theorists of social capital, namely, Pierre Bourdieu in France, and James Coleman and Robert Putnam in the United States, define the concept differently. Influenced by theory of social stratification and its demarcations of social ties and elite networks that reproduces privileged status, Bourdieu defined social capital as "the sum of the resources, actual or virtual, that accrue to an individual or a group of people by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Field, 2003:13-40). With a background in political science, Coleman (1994:302 cited in Field, 2003:26), a rational-choice theorist, characterised social capital as a distributed resource which goes beyond any given individual rich or poor, defined by "its function. It is not a single entity, but a variety of different entities, with two characteristics in common: they all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure." While acknowledging that social capital occurs at various levels of social organisation, Coleman privileges particular types of social capital (e.g. the family, nation) in his functionalistic conception of social capital (Field, 2003:42). Subsequent theorists such as Hoelscher (2002) described family capital as a special case of social capital, which is more intense, enduring, and immediately available.

It has been noted that "whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them…"(Putnam,2000:19). While it can be argued that there are stocks and flows of social capital characterised by norms, trust, and reciprocity among members of networks, there is a common theoretical thread that social capital has some aspect of structure of social interactions and networks, and also the resources that may be mobilised through the network. Social capital makes possible the achievement of ends that would be impossible without it or could be achieved only at an extra cost.

In this study, social capital has relevancy and application at organisational level, both within and outside, and also as related to family capital. The next section is a discussion which forms the basis for examining social capital in SMEs.

9.3.1 Components of organisation social capital

In attempt to understand social capital, the three dimensional model by Nahapiet and Goshen (1998), three practices of investing in social capital proposed by Cohen and Prusak (2001) and two aspects of social capital by Leana and Van Buren III (1999) are discussed and in some instances compared. Organisation social capital is defined as "a resource reflecting the character of social relations within the firm… realized through members‟ levels of collective goal orientation and shared trust" (Leana and Van Buren, 1999:538). The external aspect of organisation social capital is embraced within the fundamental tenet of social capital, which claims that the larger community in which a business organisation is embedded is a source of capital (Tsai, 2006).

Specifically, Nahapiet and Ghoshal (1998:243-244) identified three dimensions of social capital as structural, relational and cognitive. Firstly, the structural dimension of social capital is about the properties of the social system and network of relations as a whole or norms of the overall pattern of connections between actors, and practices between actors and institutions (e.g. who you reach and how). The pattern of relationship and network structure determined the rights, privileges, responsibilities, and obligations of strategic leaders among themselves as firm owners, differentiated from staff members, and external stakeholders. Furthermore, the structural dimension of social capital included social interaction, the location of strategic leader‟s contacts in the social structure, and the configuration of one‟s network (i.e. old schoolboys‟ club, ethnic networks, family connections). Other structural facets of social capital were the presence or the absence of network ties which were linked to resources. Succinctly, structural aspects of social capital referred to patterns of linkages in terms of connectivity, hierarchy, and density of connections possessed by both strategic leaders and employees (Nahapiet and Ghoshal, 1998:243-244).

Secondly, the relational dimension of social capital describes the kind of personal relationships or emotional attachment people have developed with each other through a history of interactions (e.g. respect, trust, friendship). Relational social capital is capital that is jointly developed and utilised when individuals collaborate in a specific field or activity. As such, assets that are rooted in these relationships, such as trust and trustworthiness are important. Trust is an attribute of a relationship, while trustworthiness is an attribute of an individual actor involved in the relationship (e.g. based on reputation or previous encounters, being relied on when it comes to promised transactions) (Casimir *et al.*, 2006:71). A trustworthy actor is likely to get other actors` support and reciprocity for achieving goals to an extent that would not be possible in a situation where trust did not exist. In a slightly different perspective, trust is also about the "confidence in the goodwill and competence of others and the expectation that others will reciprocate with honest efforts consistent with the agreements if one co-operates" (Casimir *et al*., 2006:71). The relational dimension reflects the quality aspect of relationships, connections, and network ties. Other facets of relational view of social capital include norms, known reputation, and sanctions (Coleman, 1990); obligations and expectations, identity and identification (Burt, 1997).

Finally, resources providing shared representations, interpretations, and systems of meaning among parties constitute the cognitive dimension of social capital (Nahapiet and Ghoshal, 1998:244). The cognitive dimension of social capital is partly related to intellectual capital because it is embodied in elements regarding the thinking and abilities of a person (e.g., intangible skills and competences). The cognitive dimension of social capital is essentially the shared code or shared paradigm which facilitates a common understanding of collective risks, goals and proper way of acting in a social context (Nahapiet and Ghoshal, 1998). In this study, cognitive social capital involved individual co-workers‟ perceived value of being part of the organisation and sharing its know-how and expertise.

Cohen and Prusak (2001:86-93) proposed that there are three practices of investing in social capital in an organisational setting. These practices involve (a) making connections, (b) enabling trust, and (c) fostering cooperation. However, these components of social capital and those espoused by Nahapiet and Ghoshal (1998) are fundamentally related. Firstly, "enabling trust and

fostering cooperation" are closely connected to what is "relational dimension" according to the nomenclature of Nahapiet and Ghoshal (1998).

Trust is conceptualised as both an antecedent to, and also a result of successful collective action. As such, Fragile (cognition-based) trust is primarily about predictability of a group or individual (Ring, 1996). This is grounded in the belief about another‟s reliability and dependability, and is abandoned if the other does not live up to expectations. Resilient (or affect-based) trust, on the other hand, rests on stronger and more numerous links, relies on experience with the other parties, beliefs about their moral integrity and on-going reciprocity norms, which creates a belief in another‟s goodwill (Rousseau *et al.,* 1998; Casimir *et al*., 2006). Resilient trust is consistent with how strategic leaders perceived the goodwill of family and friends. In this vein, Casimir *et al*. (2006) has considered this as particularised trust (i.e. trust in those to whom one is related by kinship or personal acquaintances, or share membership of a known common grouping and relies on direct knowledge) while Putnam (1993) has contrasted this with generalised trust (i.e. based on impersonal, less direct knowledge and relying more on affiliation or reputation) and dyadic trust (between two individuals). Resilient trust survives occasional violations of expectations (i.e., it is more forgiving of the other‟s digressions from trustworthy behaviour) because it is grounded not only in expectations about reliability but also in sentiments of interpersonal care and regard. It is argued that while fragile trust allows actors to deal with one another even in risky situations, it is resilient trust which actually helps to sustain stable, long-term relationships of embedded exchange (Casimir *et al*., 2006; Molm *et al.*, 2009:7). In a similar vein, Fukuyama (1995) concurs that resilient trust brings about the kind of social behaviours (cooperation, and extra-role behaviour) that build social capital.

In this vein, trust is a crucial component of social capital, which is necessary for (a) solving problems in an effective way, (b) the survival of communities, (c) essential for initiation and maintenance of stable relationships, and (d) dealing with peers and collaborators, suppliers, clients, and so on (Rousseau *et al.,* 1998). All these relations, as any other stable human relationship, require a certain amount of belief in the reliability of others (Putnam, 1993). Arguably, there was no absolute trust that governed the interaction of strategic leaders and non-

family members. Instead, it may be argued that there was a modicum of trust that facilitated the employer-employee relationship.

In this regard, Leana and Van Buren III (1999) concur that social capital arises from two aspects. These are trust and what they call *associability*. These two scholars define associability as "the willingness and ability of participants in an organisation to subordinate individual goals and associate actions to collective goals and actions" (Leana and Van Buren III, 1999:541). Associability has both an affective component (e.g., collectivist feelings) and a skill-based component (e.g., ability to coordinate activities). However, one"s willingness to participate in collective action is also dependent on the belief that individual efforts benefiting the whole directly will also benefit the individual indirectly. Based on a study of Italian peasants who were not able to agree on collective goals because each family had different goals inconsistent with any other family"s, Banfield (1958:82) asserts that the opposite of associability is amoral familialism. This is defined as a decision rule to "maximise the material, short run advantage of the nuclear family, [and] assume that all others will do likewise" which made it impossible for them to associate meaningfully with anyone outside the family (Banfield, 1958: 82).

The three dimensional model by Nahapiet and Ghoshal (1998) and the three practices of investing social capital (Cohen and Prusak, 2001) are comprehensive enough to help in understanding the strategic leaders" cultural influence on strategising that generate, maintain or deplete organisation social capital as it pertains to SMEs.

9.3.2 Social capital and SMEs

Strategic leaders in SMEs are very important in building of social capital that benefits individuals and the organisation by social utility of connections, embedding relationships and structuring social networks that facilitate business operation and the potential of staff members (Balkundi and Kilduff, 2006:423).

The cultural assumptions of strategic leaders about relationships influenced the relationships and network behaviours of people inside and outside the business. Firstly, social capital in SMEs was a combination of relational resources that were jointly owned (e.g. organisation and its members), rather than controlled by any one individual or entity. As much as social capital was embedded in relationships between parties, it was essentially dependent on the particularised trust of staff members (i.e. family employees). Strategic leaders‟ trust of those they were related to by kinship or personal acquaintances was prudent in a risky business environment where it was difficult to trust strangers or non-family members who were not friends to them. Relying on trust in close family and friendship ties represented a valuable source fuelled by internalised and shared values of the family to facilitate mutually agreeable and integrative solutions. Personalised trust also bound people from a similar sociological niche (i.e. family, ethnicity (Putnam, 2000:22-24). Relationship value was manifested in the stabilisation of mutual expectations, predictability and reliability of present and future interactions of family employees and friends. Strategic leaders were using the relationship value with staff members in terms of economic prospects, strategic survival of the business and transmission of a message of commitment to organisation members. Additionally, strategic leaders were also assessing interorganisational trust (e.g. suppliers, competitors, retailers) in terms of common expectation to honour commitments explicitly or implicitly, to be honest in whatever negotiations, and not take undue advantage of another even when the opportunity is available.

Humanising relationships between strategic leaders and employees had the strategic value of delivering mutuality of benefits to the organisation and its staff members. These are benefits associated with reciprocity of employees who perceived organisational support, were made to conceive the firm‟s problems as their own or had collective psychological ownership. Other relationships such as customer relationships with small retailers were governed by economic and social values, while the economic value of relationship with suppliers was in terms of cost and reliability. Relationships with family employees were strategic in terms of being trust-based and long term, while the conditional co-operation with opportunistic competitors was strategic as it offered practical remedies in times of crisis.

Secondly, social capital was the "knowledge embedded within, available through and utilized by interactions among individuals and their networks of interrelationships" (Nahapiet and Ghoshal, 1998:243). Internally this required deep involvement, open discussion, socialisation, and role modelling to share tacit knowledge held by various staff members. This knowledge was not recorded anywhere. Both employees and strategic leaders were learning by (a) „watching more experienced people"; (b) by „trying things out" or learning-by doing in a less threatening and costly context; and (c) verbal communication to store and distribute knowledge in the enterprise, and (d) from past experience of others. However, strategic leaders were also keeping some information exclusively to themselves, or shared with relatives only and not the other employees. Thus, the locus of leadership was not only in the upper echelon and the compliance of followers, but rather, in the knowledge-loaded interactions that constituted the social structure in which strategic leaders were only some of the several players (Johnson *et al.,* 2007).

Strategic leaders talked to colleagues, relatives and occasionally to professional consultants outside the firm, to get credible and useful advice on how to handle precarious situations. As such, knowledge was not really a property of an individual, but rather a product of social interaction and collaboration, which created social relations supportive to open, meaningful sharing and diffusion of know-how and other intellectual resources.

Thirdly, social capital was used by strategic leaders to "get by", and also to "get ahead", termed *malaini*, which is a source of social capital-based competitive advantage or manifestation of successful networks and relationships in business. This is not to suggest that all the purposes of networks were positive and did not have perverse effects whether intended or not.

Fourthly, Fukuyama (2001:8) notes that "group solidarity in human communities is often purchased at the price of hostility towards out-group members". Consistent with Putzel's (1997) view that social capital has a dark side, commodifying of relationships is perverse social capital, which was manifested in various ways such as (a) a loss of commitment and collective action by non-family members who were side lined (b) „within-group cohesion of family staff members" promoted an „inward-looking perspective" of problems when there was need to harness organisation-wide support to address problems; (c) „relational lock-in" due to problems of

reducing the organisational collective to family level through family and ethnic bonding, which limited the network of relations; (d) „cognitive lock-in", due to a limited worldview entrenched in a constricted array of cultural perspectives that privileged family employees and discouraged change of proven practices in the face of opportunities; (e) a lack of associability by employees outside the familial social capital; and (f) problems of conformism, and free-riding by some strategic leaders and family employees which were observable when the business environment did not pose any business-destroying threats.

Social capital held by the dominant ethnic network of Asian business people was seen as being "too much" glue, leading to monopolisation of retailers, and supply chain networks for packaging material. On the market side, this led to the denial to strategic leaders of access to some of the retail markets, or mistreatment and delays in payment by Asian retailers, so as to de-capacitate resource-poor non-Asian ethnic suppliers. This was a common competitive disadvantage to strategic leaders of SMEs without any alternative market channels, and often resulted in bigoted economic exchanges with other ethnic groups. On the supply side, this led to a preferential supply of raw materials to fellow Asians whenever this was advantageous to them. Potentially, strategic leaders of Asian businesses may construe this as protection and lubrication of the wheels of their business, while non-Asian strategic leaders perceived the same as glue that limited their opportunities, or reproduced the ethnic dominance of Asians in business. This dominance facilitated uncompetitive and unfair business tendencies. This is evidence of how the cultural perspective of strategic leaders inhibited or facilitated entrepreneurship by influencing relationships and transactions in businesses.

It is argued that people in business situations may be less likely to adopt trust-based behaviour when dealing with members of another ethnic group (Misztal, 1996:133-135). This is because people are more confident in predicting the behaviour of those who are like them rather than anticipating the behaviour of those who are different (Misztal, 1996:133-135). In this study, strategic leaders formed networks with suppliers who were in a similar situation or predicament to themselves. While this reflects external social capital, it was adversity that helped to strengthen the bridges between strategic leaders and those suppliers who were also facing exclusion by the Asian ethnic network. This resulted in the homophily effects of promoting

togetherness and reciprocity within non-Asian ethnic grouping and the fostering of co-operative behaviour of homogeneous, but resource-poor strategic leaders. This is one way in which strategic leaders were developing, extracting needed resources, and eventually integrating internal and external social capital.

The relationship and social ties among family employees are consistent with social capital that is categorised as bonding (i.e. strong, multi-functional ties, governed by localised trust, and shared between co-identifying individuals). Strategic leaders personally handpicked or recruited staff through connections and family affiliation. This was a highly reliable way of attracting family and friends as employees and also ensured the exclusion of unreliable and un-cooperative people. Nonetheless, this also excluded those outsiders who were capable of helping the SME, but simply did not have existing contacts within it.

Concomitantly, cultural assumptions of relationships that promoted strong bonding ties among family staff members were used not only to perpetuate family convenience but also to tighten stewardship of the business, using more trust-based relationships. Pelling (2003) argues that strong ties are associated more with survival than development and are often observed in hostile environments. As a survival strategy, individuals tend to withdraw from maintaining associations with the wider society and turn to close-knit groups to reduce exposure of group members to perceived external risks (Pelling, 2003). Consistent with this notion, strategic leaders were found to be breaking down wider social trust and interaction, slowing the flow of information, building inequality and undermining collective action that embraced non-family employees stereotyped as untrustworthy.

With primacy on bonding the family, the cultural assumptions of co-existence generated a type of loose relationship between strategic leaders, family and non-family staff members. In this context, the cultivation of collective action was effected by bridging social capital (i.e. loose ties based on fragile trust in social relationships of exchange, associations between people with shared interests or goals but contrasting social identity). It can also be observed that while bridging and bonding ties reflect lateral relationships, there was also evidence of relationships that crossed group boundaries upwards or downwards within and outside the organisation.

Outside the organisation, the cultural assumptions of strategic leaders influenced the building of a supportive network of political allies, old colleagues and schoolmates, business suppliers, and small retailers. This form of external organisational social capital is what is termed linking ties (Putnam, 2000).

9.3.2.1 Managing social capital

Social capital, like any form of capital, has to be managed to sustain both the potential and actual stock and flow of benefits through continual renewal of social ties, reciprocity of trust, favours and obligation. Essential elements of „social capital creation" involved (1) the opportunity to provide time and space to meet face-to-face, to discuss matters and work closely together in order to develop mutual understanding and particularised trust, or widen what Fukuyama (2001:8-11) calls the "radius of trust". Using the radius of trust, Fukuyama (2001:8-10) argues that the wider the radius of trust reaches beyond a group"s membership, the more positive external effects while the "more the radius of trust is confined to the group"s own members, the greater the probability of negative externalities". Drawing from diverse literature, social capital investment further involves (2) building trust by demonstrating trustworthiness, care and authentic involvement; (3) ensuring equality and psychological collective ownership to foster „commitment and cooperation"; and (4) examining existing social networks to see where valuable relationships can be preserved, strengthened and disinvested (Cohen,2007:251).

Firstly, social capital is built over time but can be destroyed quickly by trust-breaking behaviour such as violation of promises and commitments (Portes, 1998). Commodification of employees, especially those who previously experienced humanising relationship by the same strategic leaders to secure business in a hostile business environment, may be construed as exploitation of employees. Nepotistic behaviour by strategic leaders and practices of employing inexperienced relatives and friends, and discrimination between family and non-family employees were some of the ways through which strategic leaders destroyed part of the organisation"s social capital while building family social capital. The culture of distrust and control predisposed strategic leaders towards short-term and transactional exchanges, rather than a long-term and relationship orientation to the employment of non-family members who were construed not to be there for the

long haul. The destruction of social capital was embedded in anticipatory and strategic social adaptation in relationships which placed primacy on friends and relatives as core to the people-based strategy, at the cost of social and emotional disharmony among members of the organisation.

These informative aspects of how cultural assumptions generated or destroyed social capital provide trenchant insights on strategic leaders‟ cultural paradigm, strategising, and social capital. The cultural assumptions of strategic leaders influence relational dynamics when strategising in response to conditions in the external business environment. Firstly, strategic leaders invest in the organisational social capital by cultivating group solidarity of organisation employees (i.e. bridging with distant friends, colleagues, and associates) to solve problems and secure the business in hostile business environments. However, there was no continued renewal and investment in this social capital through broader relational dynamics within the organisation in response to favourable business environments.

The study by Bolino *et al*. (2002:510) suggests that the relational dimension of social capital "concerns affective relationships between employees in which co-workers like one another, trust one another, and identify with one another". Bolino *et al*. (2002:505-522) also suggest that the "citizenship behaviour" of employees is characterised by going beyond role requirements that are not directly or explicitly recognised by the formal reward system and that facilitate organisational functioning. The humane culture of care and leadership towards the common good tends to bring about citizenship behaviour. This resonates with strategising pattern evident in the sub-process of humanising relationships.

Secondly, actions of strategic leaders that were perceived to deplete the stock or disturb the flow of social capital affected the psychological ownership, and collective action which were both part and outcomes of the social capital that was being created. To a certain extent, this can be termed as social capital disinvestment or devaluation which includes shifting from humanising to commodifying relationships with non-family staff members, bonding of family staff members only as a limited group (i.e. strong ties with friends and family members in the organisation) which had perverse effects. Employees‟ perceptions or experiences of inconsistencies in a

leader‟s actions over time (which imply lack of respect and care) trigger a surge of perverse effects that include an increased weakening of their trust, commitment and willingness to ‚go the extra mile‟.

Strategising activities through which strategic leaders depleted social capital included the disconnection with employees, and psychologically and emotionally damaged sense of community and belonging to the SME. Besides dividing the staff through differential relationships, strategic leaders were also weakening collective support from organisational level to the level of family and friends. Ultimately, this had negative effects on the strength of collective support as there was less willingness of some individuals to genuinely engage in collective action. Lack of concern for collaborators wears down loyalty and is a real danger not only to social capital but also to continuation of the organisation. Léonard and Onyx (2003:189-203) argues that networking is evident through a web of both loose and strong ties among network members.

Social capital is actually strengthened by the extent to which the connections of a party are also connected (and not disconnected) to others in a group, promoting trust and co-operative norms between parties (Coleman, 1998). This wider perspective is not evident when the environment is friendly and the main concern of strategic leaders is for the business to conveniently create comfort for the family by bonding the family. What prevails then is “homophily”, which binds people with others similar to themselves (i.e. in ethnic and family background), rather than bringing together and retaining non-family employees to create stability, and also encouraging people outside the family to continue contributing to the pursuit of normative identity-based goals as before, and complement the strongly shared values to serve instrumental goals (Lin, 2001:75-76). The challenge is how to adopt an encompassing and humanistic collective orientation to organisational community that is persistent and goes beyond the family and ethnic boundaries.

Thirdly, it is clear that the relationship between staff members and strategic leaders cultivated collective capacity for action in a hostile environment and subsequently shrank the collective support to family level. The ability of strategic leaders to change the orientation and character of

social ties in response to friendly or hostile business environments gives social capital a dynamic and contextual quality. Similarly, the hierarchical relations underpinning linking social capital are useful and dynamic, characterised by variation in degree of top-down social control when there were changes in the business environment (i.e. tight control in a hostile environment and relaxed control in a friendly environment).

The cultural assumptions of strategic leaders influence social capital, which is "the ability of people to work together for common purposes in groups or organisations" (Fukuyama, 1995:10). Notably, the complex set of these assumptions recognises the social structure of family in the theory generated in this study. While the basic components of social capital have been helpful to understand the cultural perspective of social capital in a SME context, it is also significant to focus on the capital that inheres in family. This is useful to capture the full content, type and function of social capital, which in this study overlaps business and family. The subsequent sections delve into family as a special form of social capital, and how cultural assumptions of family influence strategising and explore the content of family capital, and its creation, extraction, maintenance and depletion in the business environment.

9.3.2.2 Family capital and convenience

An inclusive view asserts that family capital encompasses all the resources contributed by the family that owns the business. These resources consist of the human, social, and financial capital that family members may contribute to the firm (Danes, Stafford, Haynes, and Amarapurkar, 2009:199-215). In particular, family human capital is the skills, abilities, attitudes, and values of family members (Danes *et al.,* 2008). Human capital is embodied in individuals. The cultural assumptions of strategic leaders about relations attached high value to family employees in terms of trust, commitment, flexibility, and resiliency. Family members not working in the firm were also helping through expert advice, abilities to procure raw materials on behalf of strategic leaders, and so on, which reduced costs, and also played other crucial roles on the market side (e.g. customer credit-worth assessors). Young family members were involved in business very early to acquire, store, distribute and retain tacit knowledge within the family and protect the business.

According to Horton (1996), the positive attributes of family firms‟ human capital include strong commitment, friendly and intimate relationships, and the potential for family employees to have deeper, cumulative, and firm-specific tacit knowledge which is difficult to codify. Behaviours such as willingness of family employees to sacrifice time or be flexible to help the business to survive, congruence of goals in the business, and their likely refusal to pursue self-interest or opportunistic action that would harm the family and business (e.g. refusal of bribery to divulge a recipe to prospective competitors) enable family cohesion in the business. Some of the ways in which strategic leaders create and develop family social capital are a preference for informal employment practices (e.g. handpicking of friends) and homophily at the family level. Family social capital encompasses many aspects such as goodwill among family members and between families and the community that could be brought into the firm and also become available to the owning family. This type of capital also includes social ties involving a family member, trusting relations within the family, and family value systems that are significant in facilitating actions of family members embedded within the family-business context.

Family social capital is characterised as special because it is more enduring, genuine, has transformable value (e.g. monetary value of advice from expert family member) and is immediately available. Family financial capital is composed of both monetary and physical assets owned by family members, individually and together (Danes *et al.,* 2009:199-215). Strategic leaders redirect money for family into the business. These are financial commitments that represent sacrifices not only of individual owners but also their families to support the SME.

Small firm finance literature acknowledges the intermingling of firm and family resources, as many small firm owners fund their firms through their own personal savings, supplemented by family money (Kushnirovisch and Heilbrunn, 2007). Strategic leaders use adjustment strategies that juggle resources and communicate or signal environmental changes to staff members. During financially difficult times, strategic leaders draw heavily on human and social capital to sustain their SMEs. The adjustment strategy of transferring less firm income to family is useful when SMEs are in a hostile business environment. In times of high demand, family members work for longer without pay, and strategic leaders withdraw less firm income, to the

inconvenience of family in the short run. The associability of strategic leaders and family members is their willingness to cooperate even to the extent of sacrificing personal resources.

Family and business exchange resources across boundaries so that the family is either a stress buffer or a resource drain, producing more stress. In this regard, family and firm have been found to compete for the resources of the firm. A capacity for resilience among strategic leaders in the business was evident in the ability to adjust resources and interpersonal processes in either the family or firm for the business to survive for the sake of the family. This is termed conveniencing in this study, as it reflects the essence of how strategic leaders were strategising in SMEs. Furthermore, it also reflects the desirable dynamics and degree of integration between family and business systems which impacted on business operations, type of relationships between organisation members within the enterprise, and at ultimately prioritized family as long as the survival of the business was not under serious threat.

A dictionary meaning of convenience suggests: Fit or adapted; suitable; proper; appropriate; affording advantage; well adapted to use, seasonable, and timely. The theoretical construct of convenience is applied in marketing theory of customer and user evaluation of service experiences.

Convenience is conceptualised in different ways (see Colwell, Aung, Kanetkar, and Holde, 2008; Collier and Sherrell, 2010:490-509). Firstly, convenience is construed in terms such as saving time and effort, which reflects a cognitive, physical, and emotional association by consumers when they purchase a product or service (Farquhar and Rowley, 2009:426). Secondly, convenience is thought of in terms of emphasising the immediate availability of something but at greater financial cost to the consumer, e.g. the higher cost of products in retail outlets that operate twenty-four hours a day (Kotler and Zaltman, 1971). Furthermore, convenience also means the accomplishment of a task in the shortest time with the least expenditure of human energy (Brown, 1990). Relatively early evaluations of convenience produced six dimensions, which are: (a) time, (b) effort, (c) appropriateness, which is about how well the product fits a consumers‟ specific needs, (d) portability, which is the ability to consume the product in any given location; (e) unpleasantness, which refers to allowance to avoid a task preferred not to be

done; and (f) accessibility which is about proximity, availability, and flexibility (Farquhar and Rowley, 2009:430).

After a comprehensive review of the literature, Farquhar and Rowley (2009:434) argue for a more contemporary definition of convenience that embraces (a) judgment, (b) sense of control over management, utilisation and conversion of time and energy in achieving goals associated with use and access.

In this study conveniencing connotes strategic leaders‟ control over the use of resources within the organisation and flow between family and business that allowed them to achieve their desired goals. It is about "what strategic leaders choose to do within the business", "when they want", and also "how they want" to run the business and ultimately convenience the family. The processes of humanising relationships had an external market focus, fuelled by cultural assumptions of strategic leaders about the nature of business to survive for family and about relationships which legitimated people-oriented strategising to create social capital and secure the SME.

Alternatively, sub-process of commodifying relationships with non-family staff members was divisive, and reinforced by strategic leaders` cultural assumptions about how relationships changed when business environment was friendly. Strategic leaders were commodifying relationship with non-family employees as a social capital-depleting process at the broad organisation level, while enhancing family social capital which was a key component of strategising to perpetuate family convenience. *The theory of conveniencing of family in business* focused on how stable, pragmatic business survival mind sets for family and dynamic cultural assumptions about types and content of social relationships with staff members and networks affected the flow of resource and facilitated business survival as well as convenience of family in business.

CHAPTER TEN: CONCLUSION

> In my metaphor, managers are craftsmen and strategy is their clay. Like the potter, they sit between a past of corporate capabilities and a future of market opportunities (Henry Mintzberg, 1987:66-67).

> Senior organisational members are always, in one way or another, managing culture – underscoring what is important and what is less so and framing how the corporate world should be understood (Alvesson, 2002:1).

10 INTRODUCTION

This qualitative study sought to develop a grounded theory that would explain how the cultural assumptions of strategic leaders influence strategising in agri-based processing SMEs. To this effect, a grounded theory has been developed that underscores the fact that the subliminal cultural assumptions of strategic leaders affect two evolutionary patterns, which are manifested in the strategising that steers SMEs through a changing business environment. The cultural assumptions described in Chapter Five and the cultural paradigm set out in Chapter Six, together with the various strategising activities described in Chapter Seven are the significant building blocks of the theory generated in this study.

Conveniencing the family in business is the grounded theory that describes stable, pragmatic business survival mind sets of strategic leaders, combined with their dynamic cultural assumptions about their relationships with staff members. These assumptions combine to structure two distinct and iterative patterns of strategising in response to changes in the business environment. The theory asserts that strategising in SMEs is dynamic and evolves over time. The commodifying of the relationships of strategic leaders with non-family employees manifested family centricity, and showed little regard of non-family employees in a friendly business environment. Conversely, humanising of relationships with all staff members ensured internal integration, which enhanced the survival of the business in times when there were external

threats. In line with the metaphor of managers or strategic leaders as craftsmen, they were crafting two iterative patterns of strategising, which were manifested in dynamic relationships with organisation members. The variations at different times in the organisational relationships that strategic leaders had with family members on the one hand, and non-family members on the other, indicated that the relational aspect was central to how strategic leaders were responding to changes in the business environment.

One of the most important conclusions derived from this study is that the type of relationship between strategic leaders and members of the organisation evolves to affect the size, intensity of commitment and diversity of staff members called upon to support the business in a hostile or friendly business environment. The two iterative processes of humanising and commodifying relationships with organisation members are like two sides of the same coin. These two constitute the overall process of *conveniencing the family in business*. The dynamic cultural assumptions of strategic leaders about relationships with staff members influenced the cultural evolution manifested in the two distinct patterns of relationships in the SMEs. The humanising of relationships with staff members was a pattern of strategising which triggered organisation citizen behaviour when in a hostile business environment. Unique in this pattern of strategising was the focus on business survival, which temporarily placed family convenience at the periphery. Internal organisation social capital was embedded in the co-operative and humane aspects in relationships of strategic leaders with organisation members.

On the other hand, commodifying of relationships was selective, only with non-family members of the organisation, who were construed as untrustworthy. In friendly business environments, strategic leaders had confidence only in those staff members who had family and friendship ties to perpetuate the business mission. This inward, family-centric focus was propelled by strategic leaders‟ cultural assumptions about relationships, which were to commodify and relate with non-family employees only as instrumental “resources”. As such, non-family employees were side lined as part of social capital, in order to perpetuate the convenience of the family through the business. Instead, family and friendship ties were bonded as the core to advance this mission.

The key perverse effect of the cultural influence, which bonded the family, was the division and weakening of the organisation as a collective. This paralysed the very base of collective action that strategic leaders had previously been using to sustain the SME. This is how the patterns of relationship between strategic leaders and staff members were building (humanising) or destroying (commodifying) social capital for the business in the course of securing the business and ultimately maintain the status quo of family convenience. The focus on family social capital at the expense of non-family staff members was seen by strategic leaders as the desirable *modus operandi*, despite the perverse effects associated with this type of strategising. These perverse effects included low citizen behaviour, low levels of commitment due to a declining sense of belonging, or the self-categorisation of some employees as "outsiders" to the circle of influence.

The thesis has developed a *theory of conveniencing the family in business* which depicts how strategic leaders strategised to ensure that the business survives to ultimately convenience the family in business. Convenience of the family as the main concern of strategic leaders was embedded in (a) the structuring and execution of business operations, business and social relationships to reduce decisional and transactional time, as well as effort associated with flow of resources from business to family and vice versa; (b) weakening or tailoring of procedures to enhance access of business resources to meet family needs; and (c) avoidance of unnecessary anxiety to the family, or minimising any destabilisation to the status quo of conveniencing the family.

In a nutshell, *the theory of conveniencing the family in business* is iterative and dynamic, and shows an evolution of patterns of relationships with staff members, which either enhance or compromise collective support, and by implication, affect the performance of the enterprise. A variety of approaches to understand this cultural influence on strategising were examined in an attempt to locate the grounded theory in extant literature and also shed light on the findings of this study. These have provided insights, although no single theoretical perspective has been comprehensive enough to provide a complete explanation.

In this light, the results of the study have been discussed from the perspectives of social exchange theory and social capital theory, thereby contributing to an understanding of

strategising, and the dynamics of relationships in the process of strategic leaders building or destroying social capital.

10.1 VALUE OF THE STUDY

Firstly, the study makes a theoretical contribution by providing an original understanding of strategic leadership culture and its influence on strategising in agri-processing SMEs. The theory provides insight into how strategic leaders‟ cultural paradigms influence iterative patterns of strategising activities in response to changing conditions in the business environment. The cultural influence impacts on strategic leaders‟ disposition in how to manage social relationships and involve staff members, which enhances and sometimes destroys social capital. This study has resonance with the need for more insights on the influence of the sub-culture of strategic leaders on strategising to positively embrace social capital in agri-processing SMEs in both hostile and friendly business environments. While many strategic leaders of small and medium size enterprises perceived themselves as resource-poor because of various forms of marginalisation and exclusion (e.g. marginalised from sources of finance, raw materials), there is a need for a new type of strategic leadership that draws on relationship-based resources, to help SMEs navigate the changing environment. It is therefore necessary for strategic leaders themselves, as well as SME researchers and providers of business development services, to become more aware not only of the disadvantages inherent in the day-to-day strategising of SMEs, but also the co-operative advantages that may be shaped through relationships with different organisation members.

Nonetheless, the study raises some important theoretical questions on the morality of treating people as commodities, that is, the exploitation of people. This is evidenced in the commodification of relationships with non-family employees and its effect on these employees‟ commitment. Commodifying of relationships exclusively with non-family employees is inconsistent with the unifying function of Ubunthu. The notion of *Ubunthu* echoes collectivism, respect for human dignity and positive interdependence, entrenched in the sense of community organisation of business in Africa.

This study raises some trenchant questions of how an *Ubunthu* perspective of African leadership fails to account for divisive dynamics of relationships of strategic leaders with staff members and also negative relational skills of strategic leaders which exploit employees. While strategic leaders do not always demonstrate positive relational skills that integrate organisation members, there are times when some employees are treated as economic resources in the business milieu, in order to benefit a few stakeholders. This cultural conception of employees as a resource has connotations of packages with an exchange value on the market sphere, rather than employees as humans. Potentially, this strips people of their human dignity. Furthermore, the iterative and evolutionary aspects of the relationship between strategic leaders and staff members to either integrate all staff members or just those staff members with family and friendship ties, reveals not only the relational tensions but also the complexity of these relationships.

In this way, humanising and commodifying of relationships are two aspects which shape internal collective support in the business and need to gain wider currency to truly advance how strategising influenced by the strategic leadership subculture, changes the organisation‟s internal social capital. This study presents a scholarly voice which asserts that strategic leaders of SMEs should enact relationship-oriented strategy to positively and consistently influence the internal integration of organisation members over a period of time. This provides a means for improving the current understanding of how strategising is done in SMEs, and also reflects on its iterative and changing character over time to manage the evolving relationships which at times either tolerate or emphasise the intrinsic division of organisational members. This division is largely instigated by deeper assumptions about co-operative and reciprocal behaviour of those organisational members with friendship and family ties.

The centrality of family-related cultural assumptions in these agri-based processing SMEs reinforces the need for scholars to go beyond the organisation‟s internal social capital and delve into family and other forms of external social capital, to fully understand the contextual reality in which strategising is done in most SMEs. This is vital in developing an understanding of how family-related cultural assumptions are integral to the structuring of social relations and operations. In contributing towards this exploration, the current study has tied together three prominent issues of SMEs and strategic management, namely, strategic leadership, organisation

culture, and strategising. Undoubtedly, two of these areas, strategic leadership and organisation culture, have already received much attention in research and in practice, but little work has been done on strategising (Johnson *et al.,* 2007:7-9) or culture in SMEs (Haugh and McKee, 2004). Above all, little work has been done to integrate these three areas and generate a grounded theory that speaks to the SME sector.

Secondly, this study posits that relationship-based strategies are complex, as they can be both enablers and disablers in the business. From a social perspective, the understanding of how strategic leaders develop or destroy social capital is very important, bearing in mind that social capital and not financial resources are likely to be available to SMEs, especially in a hostile business environment. This is a helpful viewpoint to open up our understanding of the underlying assumptions of the concrete actions and resultant social relations within an SME. In this direction, this study provides a modest strategising lesson of how humanising of relationships is a potentially useful way of building social capital to weather a hostile business environment, while a shift to commodify relationships destroys the adaptive capacity, heterogeneity and scale of social capital in the SME.

More importantly, this study has highlighted the perverse effects of bonding with one homogeneous constituency of staff members, such as only those with family and friendship connections with strategic leaders, in a way that weakens internal integration or at the expense of more heterogeneity among supportive staff members. This demonstrates that the social capital-enhancing actions of strategic leaders entrenched in their sub-culture are also capable of concomitantly destroying another type of social capital within the organisation. In this vein, there are social costs and lock-in effects associated with social capital which strategic leaders, SME business development consultants, and policy makers should carefully understand in terms of nourishing and developing social capital over time in this type of enterprise. As a caution, this study suggests that action to extract and utilise organisation social capital could be encouraged while being mindful of possible unintended exploitation of some stakeholder in the dynamic course of the business life. The next section highlights the limitations of this study.

10.2 LIMITATIONS OF THE STUDY

One of the limitations of this study was the collection of data mainly through one method, namely interviews with individual strategic leaders, followed by group interviews. The use of interviews as the main data collection method meant that the researcher depended on what strategic leaders chose to report or divulge during interviews. To mitigate this, follow-up interviews were used to seek clarification and completeness of what was reported by strategic leaders where necessary. Additionally, group interviews were also helpful to provide an interactive social setting for strategic leaders to illuminate critical incidents that were reported, remind other leaders of some of the details that were not previously reported or highlighted in the individual interviews, and also comment on the emerging findings.

A related limitation was dependence on the recollection of strategic leaders. As some of the critical incidents occurred as long as five years ago, it was possible that their recollection was not perfect. The recollection of strategic leaders after the lapse of some time may not accurately correspond to what they thought or felt at the actual time a critical incident occurred. Furthermore, strategic leaders might not report all the alternatives that were considered at the time when the incident took place. As such, the theory has been generated without the benefits of real time observational data of strategic leaders‟ day-to-day enactment of strategy.

To this effect, two issues are worth pointing out for methodological considerations of accessing and studying strategic leaders in SMEs in Malawi. Firstly, strategic leaders of SMEs are very sceptical of researchers (i.e. they may fear that a tax collector or government reinforcement officer might disguise themselves as researchers). Secondly, the difficulty of accessing and observing strategic leaders in action is further compounded by a fear amongst leaders of exposing their competitive advantage to competitors. This is exacerbated by strategic leaders‟ perception of few personal benefits from participation in research. These two reasons reflect the mind set of most strategic leaders of SMEs in Malawi.

In the light of these challenges, the researcher has worked primarily with retrospective interview data on a variety of critical incidents reported by different and experienced strategic leaders of

SMEs to construct a theory that is sensible and useful to them as practitioners. However, it is important to further stretch the horizon of knowledge of how culture influences strategising by observing strategic leaders in real action. Further value may be gained by real time observations and questions to strategic leaders about what they think, alternatives they consider, and how they make choices about what to do as the critical incident unfolds. Researchers need to get into the field to observe what is happening, at the time that it is happening, and ask the actors about their ideas and actions as they are occurring. Many of the most interesting questions cannot be answered by means of archival or retrospective data, which reconstructs reality. How are we to know if actors are deliberate in pronouncing or discouraging activities if we do not observe and interview them at the time they do this? Strategy may be construed to be deliberate or emergent in character, but we need to understand how and why it initially emerges and how it continuously changes over time, in a real time fashion. This entails understanding the myriad possible contingencies that are considered, the relatively few that are focused upon, and those that are not evaluated with foresight, but become clear with hindsight.

Lack of real-time observation data remains a widespread obstacle to process studies, which are a retrospective reconstruction of strategy rather than the foresight of strategy. While challenges to observe leaders include access (since leaders may be unwilling to be observed or to dedicate the required time, or be concerned about confidentiality), researchers interested in observing strategic leaders also have to be cautious that their presence does not contaminate the very things that they are observing.

To mitigate this limitation, follow-up interviews were used to constantly compare incidents or actions with other strategic leaders within the same SMEs, or to probe the same interviewee to gain depth, a fuller picture or to share the common understanding that was emerging in the findings. As the interviews were conducted in an entirely open minded and non-intimidatory way, it can be asserted that interviewees spoke from their hearts, and divulged their full experience of real business world incidents as far as they could remember on their own and also helped to do so by the researcher or fellow participants during group interviews. Lastly, because of a sectoral focus, the findings of this study may not be generalisable in a quantitative sense.

However, some of them may have transferability to similar settings. The next section focuses on suggested areas for future research.

10.3 SUGGESTIONS FOR FUTURE RESEARCH

From a methodological and substantive perspective, the following are the areas suggested for future research in the domain of strategic leadership, strategy and organisation culture:

Firstly, further research may expand this substantive *theory of conveniencing the family in business* by broadening the research context to embrace more variety in the sectors and types of SMEs that are researched, so as to develop a formal theory. Additionally, such a study may benefit from using more than one method of data collection.

Secondly, the study"s findings could be confirmed, challenged or augmented by further studies, following a similar methodological approach, but focusing on critical incidents reported from the standpoint of members of the sub-cultures below the upper echelon. Scholars of strategy-as-practice acknowledge that non-strategic leaders and other employees are part of the multiple actors who engage in strategy. The question of how these people think in terms of their strategising activities is an interesting research terrain.

Thirdly, further research could also focus on a few carefully selected enterprises, to conduct an in-depth and longitudinal case study that incorporates all the sub-cultures in the SME, to develop a more detailed, holistic and balanced understanding of distributed leadership and strategising from an organisational view. The synthesis of perspectives at various levels within the organisational context would also give a fuller, and more holistic organisational picture, rather than being limited to an upper echelon, sub-cultural view of strategising in SMEs, which may be biased or partial.

Finally, further research could focus more on how ethnic-based network and relational capital are cultural enablers or disablers for SMEs. In this study, it transpired that indigenous agri-based processing SMEs were getting network benefits within their own ethnic in-group while

discriminating against those outside the ethnic boundary (i.e. the out-group). This was also the case for the Asian ethnic network of businessmen. It is therefore worthwhile to understand the conditions that make inter-ethnic networks become enablers or disablers, and how these conditions may be sustained or changed, respectively.

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