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The Strategic Development of One Man and His Business: A Reflexive Approach

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Abstract:

This study is about the author as a business owner manager and events surrounding my buy-in of a small business and its subsequent development. The nature of the research evolved from a proposed causal approach concerning the growth of small businesses in general, to become an enquiry into the evolution of my own company and the development I experienced as the researcher and owner over the course of the enquiry. It is a reflexive study, presented in the form of a self-narrative covering a span of around fifteen years.

Literature within the dominant paradigm is examined for its usefulness in describing the expected characteristics of small businesses and their owner managers but the lack of explanation behind these descriptions prompted the move to a more appropriate and effective research design. Inspired by complexity theory the study moves beyond the notion of systems thinking, to adopt a view of the company as a social construction of complex responsive processes.

The importance of emotions and the pressure of family issues in influencing decision making in a nascent entrepreneur form the starting point from which the story of the buy-in and subsequent management of my small businesses develops. The story is constructed around four themes of Entrepreneurship, Culture and Leadership, Strategy and Growth. Interspersed within the narrative are appropriate contributions from the literature, which serve as a framework within which to analyse my experiences as they occurred.

By observing one small business and its owner and contrasting these experiences directly with the literature, the findings confirm the complex and contextual nature of the subject. The dominant theories are useful in retrospectively describing the characteristics of a business and its owner manager but not in explaining the driving forces behind these characteristics. The original contribution to knowledge of this research results from the deep insight into these forces using a reflexive methodology and the application of complex responsive process concepts, which forms a new approach to the study of small business development. Individual entrepreneurs may use these methods and findings to reflect on their own experiences and approach to managing their businesses.

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Chapter 1: The Research-Introduction, Background and Context

1.1 Introduction

This study is about me and my company and my attempts to gain greater understanding of the world of small businesses and their owner managers through a formal research process.

In 1996 a major change in my life occurred when I resigned from my job as a manager in a large engineering business and undertook a management buy-in of a small manufacturing company. The company makes products for the rehabilitation market; in other words, aids for helping disabled people live a more independent life. Prior to this move I had followed a somewhat conventional career progression for an engineer in medium to large enterprises. After graduating from Sheffield University with a degree in Mechanical Engineering in the mid 70's, I held a variety of senior management jobs within manufacturing businesses before buying my company. I have a wife who is a physiotherapist by training and three children.

As the company began to evolve over the years following the buy-in, I became more and more intrigued, as to why things happened in the way they did and what lay behind certain phenomena I was observing in my business life, both in my own company and others. I had also reached a stage in my personal development, where I perhaps had more time to begin to reflect on events. I was convinced there was a holy grail of understanding of small business evolution to be reached and that it lay there waiting to be discovered through an academic process. I resolved to undertake a DBA study with Sheffield Hallam University in pursuit of greater enlightenment.

Initially, in this thesis, I review the dominant thinking in the small business research field, which relies on techniques adopted from the natural sciences. The theories produced by these techniques, whilst acknowledged as being of importance as descriptions of events and outcomes in small businesses, are perceived to be inconclusive and of limited use in providing understanding of the drivers behind these

events. The nature of my research is one of enquiry and this led me to explore alternatives to this dominant paradigm, in pursuit of greater understanding.

As my study progressed, my goal of a simple answer to the secret of business success faded and the nature of the research began to alter. From the originally planned approach of studying small businesses in general, the research evolved over time to become an inquiry into the strategic development of me, as an owner manager and my effect on my own business over a period of approximately 15 years. The story of this evolution in approach and the search for an appropriate methodology to deal with the complexity of the topic, is told in detail in the methodology chapter (chapter 3). The study moved from the initial causal approach to become a piece of reflexive research, which placed me as the researcher at the heart of it. The process of my self–development resulting from this work and the learning gained from both the research and my experiences of life in my own small business, became the focus of the study. During the course of the research, my view of reality was to be challenged, both as a result of my literature review and my own observations and I document this changing world view, as an outcome of the research.

A key element of the research is the contrasting of literature within the different paradigms with the real life experiences recorded in my business life over an extended period. This is presented in the second half of the thesis in chapter 4. The self-narrative method chosen was selected at a late stage and I have provided an illustration in Appendix 1which describes the progress leading to this choice. The narrative of my experiences, as an entrepreneur, is related and interspersed with relevant references to the literature. From reflection on the events I have observed and recorded here and by utilising literature from alternative paradigms, I draw conclusions about the non-homogenous nature of small businesses and their owner managers, the importance of emotions in influencing their decision making, and the complex nature of their circumstances.

It is difficult for a reflexive account to have an ideal fixed entry and exit point to the story as the very act of writing these words leads on to reflection of the experience and the potential for rewriting. Johnson and Duberley (2003) point to the difficulties encountered by reflexive researchers, who theoretically may continually have to deconstruct their own deconstructions of themselves. It is an iterative trap which

seems impossible to avoid and its presence is acknowledged. The events described concern my experiences and the choice of what is included is mine. The inherent bias and partiality in the work, is therefore declared in advance. This chosen approach, with its challenges and limitations, is discussed at length in the methodology chapter (chapter 3).

1.2 <u>Aims and Objectives</u>

Although the subject of small businesses and their owner managers was always the general area of my interest, I was uncertain of the specific question I would ask when I began my DBA studies. As this thesis develops, it will be seen that, far from being able to follow the advice given at the time, of beginning with a wide ranging question and then narrowing it down to something very specific, the scope of my question was to remain potentially unbounded. The research process that followed developed in an evolutionary fashion and was finally to take the form of an enquiry. In the process of that enquiry, supplementary aims and objects were to arise.

The overall aim of this research is to make an original contribution to the advancement of a better understanding of the processes of small business management.

Consequently, the underlying aims are:

- to develop a narrative of certain key strategic events in the progression of my business and my experience

- to analyse this narrative through reflection and thereby gain insight into the dynamic processes underlying these events.

- to compare these insights with the existing dominant theory paradigm to explore its strengths and limitations as a means of explanation. The notion of complex responsive processes (Stacey 2007) also informs this analysis, thereby contributing to our understanding of small business development

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- to aid the understanding of strategic business development of those who wish to start their own business.

A further aim that evolved during the course of the study is:

- to contribute to the debate on methodologies employed by researchers in the small business field by utilising a reflective and reflexive approach.

This last aim has arisen as a direct result of the evolution of my research process and is a response to the criticism from Tan et al (2009) regarding the standardised nature of management research.

1.3 <u>Contribution to Knowledge</u>

In pursuit of the above aims and objectives, this research is an original contribution to knowledge by being based on a reflexive account using complex responsive process concepts. The account is a self-narrative from a practitioner about the perceived realities of one small business and its owner. As such it explores new ground methodologically in the field of small business research and its value comes from combining an owner manager's own observations with a critical review of the literature and through reflection on the resultant insights.

Conventionally accepted theories from within the dominant discourse of small businesses and their owners are reviewed for their importance and appropriateness in enabling greater understanding. I consider their strengths and their limitations, whilst attempting to explain their continuing attraction to business owners and academics. From the insight gained, alternatives to conventional theories are proposed and the notion of complex responsive processes theory is considered to further help my search for understanding.

The research argues for acceptance of the individuality and uniqueness of small businesses and their owner managers and stresses the importance and continually

changing nature of the context in which they operate. The existence of stress lines between the internal, innovative and creative forces within the business and their interface with the external constraining forces of regulation and resource are highlighted.

The importance of, and the intensity of emotions, arising from family and personal pressure in the small business, which influence actions and decision making (particularly the attitude to risk taking), is examined and presented in detail.

Finally, the learning gained by me as a result of the research process itself is offered as an example of how other business leaders may undertake their own strategic development through a programme of research. Whilst this research is not intended as a blue-print for others, it does show a potential method for consideration. My findings it is hoped, will lead to encouragement for greater understanding by business owners of their own businesses, which in turn would be expected to increase their effectiveness and hence potentially increase prosperity for them and in the wider economy.

1.4 Structure of the Thesis

It helps significantly with the understanding of what is written here, if the structure of the thesis is explained in advance. The changing nature of the form of my enquiry inevitably led to wholesale alteration of the structure and what finally emerges in the finished work are two stories. There is the story of my experiences in my business and the story of the learning and my own personal development gained through the research process. Many significant events have occurred during my time at the company and I needed a way that would enable me to record and reflect on them, and which would allow me to draw learning from them. This would ensure I met the objectives of my own greater understanding of small business, and yet still produced a piece of work that was both readable and a worthy contribution to knowledge.

The scope of the research concerns one small business and its owner manager over a period of around 15 years. Chapter 2 contains important contributions from the literature for my chosen subject area and a discussion on definitions of the terms used,

as an introduction to each of the subjects under discussion). Overwhelmingly, it will be seen that the literature concentrates on small businesses as observable entities, which are defined by their characteristics. This literature does not generally concern the events and circumstances that lie behind these characteristics. Although my study was eventually to lead in a post-positivist direction, the dominant positivist literature and definitions are not abandoned and indeed their contribution is acknowledged. This literature was my starting point in the search for greater understanding and reflects my scientific background and natural approach.

Chapter 2 continues with a history of small business research in the UK followed by an introduction to the various approaches that others have undertaken in this field, which confirm the dominance of causal studies. These studies not only demonstrate the wide nature of the subject but also serve as notice of the potential difficulties for the researcher in finding an appropriate way to progress with one's own research.

For ease of comprehension, I have reviewed, in turn, individual topics within the dominant literature which relate to the themes of my study. These were prevalent and recurring topics, and presented a 'way-in' to my initial reading. The contradictory findings from the dominant literature are discussed prior to the second part of the chapter, which explores an alternative paradigm.

As my research evolved, I found I was plundering literature from chapter 2 and dispersing elements of it throughout the later parts of the work to allow myself and the reader to contrast the lived experience in the company with findings from the literature in an uninterrupted format at that point. The literature review chapter, that remains in its redacted form covers important contributions from the field of small business and owner manager research but serves more as an introduction to each topic under review.

The discussion on methodology, which then follows in chapter 3, takes the findings from the literature study and proceeds to highlight the inadequacy of my originally planned approach. This chapter debates the different methodologies I considered, as a way forward, and documents the change of approach I was to use. This was to undertake an auto-ethnographic study and a full discussion on this and the method

chosen for the selection and analysis of the data is presented at this point. The method used was a self -narrative account both of my experiences of owning and managing a small business and the process of my own research.

The narrative of my experiences of becoming an entrepreneur is based around four themes. The use of themes allowed me to present a large amount of material within separate categories, which leads to better understanding of the findings of that part of the work. This ordering of material facilitates the flow of the story, which I considered important in imparting the findings to the reader in a coherent manner.

The choice of themes is also discussed in chapter 3 but in summary it was a compromise between what I considered to be significant observations from my business life which stood out as memorable, the findings from relevant literature and the amount of space and time available to incorporate them into the research. The final chosen themes were: entrepreneurship, culture and leadership, strategy and the growth of the company. These themes also had an unforeseen advantage (see below), that they could be woven into a time-line. This time line begins with entrepreneurial activity with the buy-in, followed by cultural issues encountered in the company following the buy-in. This then led me to consider the experiences of my own leadership in trying to change the culture. I then review the issue of strategy and the change in approach I came to adopt following my research. The final theme is a review of the company through its various stages of growth over the lifetime of the research. The use of a time-line in helping to organise the data, as with the whole structure of the thesis, was not planned in advance but suggested itself once the themes had been chosen. It helps with the readability, as the narrative has a conventional structure with a natural start, middle and end section.

The method of analysis of the data I present in my narrative is to contrast my experiences within each theme with the literature and to highlight learning from this process. Conclusions are then drawn from this analysis. The use of self-narrative as method is discussed in chapter 3, where there is much debate about method and presentational style. It will be seen that my final choice was to write in an 'evocative style'. This style presents the information to the reader in a way that invites them to try to live the experiences with the writer in order to gain understanding. The

methodology chapter is itself presented as an outcome of the research. It is a record of my progress in discovering an alternative way to proceed and describes my adoption of an alternative world view.

The story of the buy-in and management of my company is told in chapter 4. I have used a framework for reviewing individual topics within each theme in this chapter that draws heavily on the structures used in major studies from the dominant discourse, discussed in chapter 2. This structure allows me to contrast my experiences and observations of events with the dominant theories organised into smaller subsections. Where appropriate, I refer to an alternative paradigm for a fuller exploration of the items under discussion. In chapter 4, I reflect on what I have read and what I have observed. The problem is, each time I read the story again, I often see these events in a different light. From this, I conclude there are several possible interpretations. It is through the act of writing that I have been able to reflect on what I have experienced and from this has come my learning. This process of reflection is not a one-off occurrence but is continual. I believe that were I to continue writing and reflecting, my interpretation of events will continue to evolve further. (In the story, I present a large amount of data. The evocative style of the writing may also prompt the reader to make their own interpretations of this data in contrast to my own, either consciously or not).

Chapter 4 is a historical account beginning with the time before the buy-in of my company and the initial take-over. It covers the difficulties of undertaking the buy-in, including the pressure of giving up paid employment and other family issues and proceeds to highlight significant events within the chosen themes, throughout the life of the company. The story concentrates on a period of approximately 15 years and continues through the 'good' years of stable economic conditions, ending in the uncertainties of the deepest recession known for decades and the completion of my DBA studies.

Although the research demonstrates weaknesses in the dominant causal approaches to small business management as predictive theories, it confirms their usefulness in retrospective analyses and as descriptions of companies and owner managers. I use contributions from causal studies at length in chapter 4, for comparative purposes, in

my review of past events and experiences. From these comparisons, I highlight not only where there is a lack of subject areas covered by these conventional studies but also where the results do not concur with my own observations. At these points I reflect on the outcome and draw conclusions. From these initial conclusions, my search for greater understanding was to lead to examination of an alternative body of literature and a revised approach to the continuing research.

The thesis ends with a summary and conclusions in chapter 5. In the first part of this chapter is an introduction to the discussion on the findings. This reviews the difficulty of generalisation but confirms the possibility of the transfer of concepts. The potential for the development of theory from practice and experience is also discussed at this point.

There then follows a review of the individual findings from each part of the research, which are presented as a whole for the benefit of myself and the reader. I summarise here the conclusions drawn from contrasting my own observations with the literature. The question of achievement of the primary aim of this research of seeking understanding is addressed in this final chapter. There are also many further questions that arise as a result of my research process and in this final chapter I undertake a review of these and the implications they have for future research and so to the end of the thesis.

I now begin the process of the research itself with my review of the literature. I have used the term the Small Business Context for this next chapter as a fuller description of the framework for this review. In Chapter 2 there are contributions from two separate bodies of theory together with a discussion on their relevance for my research.

Chapter 2: The Small Business Context

2.1 Introduction

Throughout this thesis, I will repeatedly use the term 'small business.' It would be expected in any research, when introducing a term for the first time, that there would be a definition of the term, so there can be no doubt as to just what is being discussed. In paragraph 2.3 there is therefore the necessary discussion about conventionally accepted definitions and this serves as a useful introduction to what is to follow. The thesis goes on to develop the view that these definitions act mainly as descriptions of observable characteristics and proceeds to examine an alternative view of businesses, as social constructions. This alternative view is explored further beginning with paragraph 2.9.

In addition to my own interest in what lies behind events in small businesses, it seems a constant message nowadays from politicians from all sides of the political spectrum in the UK that small businesses are important to the economy, although this has tended to be a relatively recent development. In earlier days of research into the subject area, the importance of small businesses to the UK economy was often underestimated (Storey, 1994). This situation is now much changed. The DTI (Department of Trade, as the government department for business was then called), in their statistical press release in 2005 (DTI 2005), estimated that out of the entire business population of 4.3 million companies only 26,000 (0.6%) were medium sized (50-249 employees) and only 6000 (0.1%) were large (250 or more employees). Small businesses including those without employees accounted for 99.3% of all businesses. Keats and Abercrombie (1991) and Gorman et al (1997) note the accepted belief that entrepreneurship drives the economies of most countries. It is the ability of small businesses to employ people, that is of major interest to governments and inevitably there is much concentration on this aspect (Hoogstra and Van Djik 2004).

This chapter examines two main bodies of literature. The first is entitled the dominant paradigm (Darwin et al 2002). This body of literature encompasses research based on the methods of the natural sciences, which seek direct cause and effect relationships,

as a way of explaining observable phenomena. As my research progressed, it became clear that the enlightenment I was seeking was not going to come just from this body of literature alone. That is not to say it is not of enormous importance and significance or to suggest that the theories contained within it are no use or help in assisting my particular aims but my further research and experiences, which are developed in this thesis, show they are, in many cases, limited in this regard. The second part of this chapter examines a wholly different body of literature, in continuance of the search for greater understanding of small business processes and their owner managers.

The dominant theories do act as confirmation of recognisable characteristics of what others have found in a selection of companies and their owner managers. I can potentially observe these characteristics in my own business life. The difficulty with them, as will be seen in what follows in this chapter, is that even though the recognised research has of course been undertaken with scientific rigour, the conflicting results produced from wide populations by different researchers leave one frustrated at the lack of explanations of the variances displayed. In other words, the theories will confirm that in the specific sample of companies in the particular research a majority will be expected to display a common reaction to a specific identified cause. They potentially ignore respondents that don't display this common reaction even though they may have been subjected to the same stimulus. They mainly describe expected observable characteristics following an identified stimulus, rather than aiming to bring understanding about the processes leading to these characteristics.

My research explores the limitations of this dominant approach and following an extended period of rethinking and redesign, this study progresses from defining a business by these observable characteristics to something that is socially constructed through the interactions of participants. This perception allows for the acceptance of subjective accounts, as a means of increasing understanding. In the end, it was my own subjective account that was to be employed in this research and through this account and the act of writing it in this thesis, I have discovered much about myself and my business. As my research developed and the anticipated methodology altered, I was to take the role of the enquiring participant (Reason 1988). This necessitated

reflection on vastly different literature, which is detailed in the second half of this chapter.

2.2 The Dominant Paradigm in Small Business Research

The dominant view in the literature of small businesses holds that organisations can be described as systems, such that their characteristics can be directly altered by changes to their inputs, leading to predictable and controllable alterations to their outputs. This view is described by Darwin et al (2002), as the dominant paradigm. The use of the term paradigm was popularised by Kuhn (1970), where he refers to a set of beliefs, values, assumptions and techniques... *'the use of the term paradigm has become promiscuous in the management disciplines' (Johnson and Duberley (2000 p88))*.The dominant paradigm fundamentally accepts the concepts of control, predictability and causality, which is the staple of much small business research. Stacey (2007) describes the origin of this systems thinking in management research as crossing academic boundaries from the natural sciences beginning in the 1950's and 60's, to where it became the accepted way of thinking in the social sciences. Words and phrases that are common within the dominant paradigm and familiar ones to me are summarized in the following table.

Control	*Analytical*	*Predictable*
Order	*Safe*	*One best way*
Modern	*Logical*	*Structured*
Objective	*Certain*	*Planned*
Realist	*Foundations*	*Competitive*

Table 1- Some words used in the Dominant Paradigm (Reproduced from Darwin, Johnson & McCauley (2002))

According to Grant & Perren (2002), there was, at the time of their study, a dominance of the functionalist paradigm in management research. Grant and Perren used Burrell and Morgan's (1979) paradigmatic analysis approach to undertake a review of literature in influential journals for their meta-study. The functionalist's objective view of reality is accompanied by a realist ontology, a positivist epistemology, a deterministic view of individuals and a nomothetic methodology

(Grant and Perren 2002). In other words, the focus is on generating quantitative data to explain cause and direct effect, in a controlled and replicable manner. Several years later, in their review of research methods in leading small business and entrepreneurship journals, Mullen et al (2009) confirmed the overwhelming majority of research was still quantitative in nature.

What follows in the first part of this chapter are contributions from the literature which are within the definition of the dominant paradigm described above.

2.3 Small Business Research in the UK

The first real attempt at a study of small firms in the UK was the Bolton Report. The Bolton committee was established in the UK in 1971 to report on the subject of small and medium sized businesses and to attempt to define their characteristics. Other researchers have also attempted a definition such as Binks & Coyne (1983) and Curran & Stanworth (1984), the DTI (see earlier) and the European Commission. Principally, Bolton defined the small firm as having three characteristics. Firstly a small firm is one which has a relatively small market share. Secondly, it is managed by its owners without a formalised management structure. (Later research studies, eg Atkinson & Meager (1994), demonstrated that firms made managerial appointments when they reached a size of between 10 and 20 workers). Thirdly it is not part of a larger enterprise. The wide diversity of nature and characteristics of small business definitions led to alternative descriptions based on grounded theory. Curran, Blackburn and Woods (1991) for instance, identified enterprises as being small by consulting with owner-managers and industry representatives to achieve a consensus of what they felt constituted a small business.

The term 'small and medium sized enterprise' (SME) was first introduced by the European Commission in 1996 and it has endured now for many years. The most up to date definition at the time of writing this section is the EC definition, as contained in recommendation 2003/361/EC (European Commission for Enterprise and Industry May 2003), which is as follows.

In this definition, a small business must have the following characteristics:

Company category	Employees	Turnover	Or	Balance Sheet Total
Medium Size	<250	< or =50m Euro		< or =43m Euro
Small	<50	< or =10m Euro		< or =10m Euro
Micro	<10	< or =2m Euro		< or =2m Euro

Table 2 EC Definitions of SME's (Source EC web site www.ec.europa.eu Oct.2012)

According to Storey (1994), there is no agreement on a single definition of a small firm and it is left for each researcher to choose their own. My choice for what I will term a description of my business, rather than a definition, is as per the EC definition in the above table for a small business. The debate concerning how businesses can be defined or described will unfold throughout this thesis.

Small business research is not a discipline in the conventional academic sense (Curran & Blackburn 2001) and this is somewhat confusing when trying to find a way into researching the subject. Some examples of the different disciplines involved are given in the following table. From this it is immediately evident, that deciding on any one of these approaches to my research necessitates a lot of preliminary reading across a wide subject area when setting out on the research process.

Discipline	Researchers	Details of study
Anthropology	Harding & Jenkins (1989)	A mainly theoretical study of the operation of the informal economy which is composed largely of small companies
Economics	Reid et al (1993)	Study of a sample of 73 small firms in manufacturing and services with both strong theoretical and applied emphases
Psychology	Chell et al (1991)	Uses a psychological framework and case studies to attempt to a neural network approach to the entrepreneur
Sociology	Scase & Goffee (1982)	Well known and much cited study of small business owners which was theoretically innovative and empirically based
Geography	Barkham et al (1996)	Inter-regional study of small firm growth in four UK regions showing the relations between firm and the area in which it is located
Politics	McGregor & Fletcher (1993)	Empirical examination of enterprise (1993) policies in disadvantaged areas in six UK Cities
History	Foreman-Peck (1985)	Theoretical and secondary analysis which compares small business revival in the 1980's with the recession period of the 1930's

Table 3- Small Business Research Approaches (reproduced from Curran & Blackburn 2001)

As demonstrated in Table 3, the subject of small business research encompasses many disciplines and is predominantly applied research (Curran and Blackburn 2001). In attempting to start my own research and delve deeper into the subject, the dilemma is, which particular discipline is to be followed? My enquiry began with an overview of a wide body of literature but some, such as anthropology for example, were discarded following my review of their relevance to the nature of my own enquiry.

Gibb and Davies (1990) in their review of the literature, discuss the several different life cycle or stage models which purport to forecast the nature and description of a business, as it grows through different stages in its evolution. Two well-known such theories are put forward by Greiner (1972) and Churchill and Lewis (1983). These life cycle theories are almost the bedrock of traditional small business research and their composition and relevance is examined later in the narrative account in chapter 4. They are immediately attractive, as they seem intuitive. Businesses do seem likely to have different characteristics at different stages in their evolution. For example, one would expect to see managers in a larger company compared with perhaps just the owner manager in a smaller company. Their weakness lies in their dedication to the concept that businesses are similar and grow in an orderly progression through the various stages. They are frustrating in the lack of explanation of what occurs at each stage or crisis point in their evolution. At these points, the company does something different. This leaves one wondering whether it is the action, or reorganisation, that they undertake at these points that is the reason they then grow through the next stage, or is it because of this growth that this action is taken? The popularity of mechanistic models in the earlier literature was confirmed by Perren (1999) for example, who lists seven types of model in his review of the literature on models of small firms.

The reasons for the continuing dominance of causal theories seem simple enough. The business entity survives and is sustainable, if issues such as cash generation are successful. Likewise it fails if they are not. This leads to a concentration by business people and researchers on outcomes and demonstrably provable answers. The assumption appears to be; if it works in the natural sciences, then it will work in the social sciences. As an engineer, I am well used to experiment within empirical research and would feel comfortable in following this route. Using cash as a subject

example, it is self-evident that a scientific theory could be developed which said something along the lines of *'if a company fails to collect its cash it will go bust every time'*. What is lacking of course with this, and all descriptive theories, is the explanation and deeper understanding of the reasons behind such events in an individual company.

As will be seen, when reading chapter 4 of this thesis, the four themes selected as a means of assisting my search for understanding begin with entrepreneurship and hence my literature review also begins with that topic. Literature concerning the remaining themes of leadership and culture, strategy and size of business, follows in sequence.

2.4 <u>Entrepreneurship</u>

What seems evident on first reading of the large body of literature devoted to this subject is the amount of contributions dating from the 'Thatcher Era' in the nineteen eighties. This was the beginning of massive political, social and economic change in this country, which in turn is reflected in the perceived importance of the subject to researchers at that time and subsequently the number of contemporary papers. Pittaway (2012) refers to the historical nature of the subject arising from this growth in the 1980's but also paradoxically, it is considered by some researchers (Davidsson, Low and Wright, 2001) as a young subject.

Before enquiring further into the field of entrepreneurship, it is important to define what is meant by this taken for granted term. I am concerned to arrive at an accepted definition, in order to avoid doubt about what is being discussed. The impression from the literature is that entrepreneurship does often appear to group owner managers under this general term and frequently appears to interchange the terms 'owner manager' and 'entrepreneur' freely, despite the theory laden nature of the statement. Are all entrepreneurs business owners and are all business owners entrepreneurs? The following table gives some examples of attempts at defining the term.

Author	Definition
Gartner (1988)	Creation of new organizations
Low & MacMillan (1988)	Creation of new enterprise
Stevenson & Jarillo (1990)	The process by which individuals-either on their own or inside organizations- pursue opportunities without regard to the resources they currently control
Venkataraman (1997)	The discovery and exploitation of profitable opportunities for private wealth and as a consequence for social wealth as well.

Table 4- Definitions of Entrepreneurs (from Davidsson, Delmar and Wiklund 2006, Entrepreneurship and the Growth of Firms)

Despite the number of attempts at it, indicated by the above table, there is no agreement on the term entrepreneur (Chell 2008). Conversely if the focus is on the term 'business owner', then Carland et al (1984) describe the small business owner as follows:

A small business owner is an individual who establishes and manages a business for the principle purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires. (Carland et al 1984 p358)

Chell (2007) also tries to draw a distinction by describing entrepreneurship as something that is beyond the technical skills of business founders. Chell believes the

entrepreneur can make fine judgements that others are unable to make and it is this that distinguishes them from business founders.

In that the activities I undertook in my company fit with Cole's (1949) description of entrepreneurship as a purposeful activity to initiate, maintain and grow a profit oriented business, I am comfortable that my actions fitted at least that early description and I will label myself an entrepreneur (who also happens to be a business owner).

Having established myself as an entrepreneur, then what do entrepreneurs do? The term is derived from the French almost as 'someone who undertakes.' There are many definitions as to what the word 'Entrepreneur' itself actually means. The Oxford Dictionaries definition is 'a person who sets up a business or businesses taking on financial risks in the hope of profit' (www.oxforddictionaries.com). There is reference to the term entrepreneur first being used in the economic context by Richard Cantillon (1732) who was born in the 1680's and who wrote an 'essai' on the subject. Much further work was pioneered by Schumpeter (1934) with his theories of economic development. These combined many aspects of economic and social issues but his interest in entrepreneurs was exemplified by his theory that they were the disruptive force that disturbs the equilibrium of an economic system with their innovation.

Delmar and Witte (2012) describe the evolution of entrepreneurship research from the early days, as beginning with concentration on the trait approach and then moving to cognitive theory, which is the applied psychology approach predominant today. Delmar and Witte propose that predictive theories can be constructed within this approach, which lead to understanding of the interaction between the characteristics of a given situation and the characteristics of a particular entrepreneur. They immediately qualify this statement however with the comment that further work is needed in understanding the complexity of entrepreneurial behaviour. These contradictions will be seen to typify research into this subject.

One important strand in the entrepreneur literature is to think in terms of 'great man' theories as per Stogdill's (1974) leadership description, and to ascribe traits and characteristics to types of entrepreneur in the expectation that a successful entrepreneur may be identified in advance. This approach seems to dominate

television and the press and concentrates on individuals who display great drive and persistence and the need for success but these traits need not necessarily be directed at specifically explaining entrepreneurialism. There is an expectation in the theories of traits that building blocks of entrepreneurial behaviour can be identified in advance, but as will be seen in what follows, the number of traits involved can potentially be huge. The research also seems to suffer from a concentration on retrospective analysis of successful entrepreneurs.

Storey (1994) looked at research done by others into the backgrounds of business owners undertaken in three studies, where he tried to discover a common theme. Amongst the factors covered were the education, marital status, gender and ethnicity of the entrepreneur. There was some correlation between the studies but a wide degree of variance, pointing to the complexity of the subject. Further examples of the diversity of the topic are provided by Burrows (1991), Meager (1991) and Gray (1998) who examined the roles of gender, age, ethnic origin, educational achievement, class origin and parental experience in the ownership of small businesses.

This prevailing approach of cause and effect research in the field of entrepreneurship has led to the identification of seemingly countless variables which makes it impossible to discuss in detail here the results of all these different works. The list of traits and attributes which are potentially subjects for research seems almost limitless and listing the findings of individual studies into each of them would be an immense task. Hornaday (1982) for example, names over 40 traits he identified in entrepreneurs, including the need for achievement and tolerance of ambiguity for example, something that I do recognise as significant in my own personal experience. (The implication is that a researcher, such as myself, seeking a route to understanding, could have picked any of these traits and proceeded to conduct a research programme to prove the importance or not of that trait in becoming an entrepreneur. It is overwhelming to be confronted with these all these possibilities for detailed research presenting themselves in the literature.)

One example of the tendency for conflicting results, referred to previously in paragraph 2.1, is demonstrated in studies on the education of the entrepreneur. Some

of these theories propose that a well-educated person may fare better with their business than an uneducated person (Storey 1994). Of course there is much anecdotal evidence to the contrary of the 'self-made man' etc who left school at 14 and so on. Other researchers believe that education provides an increased resource base for the company (Smallbone and Wyer 2000). An owner with a high level of education may have a higher earnings expectation and since earnings are indirectly related to size, the argument could follow that educated persons are more likely to grow their businesses and be successful (Smallbone and Wyer 2000). My father is one example of where the education argument did not hold true and one could mention the well-known but allegedly poorly educated entrepreneur, Alan Sugar (at the risk of getting into an argument about what constitutes 'success') as yet another example. Specific education in subjects such as such as computers or bioscience for example could perhaps be expected to give an advantage to a firm operating in those specific sectors (Barringer and Jones 2004). This finding was contrary to the results of an earlier study by LeBrasseur et al (2003), which concluded there was a negative correlation between a specific technical skill of the owner and the performance of the business.

Studies on entrepreneurs are of great interest to governments as entrepreneurs are seen as being able to create employment opportunities (Hoogstra and Van Djik 2004). In contrast to these wishes, the literature points to growth in companies as often being inhibited by the entrepreneur. Gray (1998) for example, advises not to assume that all SME Owner Managers desire business growth.

The 'Great Man Theories' promoted by Stogdill (1974), followed from early work by Bowden (1927) and could lead one to imagine that the entrepreneur has perhaps a greater willingness to take risks but this is an assumption that is also open to question. Brockhaus (1980) and Gasse (1982) for example found that entrepreneurs were only moderate risk takers. Trying to define the degree of risk is problematic, as it is most clearly a matter of perception. One observer may view an activity as high risk where another would view it as an activity that minimized risk (Chell et al 1991). The subject of risk is discussed in detail in the entrepreneurship section 4.1 in chapter 4.

The results from the large number of 'traits and characteristics' studies undertaken by entrepreneur researchers suggest that the idea there is a typical entrepreneur is open to

question. Jovanovic (1982) summed up the debate at the time by saying there was no agreement as to whether particular individuals will or will not succeed in business. Rather he pointed to a complex interrelation between a large number of factors. Osborne (1993) looked at some of these other factors and focused more on the company's ability to access capital and the core competencies of the company as predictors of growth potential. Smallbone and Wyer (2000) talk about the search for an 'Identikit Picture' of the successful entrepreneur, as not being fruitful and most interestingly for me in their study, found that the characteristics of the business founder have only a modest effect on the performance of their business. This conclusion is important as it tends to suggest there are other underlying concepts that are potentially more significant in the success of a business than the entrepreneur's characteristic and traits.

There is thus in the evolution of entrepreneurship research much uncertainty and doubt. Not only is there conflict in the most appropriate approach to be adopted but also between the results of different studies undertaken from the same perspective. The 'born not made' debate seems destined to rage for ever. Delmar and Witte (2012) report there is an increasing amount of research, which now purports to show the importance of genetic factors. This would seem to turn back the clock somewhat to add fuel to the 'born not made' debate, adding a great deal of uncertainty in my search for answers to my enquiry.

2.5 Leadership Research

I was uncertain, when thinking about what to include in this research, what were the most important issues in my experiences in the company. Given the multi-discipline approach discussed earlier, there was certainly a large choice to consider. I opted to include leadership, as it was something on which I had spent my money on training over the years both for myself and my staff. In other words, I had considered the topic important enough at that time to invest in a better understanding of it and thus it was surely worthy of inclusion here. I also include it as a connection to culture change that is discussed in the following section. In the story in chapter 4, I relate the difficulties I encountered in leading culture change in the company. .... *'Organisational culture is*

a remarkably resilient phenomenon. This becomes readily apparent when you try to lead change within it.' (Jackson and Parry 2011;74)

I begin with an overview of the changing pattern of leadership thinking, as an introduction to what follows in the narrative account in chapter 4.

As early as 1974, Stogdill asserted there were as many definitions of the term leadership, as there are people trying to define it. In Rickards and Clark's (2006) review of the work of Bryman (1996), they describe Stogdill's (1950) early definition of leadership as influencing group activities towards setting and achieving goals. Bryman (1996) draws attention to the inadequacy of this definition in separating the activities of leadership and management and proposes a new definition, where the leader's task is to give a sense of direction and purpose. Bryman believes the leader should promote values that allow members of the organisation to understand shared meanings as to its nature.

There is considerable similarity between the evolution of approaches to leadership research and entrepreneur research. Both have encompassed the concept of 'born not made' with an early concentration on traits and characteristics, as for example Stogdill (1974) and the 'Great Man School' of thought. This question of whether leadership (or indeed entrepreneurship?) can be taught or is in effect an inherited quality is of direct interest to me, as further understanding in this area would be of practical help to me in my approach to leadership in my own organisation. There is an observable development in leadership thinking away from the great man view over many years, which is discussed by Bryman (1996) who identifies various 'eras' in leadership theories as follows:

The Trait Era. For example see Bingham (1927)

The Style Era. This era concentrated on the actions of leaders rather than their characteristics. For example see (Fleishman, Harris and Burt 1955).

The Contingency Era. These are complex theories which take account of context and situation. The term was used by Fiedler (1964) in his Contingency Theory of Leadership Effectiveness.

The new Leadership Era. This era incorporates a move from the trait, style and contingent approaches to a focus on a socially constructed process. The new leadership approach features the process of transformational change see Bass (1997) for example

This view of the evolution of leadership theory is echoed by Van Seters and Field (1990) who split the above eras into even smaller subsections but these still agree with the general trends of the Bryman (1996) review.

One important contribution to leadership theory comes from Senge. The emphasis moves to placing the leader within what Senge (1990) terms the 'learning organisation'. Senge details the tasks of the leader as someone who is charged with creating a vision for the future of the organisation and for communicating the position of where the organisation currently is. This calls for new roles for the leader. These new roles are termed the leader as designer, teacher and steward.

This first of Senge's views seems attractive as there is the concept of a logical analysis of the capabilities of the organisation and it holds out the prospect of the leader changing the structures of the organisation by designing them to ensure progress in a particular direction. This does appeal to the engineer in me, when I see the opportunity to exercise control and direction. (In the progression of my own learning, these views were later to develop in the light of my own observations and incorporation of complexity theory into my thinking). Senge anchors himself in the dominant paradigm by appearing to assume that the organisation is a 'thing' which can learn and can, of itself, be recognised externally. This was not the direction in which my research was eventually to proceed.

Kirkpatrick and Locke (1991) indicated something of a resurgence of traits as a partial factor in leadership research. They identified the following key traits in their study of leaders: The first is drive, which could be described as the need for achievement,

having motivation, ambition, energy, and a desire to lead but not just for the sake of power as an end in itself. The leader must have honesty and integrity and self-confidence and these traits are associated with emotional stability. Finally they need cognitive ability and a knowledge of the business. Kirkpatrick and Locke find less evidence to support the importance of traits such as charisma, creativity and flexibility. Their conclusion is that the key traits can help the leader acquire the skills and vision necessary to lead the organisation

Although the above progression through the different 'eras' indicates a progressive move away from a predominance of trait to behavioural analysis, according to Rickards and Clark (2006), traits are still factors to some degree in more recent mixed trait/behavioural approaches. Their conclusion is that this mixed approach means that a leader is not a leader simply because they were born to be but they can learn supporting behaviours.

Collins' (2001) view of 'Level 5' leadership supports the view that leaders have identifiable traits and behaviours such as humility and ambition. Collins' research showed that at that time, there was a trend in the US for recruitment of CEO's to be according to their charisma. These companies were found to perform less well than those who had CEO's who could be termed Level 5 Leaders. Collins' work also reflects a general trend away from theories where the Leader is seen as being predominantly involved in control in a top-down direction.

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Leadership research has developed to a point where the later emphasis is on behaviours and actions within specific contexts rather than concentration on a mystic 'something' that defines a leader. The implication is thus that these behaviours and actions can be learned to some extent. What is not clear is whether a person can be a good actor and portray the part of a leader by learning the script well or whether a non-actor is able to behave in the manner of a leader by simply displaying the behaviours without having to have any acting ability? What is also not clear is how important leadership actually is to the sustainability of the company. Being a great leader implies others will follow but if this is on a disastrous course, I'm uncertain where this topic fits in with determining the secrets of business sustainability and success.

The following section is on the subject of culture and I found on later reflection and editing of the subject, that I could not separate it from leadership. I, as the owner manager, regard the culture of the organisation as an extension of myself. It has to reflect what I want and in the narrative section, chapter 4, it will be seen that I was always exerting pressure in the expectation, that somehow it was in my power to move the culture more in line with those wishes. The assumed ability to be able to do this is questioned by (Morgan 1997) amongst others and discussed in detail in the second half of this chapter and in the story of my experiences in chapter 4. Members of the organisation regard the leader as the embodiment of the organisation thus intertwining leadership and culture. The leader is the most visible member of the organisation both internally and externally and must reflect the aspiration of the majority if there is to be any agreement on change of culture. Demonstrating a sense of personal purpose and commitment to the organisation is insufficient of itself for leadership, if unaccompanied by an ability to convince others of the legitimacy of their leadership

2.6 Culture and Cultural Change

I begin this section by seeking a definition of the term 'Culture' within the dominant paradigm and again there appears to be no agreement on a single definition, despite its widespread use (Seel 2000). Morgan (1997 p129) describes culture *'as patterns of belief or shared meaning, fragmented or integrated and supported by various operating norms and rituals'.* This description resonates with my experience and is adopted for the purposes of this discussion. Morgan goes on to say that ... '*(culture) can exert a decisive influence on the overall ability of the organisation to deal with the challenges it faces'.* The subject was again most important, when I set out to research my organisation. I had experienced real difficulties in trying to exert influence on culture and my observations were that it had been a major impediment to the growth of the business. (The practical difficulties I encountered in trying to make changes to the company and the culture are related in chapter 4, along with more contributions and analysis from the literature at that point).

The dominant view of the literature is that culture and culture change is a controllable entity which can be observed from without and changed by the intervention of managers (Kernick D. Ed 2004). From this standpoint, culture can be dissected into constituent parts and operates according to a set of rules, which are there to be discovered. This view is enshrined in Lewin's (1946) 'Unfreeze-Change-Freeze' model which promotes the concept of the organisation being an entity that can somehow be shaken out of one state only to reassemble in another more desired state. The second tenet of the reductionist approach is that the organisation can be analysed and with the aid of planning, the exercise of control will guarantee the outcome of the change process (Seel 2000).

'It is important to realise that understanding culture is paramount to a successful change programme. Without knowledge of the culture and the subcultures peculiar to an organisation, you will not be able to facilitate the process; indeed you are likely to come up against frustration and resistance. The significance of culture lies around the fact that no two organisations are exactly the same, Even an organisation that has the same apparent task, systems and structure may differ in culture. This is always less explicit and impacts on most aspects of organisational life- such as how decisions are made, who makes them, how rewards are distributed, who gets promoted, how people are treated and how the organisation responds to its environment'. (Sheffield Hallam University Learning Pack 2005 p51)

There is a tendency in the early contributions to gain understanding through the use of models. Schein's (1985) model of culture allows for analysis of the phenomenon through three levels. At the heart of the model are taken for granted assumptions. The second level of Schein's (1985) model contains core values of strategies, goals and philosophies. On the third or surface level are the artefacts of organisational life. Through control and alteration of factors in these levels, managers are deemed to be able to influence the formation of culture according to their wishes. There is a further somewhat similar model by the Bath Consulting Group (2011), which uses building blocks of culture ranging from tangible symbols, such as buildings/dress etc, through behaviour to emotional issues. Culture models are seen as something the organisation 'has' rather than something 'it is' (Mumby 1988). They are in the realist tradition (Darwin, Johnson and McCauley 2002) and imply that culture is something that can

be manipulated if only a deeper understanding of the subject can be gained from the analysis. They fit neatly within the dominant paradigm of management research and give the impression to managers that models are part of the tool kit of management for controlling events in their organisation.

Bate (1994) is another much cited example of an exponent of management controllability of culture. Bate breaks down the subject into what he terms 'dimensions,' which he proposes are tackled individually by managers when considering cultural change. This again is a reductionist stance which appears to offer the manager a means of understanding how enabling actions occur.

Although the above explanations of the characteristics of culture and culture change are useful as warnings to practitioners of the difficulties to be encountered when considering cultural change, they are frustratingly short of the accompanying instructions on how one actually approaches the daily task of culture change. Bate gives a very analytical view of the elements comprising culture from his viewpoint but it does read a bit like a 'statement of the obvious'. There is no attempt at suggesting implementation methods and the feeling one has, is that this approach merely draws attention to the difficulties involved. Trice and Beyer (1993) accept that the issue of culture change is not easily undertaken and confirm that the implementation of culture change is very low. They liken it to therapy, where it is very easy to do the diagnostic as per Bate's (1994) approach above but it is more difficult to undertake the treatment. They refer to cultural persistence and residues of the old culture, even where the change process has been carefully undertaken.

For most of the life of this research the company has been owned and managed by me alone, although in more recent years my wife has worked there part time. At the time of writing this section of the thesis, towards the end of my research, the company now has four members of the family working within it. It is too early to say what, if any, impact this change has had on the culture of the company and for this reason I have not spent too long specifically in the narrative in chapter 4 on any aspect of the literature regarding family firms. I have never felt until very recently that I have been part of a family firm. Denison et al (2004) in their survey on the culture of family firms do find that a family company has a performance enhancing culture, which they

view as being advantageous over a non-family company. Although an analysis of their approach is not the intention here, one thing they do quote is the fact that succession and, by implication, potentially a continuing prominence of the owner manager's cultural wishes, is not replicable in a non-family firm. If their results of the cultural advantage of family firms are accepted, then this does represent encouragement for the incorporation of family members into the organisation by owner managers who may be considering such a move.

The literature gives the impression of culture research as having its origins firmly in the dominant paradigm of controllability but which has evolved to take account of the complexities of organisational life. Mumby (1988) reviewed the two broad research approaches in the literature to understanding culture at that time. The first is the view that culture is simply an organisational variable that can be managed or manipulated to serve the ends of the organisation. The second approach recognises a plurality of cultures such that the organisation is in itself a culture. In other words the organisation does not exist except for the shared meanings that are generated by the members of the organisation. Morgan (1997) talks about the links between culture and leadership but notes that powerful leaders, whilst symbolising much of their organisation through their own actions, may not have a monopoly on creating shared meaning. *'Culture is not something that can be imposed on a social setting' (Morgan 1997 p137)*. This alternate more emergent thinking around the topic of culture and cultural change is discussed in detail in the second part of this chapter.

2.7 Strategy

Once again when deciding which topics I was going to incorporate into my research, I never doubted that I would include the subject of strategy. This is probably much to do with my view of myself as a competent analytical strategist and my innate assumption that strategic decisions were the key to business success. This section on strategy is restricted principally to a debate on definitions, as I examine the literature in greater detail later in the company narrative section in chapter 4. In that chapter, for ease of understanding, I break down the subject into several different sub-topics of functional strategies, which concern the specific options the owner manager is faced

with on a micro-strategic level and I describe my actions within each of these separate elements of strategy and compare and contrast them with the literature at that point.

One of the significant contributions to early work on strategy was Porter's (1985) highly influential view that strategy was the determination of certain products in their markets. Mintzberg's (2000) summary of approaches to understanding strategy refers to the dominant paradigm assumption that strategy can be planned and delivered according to the wishes of the managers. Mintzberg gives the example that most people, if asked, regard strategy as a sort of plan, a direction or guide to future actions but then when asked to describe their own strategy in the past five years, happily do so despite the obvious conflict in their original definition of something in the future. Mintzberg himself describes strategy as a pattern or a consistency of behaviour over time. He resolves the dilemma this causes with a description of past strategy as 'realised' strategy and future strategy as 'intended' strategy. 'Intended' strategy is based on assumptions that involve many unknowns at the time the strategy is being formulated and where the outcome of strategy was not as intended, he labels this 'emergent strategy'. Mintzberg sums up his view that there is always going to be a mixture of emergent strategies and intended strategies, as no one can predict the future. Mintzberg adds a further definition of strategy as that of perception; it is simply how the organisation sees a way of doing things.

According to De Wit and Meyer (2004), the dominant view traditionally was that the strategy process was linear, beginning with analysis then leading to formulation and subsequent implementation. They refer to a fundamental disagreement about the cognitive processes involved and question the nature of strategy as being seen as a sequential process. Rather they describe the incremental iterative steps that form emergent strategy. In the face of the unknown forces that will impact a company's future, the best the managers can do, is try to build resources in particular areas that will allow the enterprise to survive. As new information comes in they deal with short term reactions and formulate longer term plans. The process has no beginning or end.

In the face of all the unknowns in trying to forecast future impacts on a company's performance, the concept of 'Scenario Planning' was developed. Here different futures are postulated and varying degrees of probability are attached to them (Wilson

2000). It helps in the sense of alerting the managers to potential threats and encourages them to protect against these threats but what happens in reality may bear little resemblance to any of the forecast scenarios. At large company or government level, it presumably helps with contingency planning, say for disaster events but for the smaller company with limited resources, it seems of limited value.

The history of strategy research within the dominant paradigm demonstrates the difficulties in even arriving at a common definition. Strategy is seen as a controllable entity within the 'gift' of management. The evident response to this view is simply to look at the complexity demonstrated in real life company examples. For instance on the high street, where very competent retailers find their fortunes wax and wane over time despite their very best efforts in defining strategies for their companies. This simple observation leads to the search for a deeper understanding of strategy and has led to the development of an emergent view, that it is the product of all or any member of the organisation, as will be seen in second part of this literature study. Where each of these opposing views coincide, is that whether or not it is accepted that anybody has control of strategy and whether or not one takes the view that it is produced or emerges, there is the expectation that there will be causes and effects somewhere and somehow. The dominant view is that these are controllable by management.

2.8 Summary of Literature within the Dominant Paradigm

It seems clear from the above, that there are many different studies within my chosen themes that have analysed small businesses and their owners from very different angles from within the dominant paradigm. This variety of approaches is dominated by mechanistic models of performance and behavioural analyses principally from within the social science and psychology disciplines. Literature within this dominant paradigm has been seen to be overwhelmingly based on theories using quantitative data generated as a result of causal studies. Where I have found great difficulty in progressing further with my own initial positivist approach are the underlying assumptions of these studies. It is possibly due to the pressure from politicians and business owners for simple answers, that some of these assumptions have arisen. After all, my own initial research aims were to look for the common factors in

business and entrepreneur success in an attempt to emulate them. By the end of my initial literature search it was evident that the help I sought in greater understanding was only partially to come from this literature. I have summarised some important features of the literature below, which lists some general assumptions:

- There is homogeneity between small firms.

- Specific, individual causal factors can be identified and forecast to produce specific common outcomes across a population of companies and entrepreneurs.

- From this, it is accepted that these factors can be controlled by management and an appropriate mix can be selected to ensure success.

- There is sometimes no recognition of the influence of external factors impacting on firms.

- There is often no recognition that these factors may be complex and constantly subject to variation.

- The studies are usually short term and are unable to follow the evolution of small businesses and their owners over the long term.

- There is a concentration on describing outcomes and characteristics of companies as a result of given stimuli, without striving for understanding of just what is going on at an individual level.

- In both business and entrepreneur studies there is a dominance of the predictive model despite the conflicting results of such models.

Curran and Blackburn (2001) demonstrate the weakness of the mechanistic models by citing work by Storey et al (1987), which attempted to generate a model to predict

business success and failure. Curran and Blackburn (2001 p.44) sum up this approach with the comment… *'Overall it is fair to say that models of this kind, though common in small business research, have not been found to have any great predictive power'.*

Despite the wide scope of the dominant literature, there appears to be no encompassing explanation of the phenomenon of how businesses evolve. Cause and effect phenomena are too numerous and varied to allow the creation of a unifying theory. (Grant &Perrin 2002) The different attempts at small business definitions and theories are perfectly valid as descriptions of the entity and observable phenomena at any given point in its lifetime but in terms of helping the understanding I am seeking in this research, they are inadequate in illuminating the driving forces behind these observations. In addition there is so much variety in the studies undertaken and so much conflict in the results, it seems a vain hope that the secret of business and entrepreneurial success is locked somewhere within. This strikes at the very heart of my original beliefs about the way my own study would progress and leads to the examination of alternative literature, which is discussed in the second part of this chapter. It is not that I question whether studies based on observation are somehow not valid, as it was my own observations of phenomena in my business and personal life that prompted this research in the first place. It is in the interpretation of these observations that is at issue. The dominant theories are of immense help, as foundations on which to build further enquiries, as they have already examined so many elements of small businesses and their owner managers, allowing the new researcher to move onwards. *'The known territory is always available for re-examination from different perspectives' (Burgoyne and Reynolds 1997 p.6).* As my research continued to develop, I was eventually to compare my own observations with findings from the dominant literature and to draw conclusions, as to their strengths and weaknesses. The implications of these major theories are contrasted with the realities of life in my small business in the story section in chapter 4 of this thesis.

2.9 A response to the Dominant Paradigm

In pursuit of a greater understanding of the development of a small business and its owner manager, I concentrated in the earlier part of this review on literature, which could be deemed to lie within the dominant paradigm (Darwin, Johnson and

McCauley 2002). The conflicting results and lack of concentration on what lies behind observable characteristics leads to an inadequacy of the dominant theories as explanatory and predictive theories. The assumptions on which many of these studies are based were to be questioned as my research continued and were summarised at the close of the previous paragraph 2.8. This finding forced a reconsideration of my whole approach to the study, which is described in detail in chapter 3. The chosen alternative, discussed in that chapter, was to move the focus from simply describing the external, observable characteristics of an organisation and its owner manager to the concept of the social construction of organisations and to consider an alternative form of inquiry from within. I am aware, that as occurs throughout this work, there is a question of the order of presentation to address. At this point there could have been an ontological and epistemological debate, prior to embarking on a discussion of alternatives to the dominant paradigm, as it is that debate that led directly to my consideration of what follows. Pragmatically, I decided to confine the topic to the methodology chapter (chapter 3) and this literature review has to proceed on the assumption that the reader may, if they so require, forward themselves to that chapter before continuing.

Thus what follows in this section, is in effect a response to the whole body of literature discussed in the previous section 2.1. There seems little point in debating the relative merits of each contribution within the dominant paradigm, when due to its perceived inadequacies and conflicting results, it is actually the paradigm itself that is subject to my questioning.

When writing this second part of the literature review, quite some time after completing the first, I sought a framework in which to anchor both parts of the review, rather than them just appearing as discrete topics. In other words, the dominant theories are not to be simply discussed in isolation and then discarded; rather they are to take their place in a wider framework of research. Burgoyne and Reynolds (1997) propose that theories can be grouped under four headings and this proves a useful mechanism for locating my own research.

These theories are described by Burgoyne and Reynolds as:

Normative theories: those that describe what should be done.

Descriptive theories: those concerning what is going on.

Interpretive theories: those that attempt to explain why things happen

Critical theories: those that examine the assumptions we are making in our analysis. What are our value judgements?

This thesis demonstrates a gradual progression through the above framework towards a more interpretive and critical approach and this chapter contains supporting literature contributions, which demonstrate this change. This progression mirrors my changing view of the bodies of theories that I have studied and detailed in this thesis. As the research progressed I was to critically examine the dominant theories that I had expected to be the foundations for my own study, to find them based on assumptions that I was to question upon reflection of my experiences and by reference to an alternative literature.

2.9.1 Sense Making

Morgan (1997) proposes a way of departing from the constraints of paradigms and yet connecting them with the concept of a subjective reality, through the use of metaphors. According to Morgan, all theories of organisations are based on metaphors or implicit images that allow us to see and understand them. Morgan sees metaphors as central to how anyone is able to try to understand their experiences. Johnson and Duberley (2000), in their observation of Morgan's ideas, claim that metaphors are deeply embedded in our cognitive structures and describe them as being *'vehicles that operationalize paradigms in our minds' (Johnson and Duberley, 2000, p81)*. Thus when a particular metaphor is used, it is from the perspective of a particular paradigm. For example, the machine metaphor derives from a functionalist paradigm, (see paragraph 2.2 for a discussion on this term). From the paradigmatic view point…..
*'reality is experienced subjectively through the lens of the particular paradigm'
(Johnson and Duberley 2000 p83).*

Throughout this work I have found, almost without thinking or consideration, that I use metaphor as a useful technique whenever I am seeking greater explanation and understanding of the phenomena I am describing. My research itself, as a progression

in thinking, could itself be described in terms of metaphor. Burgoyne and Reynolds (1997 p.6) refer to ... 'the underlying metaphor of progress through the conquest of unknown territory and its transformation into known territory'. (I propose this metaphor purely, as a means of visualising the process of my research).

Karl Weick's (2001) work on making sense in organizations is an alternative way of trying to understand the small business as an organisation. Sense making for Weick is an emergent and a retrospective activity. To help explain his approach he uses the analogy of the game Mastermind, where there is a code to be cracked using coloured pegs. This demonstrates the reductionist approach of the dominant paradigm. In contrast, Weick's view of the organisation is that there are no equivalents of the coloured pegs and one doesn't know when the code is cracked. Weick goes on to liken sense making to map making where the map we make is of our choosing and just one of many that could be made. Daft (1986) talked of organisations as being goal directed social entities. These views opened up the proposition of regarding organisations as something other than reified entities, which to me, as an engineer, had hitherto been something that only people in the arts and social sciences did and was not for 'real' understanding in engineering terms.

2.9.2 Social Constructionism

Within the constraints of the dominant paradigm, culture for example, was seen as a controllable organisational variable. Mumby (1988) pointed the way to a more complex explanation of culture by describing the contrast between this dominant paradigm view and the social constructionist view of the organisation, as not having a culture but being a plurality of cultures. In other words, the organisation is in fact itself a culture constructed from the shared values and meanings of the members and therefore is not controllable. Darwin et al (2002) also caution that culture is a complex phenomenon and assuming it to be readily alterable is a fallacy. They discuss the notion that working on culture change gives the illusion of doing something valid. In this vacuum of inaction they quote the work of Newman and Chaharbaghi (1998) who propose it is more important to concentrate on factors such as innovation and development and then to assume that the necessary culture change will occur as an outcome. (This makes sense to me as an attractive practical approach and mirrors to

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some extent my natural way of working which is discussed in the self-narrative in chapter 4. The evidence of my success in applying this approach is however, limited).

As can be seen from earlier in this chapter (see paragraph 2.4), early entrepreneurship and leadership research mainly concerned the traits and personalities of the individual eg (Chell 1985). In other words the belief was that possession of a certain trait would lead to an entrepreneurial action. Out of this belief came 'personality profiling' from which it was hoped it would be possible to identify the successful entrepreneur. However, according to Jones and Spicer (2005), the underlying driving force behind the direction of entrepreneurial research is precisely its continuing failure to identify successful entrepreneurs in advance. This leads to a continuance of the debate about the subject of entrepreneurialism, referred to by (Davidsson et al 2001), where definitions, methodologies and concepts are open to question. This on-going debate is reflected in the two halves comprising this chapter reviewing the literature.

Lindgren and Packendorff (2009) propose that entrepreneurship research should follow a social construction path, such that new phenomena may be included. They argue that this will allow for a wider examination of the different meanings of entrepreneurship. Entrepreneurship research traditionally employs normative questions such as how and why opportunities arise and why and how certain people can exploit them. According to Lindgren and Packendorff, a social constructionist perspective implies descriptive interpretive enquiry into how and why opportunities, entrepreneurs, entrepreneurial processes and entrepreneurship are constructed in social interaction between people. No one can have the same sensations as another person or know what is in their mind. It is only through communication that we learn what the person is sensing and perceiving relatively (Hayek 1952).

With the social construction approach it is of less interest to undertake deductive studies with fixed operationalized concepts, since the knowledge and concepts are a creation of the interaction between people and their interpreted environment. In terms of research methods, Lindgren and Packendorff (2009) propose the potential for different qualitative interaction designs, such as participant observations and in depth interviews and methods of analysis, such as narrative analysis, discourse analysis and ethnography, as a means of focussing on the interaction between people and their

interpreted environment. In the methodology chapter (chapter 3) proposals for alternative designs of a study are discussed at length.

According to Chell (2008), people's behaviours and actions are connected through a social construction of norms, responsibilities and rules. These themselves are further located within economic, legal and political systems. To understand the actions of an entrepreneur in a social constructionist approach entails a holistic view, as to how they behave in particular circumstances. Understanding their behaviour in this way is in contrast to psychological approaches, such as trait psychology. In social constructionism, it is the subjective phenomenal experiences of each person that is the focus of attention (Chell 2008). In her thinking, Chell demonstrates the existence of paradox that is discussed throughout this thesis. On the one hand she proposes entrepreneurship, as a social construction and yet on the other accepts its position in economic, legal and political systems. She then further argues for the presence of consistency of behaviour, skills and competencies of the entrepreneur, pointing to homogeneity. This paradox points to the complexity and context of the subject and prompted an examination of the potential encompassing concept of complexity theory.

2.9.3 Complexity Theory

The accepted definitions and quantitative research studies described in the first part of this chapter, fit neatly within the confines of the dominant paradigm. They reflect an approach which emphasises reductionism, predictability and determinism. These assumptions lead to the concept of control, where order can be established through the scientific discovery of causal factors. Stacey (2007) describes this thinking, as there being an underlying shift from disorder to order, as more discoveries are made. Within the dominant paradigm, researchers are constantly seeking rational foundations on which to explain phenomena and using the methods of the natural sciences is seen, as the way this is to be achieved. Through these methods, universal laws can be constructed. It is clear from the conflicting results between the scientific studies, within the dominant paradigm, that this is unlikely ever to happen soon and other ways of approaching social science research have begun to gain a wider audience. Complexity theory offers one such alternative but almost as the name

suggests, it is not composed of a unified body of thought (Walby 2003). In the field of the social sciences, Byrne (1998) links the concept as being compatible with realism whereas, Cilliers (1998) sees the concept as compatible with post modernism.

This post-positivist standpoint has an opposing ontology; the world is experienced differently to that of the dominant paradigm and is relational. Experiences are unique to the reporter and cannot be linked to other experiences, so there can be no external validation of truth claims (Hay 2002). The assumption in complexity is that systems can exist in a chaotic state of both order and disorder at the same time (Richardson and Cilliers 2001). In other words, complexity theory can be seen as somewhat a middle ground between the two opposing views of order and disorder, where the acceptance of one assumption does not necessarily negate the use of the other. Each has its place and according to Richardson and Cilliers (2001) one may be more appropriate than another for a certain situation but that does not give the chosen assumption a privileged position over the other.

An important assumption to be drawn from complexity theory, as an aid to the development of this research, is confirmed by Byrne (1998). He stresses the importance of understanding, that in complexity theory, analytical strategies are inappropriate, as phenomena cannot be reduced to the sum of their parts. A reductionist approach is therefore not seen as a means of gaining understanding.

Stacey (2007) describes a developing view of organisational understanding, firstly by considering the organisation as a system and then as a 'complex adaptive' system where order emerges from chaos. One attempt at conceptualizing the chaos and complexity in organisational life is the use of a computer programme designed to bring order from the chaotic behaviour of actors in an organization. This 'complex adaptive system,' consists of a large number of agents that behave according to a set of rules. These rules are such that each agent adjusts its action to that of the other agents with which it is in contact. The well-known computer simulation of this phenomenon is by Reynolds (1987) and concerns the flocking of birds. Each bird or 'boid,' as it was termed in the experiment, was given only three instructions; move towards the perceived mass of other 'boids', maintain a given distance from all objects including other 'boids' and match velocities with other 'boids'. This produced

flocking in an orderly manner out of a chaotic situation. Although the 'boid' experiment had similarly acting agents there was further development in using programmes with dissimilar agents. Whilst it is tempting to try to reduce the actions of people to being alike with a computer programme making sense out of chaos, in one sense it perpetuates the view that order and control are manageable. It is though, an example of order and chaos co-existing.

Complexity theory assumes organisations as systems are operating at the edge of stability, as opposed to conventional systems thinking, which is based on the assumption of stability. They are in chaos or at the edge of chaos. Stacey (2007) describes them as being predictable and unpredictable at the same time but over the long term they are radically unpredictable. This fundamental statement means that the taken for granted theories of the organisation within the dominant paradigm need to be questioned. Stacey labels these chaotic organisations, as being under perpetual reconstruction, where the future emerges out of local interaction. There is no blueprint for the organisation and it cannot be designed by any agent comprising it, as they are co-constructing it as participants. The complex system evolves only where there is conflict between agents within the system. This differs from conventional systems thinking which describes evolution as arising in an ordered linear progressive fashion.

In the story in chapter 4, I describe events in my daily business life, which are a continuous series of actions and interactions but it will be evident from what I write, that the eventual consequences of these were not always as I predicted. In the methodology chapter (chapter 3), I describe my rejection of the dominant discourse, as being the way to gain the fuller understanding I was seeking and present my search for alternative way forward. The concept of complexity accepts that changes happen as a result of identifiable causes and the company can react and adapt to these, as in the dominant theories. In complexity theory however, the ability to predict how these changes will affect the business in the longer term, and knowing the optimum strategy to choose in the face of them, is impossible.

The notion of the potential for the connectivity of everything, inherent in complexity theory, extends into the other discrete topics covered in this literature review, including culture and leadership. Dealing with the subject of culture from a

complexity perspective entails not looking at what it consists of but viewing it as an emergent property arising from the continual negotiations about values and meanings of the members of the organisation (Kernick (Ed) 2004). Organisations cannot be changed according to some predetermined plan or desire of management. To try to effect culture change from the complexity viewpoint, it is better to concentrate on building new connections and relationships so that self-organisation can occur (Seel 2000). Self-organisation is where the organisation can adapt itself, as a whole, by means of each member individually following a set of rules. This change can only be initiated from within the organisation and should be a process of nurturing and encouraging new behaviours, until a critical mass of an altered culture is achieved (Seel 2000).

Work has been undertaken on leadership in the context of complexity theory by Lichtenstein et al (2006), who describe leadership as an emergent event and as an outcome of relational events among agents. They talk about leadership as being more than a skill or an exchange or a symbol. Rather they propose that leadership emerges through dynamic interactions. According to Drath (2001), Complexity Leadership Theory (CLT), assumes independent actions among many people is what leads to a collective venture. The implication of the complexity theory approach, is that a hierarchical view of leadership is not appropriate and concentration should be on developing skills of interaction at a local level, as a means of increasing influence on future direction. Complexity Leadership Theory fits with the theory of distributed leadership, which holds that it is the traits and abilities of the executive team that are of importance in providing an emergent leadership rather than just the activities of one individual leader (Ensley et al 2003).

2.9.4 Complex Responsive Processes

Stacey (2007) develops his thinking still further to depart from perceiving organisations as conventionally understood systems. He uses the term 'complex responsive processes.' Here the organization is defined as arising from the actions and interactions of its participants. It cannot be observed from without and reality is constructed through the conversations and power relations of the actors within the organisation. These conversations and power relations result from an additional layer

of complexity in the work place or organisation, which is the nature of the human beings who are the participants in the entity. Humans use language, which derives from their own beliefs and values and this is impossible to predict or control. The effect of this language on others is equally impossible to know in advance.

This concept does not accept that control can be exercised by any one actor. What emerges is purely the result of the interactions between people and events within and without the organization. In contrast to the dominant view that organisations can be objectively observed from an external view point, Stacey (2007) argues that they can only be experienced from within. Systems thinkers have tried to approach this problem by widening the system to include the observer but as the observer then becomes a part of the system, they are observing themselves observing which leads to infinite regression.

The topic of strategy was of major interest to me in my search for greater understanding of a small business and its owner manager. The whole premise of my initial approach was the belief that other business owner managers had already learned the secret of how to develop successful strategies. After all if a successful strategy can be adopted then my theory was the company would prosper. The discovery of a body of literature, which expressly denied the concept of control, came both as a surprise and something of a relief. The 'thing' I had been chasing was perhaps not a 'thing' after all. There is a difficulty in terminology when discussing the organisation from a constructionist point of view. The dilemma is that organisations may have an observable internal and external identity such that characteristics may be ascribed to them by the observer. This is the power of the brand but in recognising brand values, this is not intended to reify the organisation, which remains the product of numerous complex responsive processes.

Stacey's (2007) approach to thinking is that human beings cannot be in controlling positions. Strategy, when viewed from within the confines of the dominant paradigm discussed in the first part of this chapter, is seen as a controllable entity. Stacey sums up his counter view to this as….. 'Strategy as a population wide pattern of action cannot be chosen by anyone but rather it emerges from the interplay of individual intentions and choices in local interactions…… All anyone can ever do, no matter how powerful, is to engage intentionally and as skilfully as possible in local

interaction, dealing with the consequences in an on-going manner, as they emerge. Many practical activities, such as organisational change programmes, strategic planning, the nature of leadership, the meaning of control and so on, need to be rethought if one takes this perspective' (Stacey 2007: p239). His proposition that no one is in control of the organisation is the antithesis of the concept of specific causality in the dominant discourse and was to further influence my change of direction in this research.

This way of thinking is of course a direct challenge to those who believe at all levels in any organisation that control is possible. The inability to exercise control is a plausible explanation of the weakness of causal assumptions in conventional management research within the dominant paradigm and their failure to produce comprehensive, conclusive, predictive theories. In other words, events and the actions of other people both in producing these events and reacting to them are also control determinants and these are too complex in number and nature to predict over the longer term.

Strategy discussions concern the search for, or the maintenance of, competitive advantage, and this entails thought about resources and markets which lead to a strategy. From a complex responsive process point of view, money is one major resource and whoever controls the money will have a balance of power at local level. What the money can be used for will reflect the norms and values of the organisation that have developed over time. Money is only one resource and an important further one is competences (Stacey 2007). Stacey calls for the development of reflexive thinking in oneself, as a way of improving interactions at local level leading to greater competences. This action focuses on what people are and not what they might be. Knowledge is an important resource but... *is not understood to be a 'property' at all, but active relational processes between human persons and a reflection of human identity, which cannot be captured, stored or owned. (Stacey 2007 p413).*

Although Stacey argues that the concepts of planning and control do not lie in the hands of a single person or group, he does not say that these people do not have choices to make. He describes them rather as gestures in an on-going series of gestures and responses from which the evolution of the organisation emerges.

'Strategic direction cannot be set in advance but can be understood in hindsight after it has emerged' *(Stacey 2007 p 415).* The conclusion in strategic planning, from a complex responsive process view, is that it cannot be predicted in advance, that the application of the selected strategies will result in what is intended to emerge. Control cannot be exercised in the conventionally understood sense but can be thought of in paradoxical terms (Streatfield 2001). Streatfield argues that instead of having two positions of either being in control or not in control, managers can be in control and not in control at the same time. Managers not in control display courage to carry on creatively. Stacey (2007) proposes it is the patterns of meaning arising from the interaction in the organisation that lead to a sense of order and stability which enable managers to continue with their tasks.

Strategic thinking then for a manager such as myself should start from the basis that any decisions are not made by viewing the organisation as a whole but rather by examining the smaller emergent interactions that can occur within the organisation. In other words there can be a plan of direction instigated by anyone, including the manager but what may emerge, will be the result of the power relation at a local level and when and if implemented, any plan may or may not proceed according to forecast, simply because the interactions cannot be predicted. The plan will therefore potentially be subject to continual modification and in the end what emerges may look nothing like the original idea.

The idea of the market is also considered entirely differently within complex responsive process thinking. Instead of regarding the market as an 'it' that has its own characteristics, it is considered to consist of the engagement by people within the organisation with people in other organisations. *'The activity of the market is thus conversational in nature and such activity immediately constitutes figurations of power. Such power figurations are sustained by ideologies'* *(Stacey 2007 p414.)*

2.9.5 Summary of the Small Business and Entrepreneurship Literature

Within small business and entrepreneurial research there is an extremely large number of potentially influencing phenomena. Studies within the dominant paradigm are based on the assumption that the organisation can be observed objectively from

without and any of these phenomena can be analysed scientifically. From this starting point, all small businesses and entrepreneurs including myself and my business could be subjected to the same analysis and should be expected to produce the same results. In my business life and also from many of the results of research within the dominant paradigm, it is evident there are too many exceptions and conflicts of results for this to hold true, as being predictive at the individual level.

At this stage, following my literature review, I was now suspicious of simple theories dependent on the categorisation of people and events and which implied direct causality. Yet the theories are useful as descriptions of what may happen to companies, given certain circumstances, and I can recognise this from my business life. With my eventual dissatisfaction with the contradictions and lack of understanding offered by theories within the dominant paradigm, I began to search for alternatives and firstly examined the 'bridge' between the conventional theories within the dominant paradigm and the newer emerging trends by exploring the technique of metaphor. From this departure, I became aware of complexity theory, which offered an alternative viewpoint that was to change the whole nature of my research. It is appropriate to label theories within the dominant paradigm as helpful but they do not drive deep into causes. It is not so easy to pigeon-hole complexity theory in this manner. I do not propose that complexity theory holds the answer to everything, as it is a vast, ill-defined and developing field. Where complexity theory was attractive was the acceptance that it didn't automatically disqualify concepts such as cause and effects in business evolution but placed them in the context of interconnectedness with other events, over which no overall control can be exercised and no long term consistent predictions can be made.

What was fascinating, was the discovery that the seemingly discrete topics of culture, leadership, strategy etc that are all individually and discretely addressed at the beginning of this chapter within the dominant paradigm begin to be interwoven and connected, if approached from the point of view of complexity. In other words, attempts at understanding seemingly diverse elements of a complex subject, could be aided by the application of a complexity theory approach. I view it as a concept, which I can 'overlay' across the topics discussed, as a help to further enlightenment. This literature review chapter, as with the whole of the research, emerged from an

initial planned beginning of a review of the positivist literature, through its own chaotic evolution, to finally form a framework around which I could construct a coherent analysis of so many different contributions.

At this stage, I had intended to include examples of work from the alternative paradigm by other owner managers but there was an apparent lack of practitioners who had gone before. This lack of contributions was highlighted in a paper I presented, (Kirkham and Harrison, 2011), which described the incorporation of complexity theory thinking and a reflexive approach in my research. The paper draws attention to the contradiction between, on the one hand, the wide spread acceptance and apparent encouragement for more reflexivity in management research, and yet, on the other, the lack of suitable examples of methods and techniques that others have employed in comparable research. There are of course some contributions from within the social constructionist approach which are helpful and I do refer to them in the following chapter (chapter 3) but these are concerned with other subject matters and although relevant in general terms, are not of specific help in discussing a small business and its owner manager. Consequently, I did find it difficult to gain pointers to direction in method, structure and style for this study. This represents a gap in the literature, which this research may help to fill.

Chapter 3: A Progression to an Alternative Methodology

3.1 Introduction

As has become evident, the literature review in chapter 2 was eventually to be undertaken in two halves with a methodological debate occurring between the two halves. The presentational difficulties this entailed have been highlighted previously within the literature review. This methodology chapter is not only an exploration of the different methodologies considered for this research but also is an account of the research process itself. I begin with an introduction to the development of my thinking prior to the main body of the chapter.

With my engineering background, I was convinced there was no question that could not be answered, provided one researched it scientifically. There was an objective reality out there waiting to be uncovered. This ontological starting point led me to think that other successful business people had surely found this reality and knew some of the answers already. All I had to do was ask them some questions in my research and they would be able to point me in the right direction. I was looking for the classic 'How To Do It' book such as one would pick up at the airport bookshop.

In demonstration of this thinking, in the early days of my research, I undertook a series of now discarded interviews. I approached a well know local business man who was highly successful and told him my topic before asking him to help me with some answers. He was most helpful and at our meeting disclosed the information I had eagerly awaited. He told me that to run a successful business, one had to have a song, the singer and an audience (a product or service, some way of making/delivering it and a customer base). Although it was hugely disappointing and didn't get me very far in my research, it did influence my thinking towards a new direction. Even though his explanation had been simplistic and of not of the practical use I had expected, he had used metaphor, as a means of trying to make sense of my question. Returning to my research and in the light of my continued reading, I started to think more about what he had said, rather than dismissing it, as I had done at the time. I began to think of other metaphors, as a help in understanding the concept of a company. I thought of

the aging rock band. We all remember them from the 60's; who they were and the sound they made then. Now however, there may be just one member left but they cling to the name and memories and still perform as a band but it can never be the same band even though it sounds the same. From a starting point in my research of calling a company an 'it' or an entity, I was beginning to consider a different view of an organisation that was the product of its members' interactions, rather than a thing in itself.

Armed with this new idea and following the discovery from my initial literature review that no single unifying theory for small business development existed (and was not likely to in the near future), I began a period of reflection of to how to design a study, which would achieve my aim of increasing my own understanding. In my initial reading, I had not found the desired text book approach to small business (despite the numerous text books that do exist). Each time it seemed, as I unearthed a new theory purporting to prove the causal relationship between the growth of a business and some external action, it would simply be rendered suspect by either a competing theory, or as a result of my own experiences and observations. I concluded that these theories held an important position as descriptive theories, which concerned cause and effect phenomena over large constituencies, but I could not accept that they be labeled predictive theories when applied to an individual business. Seeking this understanding was the whole point of my research and these theories did not appear to offer this, as they were limited to describing a retrospective pattern of past developments in the majority of companies in any one survey. To amplify the point, consider for example, two hypothetical identical companies (Company A and Company B) located side by side. They start out nominally equal but I had found no way from the literature, of predicting that both will grow, or either will grow, as evidently there may be a different interpretation of, and reaction to, the same events in each company. (As an aside but in further illumination of this point, some years ago I sat on a panel with other local business people charged with the distribution of grant money to businesses. This lasted for quite a period and I saw many applications from entrepreneurs wishing to start or expand their companies. Some years later, upon reviewing their success or otherwise, I was surprised to discover there seemed no discernible pattern, as to who made a success of their business and who didn't. I also got a lot of my personal predictions for successes and failures wrong!)

Although from my writing, it may appear that my research progressed in a continuous, linear one -way direction, it was, in fact, punctuated at this point by a dead stop and much frustration at having spent so much time and yet having achieved so little. (See appendix 1 for the time line of the research process). From this point on, my progress could be compared to a slow starting exponential curve, which was finally to end with a frenzy of activity prior to the end of my studies.

3.2 Methodology Review

There is no consensus as to how the subject of small business research should be approached. Curran and Blackburn (2001 p. 159) refer to … *'forces undermining cohesion in small business research. It seems, therefore, that one result of these forces is that progress towards a single, consolidated small business research approach, equivalent to something like a discipline, is likely to be a chimera'.*

Gibb & Davies (1991) argued that methodological problems in small business research fell into several main areas, which included a predominance of formalistic rather than heuristic approaches and knowledge without insight and this situation does not appear to have changed over the years. It was an inquiry question that had motivated me to do this study and I felt 'insight' was the strongest benefit I possessed. According to Tranfield and Starkey (1998) probably the most striking feature at that time was that the discipline of management research in general also operated no single agreed ontological or epistemological paradigm. Zahra and Sharma (2004) confirmed the majority of management research in the family business sphere is populated by familiar research methods.

Small business research has continued to grow over the last few decades due to the recognition by governments and others of the importance to the economy and thus employment prospects of the sector (Hoogstra and Van Djyk 2004). The research methodologies used in the early studies in the 1990's were reviewed by Chandler and Lyon (2001) who queried their robustness for an adequate progression in the field. Their conclusion at that time was that there was not yet a solid methodological base for theory development. Zahra and Sharma (2004) referred to the results of

management research as having a mechanical quality and not being concerned with the factors driving the phenomena being reported. Mullen, Budeva and Doney (2009) undertook a review of 655 papers in small business and entrepreneurship research published between 2001 and 2008. Their analysis showed that 478 studies were empirical and 187 were conceptual (ie studies that did not gather data, for example literature reviews). Of the 478 empirical papers, 50 were qualitative (case studies, interviews and observations) leaving the overwhelming majority of the studies to be quantitative. They critically analysed the papers for rigour and came to the conclusion that the evolution in research methodologies since the Chandler and Lyon review had not been sufficient and there were still substantial methodological weaknesses.

In addition to the inadequate and conflicting results from some of the major positivist research discussed in the literature review chapter, the above findings question the suitability of the methodologies employed in small business research. In the case of my research, it was the drivers behind the evolution of a company that were the important factors to examine but evolution implies a study over time. Studying a small company over an extended period is rare (Barringer & Jones (2004) and having done it, it is easy to understand why. Life in the small business can be very uncertain and that applies whether times are good or bad for the business. An external researcher would have serious difficulty being granted continual access to a company over the years let alone having the resources to commit to the effort required. A further difficulty for researchers of small business organisations, as discussed in the introduction to the chapter, is defining the entity they wish to study. If in a conventional causal study they concentrate purely on the observable characteristics of the company, it is questionable whether they are able to confirm the company they are studying is still the same entity at the end of a period of observation, given there may have been complete changes of personnel/owners over a long period of time. It is thus most likely it is for pragmatic and logistical reasons that longitudinal research is rare. According to Barringer and Jones (2004), studies of small companies range from typically one year but are seldom over 5 years.

In continuing to read the small business literature, as the logical preamble to further research of my chosen topic, it became ever clearer that simple cause and effect theories, identified and described by numerous researchers, were not universally

conclusive. In frustration at not finding anything other than that the subject was far more complex than I envisaged, I began to question the epistemological basis of the study. My beliefs were beginning to be challenged and it was becoming evident that my reductionist stance was not going to be fit for the inquiry into the events and experiences I had undergone in my business life. In the face of a literature that was overwhelmingly quantitative in nature and yet potentially unsuitable as a basis for addressing my research question, I undertook a review of differing methodological approaches.

3.3 Epistemological Considerations

As an engineer I was accustomed to the notion of a positivist study. My background was inherently reductionist and I began this work convinced that if I researched long and hard enough, I would eventually fully understand the small business. There is the assumption in the positivist approach, that there is some neutral point at which an observer can be located, where the world can be examined objectively (Johnson and Duberley, 2000). The positivist concerns themselves with the generation of factual knowledge and does not accept anything they term metaphysical. Positivism concerns a value-free activity with value-free outcomes (Johnson and Duberley 2000). Value-free research is that which is objective and scientific and does not include the opinions of the researcher (Abercrombie et al 2000). This scientific method historically dominated the way to do research and for me it felt like the natural home, as a means of assisting with understanding. As time went by with my research, and I became disenchanted with the search for overarching predictive theories of small business, I felt increasing pressure to depart from my anticipated positivist approach. My trouble was that I wasn't really sure at this stage just what might be an alternative. I was in the proverbial fog and could not see a way through, as the world beyond positivism was a virtual unknown.

In my research, I was seeking the discovery of the recipe for causal interventions that would ensure the growth and sustainability of a small business but what I was observing in my own business life did not support such an approach. If a positivist approach could be so readily discarded, it did not seem so easy to adopt something in

its place. I entered a period of reflection and fleeting consideration of methodological nihilism (Feyerabend 1975) before embarking on a more considered approach.

3.4 The Methodological Debate

Gill and Johnson (2002) summarised the debate about the philosophical choices and the respective research sub-cultures as follows:

Philosophical choices	Non-recognition of the relevance of human subjectivity	Recognition of the relevance of human subjectivity
Ontological realism	Positivist methodological parochialism (eg Neurath 1959)	Methodological pluralism (eg Trow, 1957; Denzin, 1970; H.W. Smith, 1975)
Ontological nominalism		Interpretive methodological parochialism (eg Garfinkel, 1967; Schutz, 1964; 1966; 1967)

Table 5 Philosophical Choices and Research Sub-Cultures (Gill and Johnson 2002)

From the above it seems evident that the positivist, methodological parochialist view advocated by Neurath needed to be discounted in this research, given my concerns about the suitability of a positivist study. I was dissatisfied with a positivist methodology but if I departed from it, how could I justify what I might observe and record, as being something about which I could make a claim, which could be defended? I began with an approach outlined by Keat and Urry (1975). For them, the alternative to positivism was a 'conventionalist' epistemology which has the following characteristics. Firstly they argue that scientific statements should not be

seen as being true or false descriptions of an external reality but rather they are the product of the observer. Secondly when evaluating the acceptability of a statement, this should not be judged by universal standards of evaluation but should be the product of the subjectivity of a scientist or community of scientists. Finally, whether a statement is true or false is undetermined by empirical data, as the observation of an event does not produce objectivism in the statement by the scientist about that event. It follows from this that the way of determining the truth of any statements is not by referral to an external, independent, pure body of knowledge but by an agreement between observers, as to the validity of any statement. This approach opened up the possibility of allowing the acceptance of subjectivity, which would come to characterise my eventual study design.

In the course of trying to shed light on the development of small businesses, my research had led to changes in me that have in turn been reflected in my view of the daily life of the firm. I was beginning to accept the complexity and contextual nature of small businesses and to reject the possibility of viewing them objectively. In my position of seeking an understanding of the world in which I work and beginning to explore the subjective nature of the direction of my research, there was the question of convincing myself and the reader that any claims I may go on to make, would be grounded in theory. I turned to the concept of socially constructed reality. Crotty (1998) and Lincoln and Guba (2000) confirm that individuals develop meanings from their experiences, which are varied and many facetted. Crotty (1998) held as one of his main assumptions that when humans engage in their world, they make sense of it based on their historical and social perspective. He assumes that meaning is always generated from social interaction within a community. Social constructivism is where members of the society construct this meaning together, where reality does not exist other than this created meaning. This approach was thus potentially a way that I could use in describing my experiences. Social constructionists, as per Gergen (1985), look more to social interaction, as in conversation, as a means of selection of data. In other words an explanation of a phenomenon is a socially constructed account. This approach fundamentally accepts the position of a non-neutral observer and is closely related to the notion of reflexivity (Steier 1991).

In summary at this stage, as I reviewed this section of my work several years after first beginning my studies, I had reached a point of greater realisation of the issues involved. Also in part, I had achieved the aim of understanding I had set at the beginning of this work, with the acceptance of the complexity of the subject and discovery of the concept of a socially constructed reality. As the research had progressed, it had directly challenged my fundamental assumptions of how to gain this understanding. I now needed a form of research, which accepted my changing position and yet was still underpinned by a reasoned philosophical stance.

3.5 Moving to an Alternative Research Strategy

Having deliberated on the different research strategies, it was time to resolve the dilemmas posed by each of them and to decide on a course of action.

The following block summarises the choices available.

Prescriptive Deductive Obtrusive 'From the Outside'	*1* Analytical Surveys & Experimental Research Design (Concerned with Precision)	*11* Action Research (Concerned with Utilisation)
Descriptive Inductive Unibtrusive 'From the Inside'	*111* Descriptive Survey Research Design (Concerned with Generality)	*1V* Ethnography (Concerned with Character of Context)

General extensive ⬅━━   Particular intensive   ━━➡

Table 6- Choosing Research Strategies (Gill and Johnson 2002)

In trying to resolve the dilemma of choice of strategy, Morgan (1983) is useful in giving five approaches. Firstly he finds that trying to devise some test as to the

appropriateness of a strategy will meet the problems of relativism. Secondly integrating strategies is not possible due to the paradigmatic research assumptions. Accepting one set will deny the others. The third approach is to judge the strategy by its usefulness. This accepts that there is no optimal way of undertaking research, rather it is dependent on the interests of the commissioning entity. The fourth approach accepts the dilemmas of choice as inevitable and juxtaposes different paradigms and metaphors. The final approach is Feyerabend's (1975) which argues for relativism, such that every research strategy is allowable and has some benefits. What matters is the acceptability to others.

Gill and Johnson (2002) conclude that there is no independent form of evaluating different research strategies but a detailed justification of the research approach should be made available by the researcher for the reader of the research. In accordance with this conclusion, I give an account in the following paragraphs of the research strategy I was eventually to use, together with a justification for it.

3.6 <u>Making Methodological Choices</u>

In reading further, my world view was beginning to change to consider a vastly different way of thinking. The theme of complexity in small business research was a newer concept, which appeared to offer an alternative way to proceed. Stacey (2007) outlines the challenges to taken-for-granted thinking. These challenges are first of all the assumption that organisations can be taken to be systems and that these systems are somehow separate from the individuals forming them. Further the dominant discourse is that these individuals are in charge of the process and believe they can somehow influence the movement of the system. Stacey distances himself from conventional systems thinking and the perceived separation of the system and the individual to a position that stresses human interdependence, where individuals are social selves that arise as a result of human interactions. This interaction is described by Stacey as the complex responsive process and is described in more detail above in the literature review chapter in paragraph 2.9.4. Through the course of reading the literature and reflecting on my own experiences, I had made a fundamental transition to accepting the socially constructed, complex and contextual nature of the

organisation. I was now searching for some form of enquiry that would accommodate this new world view and yet still satisfy my need for answers to my original question.

I considered the use of case study techniques, as through my work I knew many other business owners and so recruitment of suitable cases presented no practical difficulties. Perren and Ram (2004) discuss the use of the case study approach to small business research. They refer to the use of narrative and the entrepreneurial personal story. These are case studies of the entrepreneur's interpretation of events and importantly they accept the subjectivity of this one account amongst the many different accounts from social actors who are participants in their shared world. Perren and Ram point to the individual's subjective understanding of their own world, as being at the heart of the research. They propose that it is the entrepreneur's personal reflection, their subjective interpretation of learning and their personal view of significant moments, which are most important in adopting this approach. This method is intended to be used in multiple case studies by a third party interviewer gathering the views from the outside of the organization but it was the beginning of my realisation that subjective accounts of business owners were acceptable to some academics at least.

Yin (1994) proposes criteria for the design and methods for undertaking such case study research. Although the majority of Yin's techniques are appropriate for my research, the one I have difficulty with is my account being reviewed by others in the research setting. With the way my design was beginning to evolve, this would be impossible, as the study would concern my own observations and reactions to what I had experienced. I was interested by the focus on narrative within case studies, as I had begun to think about what I would say if, instead of someone interviewing me and them analysing my narrative, I were to tell my own story about the purchase of my company and my experiences there. The possibility of using my own story, in my own words, began to seem a credible and, for me at least, interesting way forward. In order to gain the understanding I sought, was it possible that I could report to the world from the inside of my company with myself being part of the research? In this situation, I would have no multiple company data to use but in its place I would have a large amount of experiences and stories spanning many years that could serve as data from which learning could potentially be derived. The events themselves in my

company may or may not necessarily serve as transferrable knowledge but my interpretation of them may prove of interest to me and others seeking illumination, as to the driving forces within a company.

My idea was now becoming increasingly attractive. The study was to become my own subjective view of the events that led to my purchase of the company and the experience of owning and managing it for approximately 15 years and its effect on me. In my new research approach, I was aware I could never stand outside my relationships and my experiences and be an objective observer. This was an important turning point but it still left the problem of justifying what I have observed and recorded as being something about which I could potentially make a claim and which I would be confident of defending in front of my peers.

Starting to redesign my approach and in pursuit of a fitting methodology, I had first to be clear on the source of my dissatisfaction with a positivistic approach. In positivism the assumption is there is a separation between the observer and the phenomenon under observation. The theory is that any knowledge gained would be/must be uncontaminated by the act of observation. The sensations and stimuli we are constantly subjected to are converted by us by the very fact of who we are, into meanings that are then communicated to ourselves and others. We choose what we sense by paying attention to some stimuli, whilst ignoring others. Therefore as I looked at my own organisation, my reporting the 'lived reality' of my time there in a manner and language that was theory neutral would be impossible. Inevitably, in my writing, I would also project my prior beliefs on to the events I had observed and recorded. Additionally it would be me who would select the events to be described, whilst ignoring others that perhaps at another time, I may have regarded as being significant. It would be my choice and my choice alone as to what was included and what was ignored or discarded.

The bias in my selection of experiences to write about is neatly demonstrated in the following example. Often over the course of my study at my periodic meetings with my academic supervisor, I would relate a new story of what had happened at work concerning a particular issue. She would find these stories worthy of note and perhaps incorporation into the study, whereas I would consider them on reflection not so

relevant and not worth any further thought. Yet for some reason I had found them of enough interest to tell her about them in the first place. I think it is simply that at any given point in a day in the life of a small business owner manager there are so many things happening around one, there is no shortage of stories to choose from and some appeal more than others. The partiality is obvious and it is important to state the position I had arrived at, so the reader is left in no doubt about the nature of this new direction of the research. The events and experiences of me and my company, which I discuss in the self-narrative section in chapter 4, have contributed to the knowledge, which I have gained through my existence in the 'lived world' of the company. My assumptions on approaching the study were based on the methods of the natural scientists but what I was now beginning to write was to be derived directly from my own partiality and theoretical beliefs.

My enquiry was to gain greater understanding of small businesses and their owners and reflecting on the position I had reached, my research was evolving into two stories; one regarding the experiences of owning and managing my company but also one regarding the research process itself. The literature review chapter began with examples of positivist research to which I had turned in my initial search for understanding. There then followed the move away to an alternative view and an examination of complexity theory. With complexity theory there is an acceptance of a socially constructed reality and from this position, I had moved beyond the constraints of systems thinking, to examine a reality constructed from complex responsive processes, where the researcher cannot observe from outside but is a part of what forms and what emerges from that which they are trying to describe. This emergence is the result of the conversations and power relations of the actors within.

3.7 <u>A Reflexive Approach</u>

When considering the departure from a causal study to a reflective inward looking stance, I had thought at first this would be viewed as potentially unacceptable and non-academic. It would clearly be a subjective account but I was confident enough, as I pursued the matter further, that at least this general direction was acceptable and well represented in more recent management research (Gill and Johnson 2002). I contrasted my newly considered approach with my observations of what fellow

students pursuing alternative approaches were doing. During the course of my studies, whenever my name and background became known to other research students in the university, I would become a popular target for interviews and questionnaires from them, eager to add me to their list of respondents.

These researchers would visit me with their very professional questions and I would dutifully participate. After doing this several times, I was struck by how variable the whole process was. It would be highly subjective, as to how I responded. At work if it was a busy or stressful time, I might have one ear on the 'phones listening to the conversations with customers and suppliers. My attention to the task was at the least very variable in each case. Depending on the structure of the interview or questionnaire or the nature of the interviewer, I would engage differently each time. It strengthened my view that whilst spread across a significant number of respondents, the interviewer would be expected to achieve a wider view that could be analysed accordingly. However at the individual level, of my one company, there was no consistency of response from me. Add to that further potential variables such as the scenario of say a different researcher with the same set or a different set of questions aimed at the same objective and the process is at best inconsistent. It is highly subjective and yet innocently presented as objective research.

I am not arguing that by removing the presence of an external interviewer, this somehow decreases the degree of subjectivity, or increases the validity, (if the use of such phrases is technically possible or even helpful). Rather the point I began to feel at this stage was that if qualitative research techniques such as interviews and questionnaires by third parties with their inherent subjectivity are accepted methods in researching businesses such as my own, then a further subjective approach, in which I was the researcher, as well as the researched, could potentially be viewed as being academically acceptable given the immediacy of my involvement and the direct nature of my account.

I was starting to see a way of pursuing the original inquiry question into the development of small businesses and their owners but I still needed reassurance that what I might discover would help me in achieving this aim. I began by looking at what I had determined so far as a result of my reading and experiences. I certainly

knew a lot from the literature about how other people had sought to answer the same question from within many disciplines as diverse as economics, anthropology, psychology, sociology and so on and there was certainly no agreed research approach but rather a dominant general view based on assumptions that I had found wanting. As I continued to read further, these disciplines seemed to become even more intertwined. For example, the general term describing my actions in buying the business and developing it, is described as entrepreneurship. Following the acquisition, I then came up against the issues of culture, leadership and strategy. The potential for the interconnectedness of everything that was an outcome of the theory of complexity discussed at length in this research intertwines such issues. There is thus a blurring of the boundaries between different research fields, which resonates with the general concept of post-positivist thinking in research. This conclusion was supportive of the way I was beginning to think about my research.

The majority of my introductory reading had been around the topic of small companies, as this was the main area of my original research. I found that on rereading the literature, the concept of the company was, even in the predominantly positivist view, accepted as having two general descriptions. Firstly, as could be expected from earlier in this work, the literature overwhelmingly concentrates on the view of the company as a reified object. Its characteristics of size and market sector and so on are given as descriptions of what it is. Secondly though, and more intriguing, is the accepted view, often heard in business circles, of the owner manager as the central figure in the business (eg Smallbone and Wyer 2012). In other words the 'small business is the owner manager is the small business'. With this openly avowed acceptance of the importance of the owner manager, there is of course a large volume of literature devoted to psychological studies of characteristics of these individuals. Many of these studies are referred to in the entrepreneurship section of this research in paragraph 2.4 above. There is though a lack of studies of these central characters and their organisations by the entrepreneurs themselves and this gap in the literature was to encourage me to pursue this new direction.

I was gradually adopting the notion of positioning myself within the research, as I had a large amount of data concerning me and my own company. With this comes the concept of reflexivity. As I looked at myself and my business and read more widely

on the topic, I was learning on two fronts and this was influencing both what I wrote and rewrote and how I viewed that which I experienced at work. The word reflexivity has a wide variety of interpretations. One description from Etherington (2004 p.31) is... *'the capacity of the researcher to acknowledge how their own experiences and contexts (which might be fluid and changing) inform the process and outcomes of inquiry.'* Although there is much questioning of its research value (Etherington 2004) it was evidently acceptable in some academic circles to proclaim one's work where the researcher and the researched need not necessarily be separated.

Johnson and Duberley (2000), describe two forms of reflexive research. The first is what they term methodological reflexivity, where the researcher aims to improve their practice by concentrating on methodological lapses. The second is epistemic reflexivity, where the researcher thinks about their own thinking. This second form of reflexive research more accurately described my new approach. Whilst this changing world view was a lifeline to rescue my research from being abandoned, the negative aspects started to appear as I went further. As a novice researcher, I found a lack of confidence pervaded my changing thinking and my contacts with my supervisors were difficult, as at first I constantly tried to embrace my new approach from the standpoint of wholly inappropriate scientific analysis. I had to learn new words and always felt wary of falling into the trap of reverting to an assumption that I was observing something apart from me. I was comfortable with the fact that a new direction was needed but I wasn't prepared for the wholesale revolution in my thinking that was required and the transition was not an overnight success. The change in research approaches demonstrated by my experiences is described by Gibbons et al (1994) and Tranfield and Starkey (1998). This split is classed as mode 1 and mode 2 research. Mode 1 is concerned with the transfer of scientific methods to management research, whilst mode 2 describes researchers as developing their own methods and modes of practice. Reflexivity becomes a crucial part of designing and conducting the research in mode 2 (Keleman and Bansal 2002). Complexity theory does offer some sort of bridge between the rational and constructed view of reality in accepting that order and disorder are co-existing bedfellows but it is a bridge that can never connect, as the natural science approach must always disallow this connection.

Upon writing of my experiences as this study has progressed, I have continuously had to reflect on previous writing in the light of my new found knowledge and to try to 'correct' the text to better reflect my new position. Reflexive research is now relatively common in social science but there is no record I can find of any business owner who has undertaken this form of study of their own business in the depth I have undertaken. This does potentially open up a space into which my research can fit but it does make it difficult to allow for any direct contrast with existing work of a similar nature.

In choosing a reflexive approach, one major hurdle to be overcome was the writing strategy. Tietze (2012) describes the lack of guidance for students researching their own work practices. As there were no examples of other business owners doing this type of extensive research, I had to observe others whose work was not directly comparable with my topic and yet could potentially provide direction in style and substance. An example of style in reflexive research is demonstrated by Kondo (1990) who is referenced as an example of the genre by Johnson and Duberley (2000). Kondo's topic concerned identities in the work place. What is helpful as a style pointer in her work is the way she uses a combination of techniques such as vignettes, self-reflection and theory as a way of demonstrating the inseparability of her as a person from concepts such as power and culture.

Criticism of the approach is typified by Lynch (2000) for example, who points to the obvious difficulties in deciding what is being claimed. Additionally Lincoln and Denzin (1994) talk of the danger of the self being so deep within the text that it completely dominates it. (This is the danger of self-indulgence and I discuss this in the following paragraph 3.9 on auto-ethnography, which was to become my selected methodology). I was concerned to discover a significant part of the literature was about issues very far removed from my topic and it was the cause of much anxiety. I had spent nearly six years of my life off and on working on this research and having abandoned my original ideas of how to do it, I wanted to be sure that what I was now considering would be appropriate. I needed further support for this approach.

3.8 Ethnographic Narrative

Watson, (2001), offered this support for my new direction. It is a piece of ethnographic research by one man in one company over a long period of time, with reflection on his experiences as time progressed. Watson goes out of his way to stress that he makes no claims to neutrality about his effect on those he was researching. His book is an example of one of the more recent concepts of research in social organisations, namely narrative research. The organizing theme of narrative research can be a time line. It can also be organized around themes and major episodes in the history of the entity being researched. This approach addresses the changing nature of the organization rather than viewing it as a static entity. Watson (2011) further argues strongly for an increase in ethnographic studies in management research and this was of great encouragement for my developing research strategy.

A review by Czarniawska (1998) refers to research that is told in a story-like fashion as per Van Maanen (1988). Czarniawska points out that there is no connection between the narrative approach and any conventionally accepted method of study. She talks about institutionalized practices on the one hand and individual experimentation followed by self-reflection on the other. Narrative research is relatively new in organisation theory (Rhodes and Brown 2005) and I was concerned as to its robustness for the task I was undertaking. I was conscious that if I did pursue a narrative approach, I would need to ensure it was not purely descriptive about my experiences. Whilst probably potentially interesting to a <u>very</u> limited audience, it would after many years work leave me feeling a lack of attainment of my goal of understanding. If this were to happen it would simply remain a story rather than a work of 'sense- making' as per the work of Weick (2001), discussed in the literature chapter paragraph 2.9.1.

Narrative research naturally has its critics, typified by Eisenhardt (1991) who holds that stories are not theories. Pentland (1999) observed that it depends who is telling the story, as to what is contained in them. Buchanan and Dawson (2007) refer to narratives as not being neutral and the reporting of change can be regarded as a political activity. They describe the selection of what is reported, as analogous with a photographer who decides what is and what is not included in the frame of a photograph.

It is easy to rest on the paradigmatic defence of these criticisms but that is almost as if to dismiss them as irrelevant. I don't believe that is my view. Rather I prefer to balance them as reasoned, negative arguments, which are to be outweighed by the positive ones that I advance in this chapter. Hummel (1991) suggested that stories should be taken as a credible source of knowledge by scholars. Boje (2001) is one of those who argue for narrative to be accepted as a valid methodological approach. Weick (1995) proposed that most organisational realities are based on narration. The principal application of narrative in this study is in the area of sense making. Weick (1995) states that stories are pivotal to sense making, as they help comprehension and imply a causal order to events. They can guide action and convey shared meanings and values. Rhodes and Brown (2005) describe narratives, as structures through which events are made sense of, rather than just being representations, which convey meaning. They propose narratives as methodological positions, which allow the researcher to engage with the complex nuances of the 'lived' world. The narrative form also allows for full representation by the writer of the assumptions implicit in how the story is told.

The criticism of the selective nature of what is included and what is excluded in the story invites a response of the analogy of an artist, which is similar to the photographer example given earlier. I listened to a recent interview with the famous British artist David Hockney, where he was relating how he would visit a particular farm track in Yorkshire and repeatedly paint what he saw there. His multiple paintings would vary according to many factors such as the weather, the season or the light or himself. Even on one same day if he were to return at a later time, the scene would look entirely different to him and he would interpret it accordingly. His interpretations would also be influenced by what he had observed in prior attempts at depicting it. Whilst this is not intended of itself to be a justification for the proposition that this piece of academic research can be directly equated with art, it is a reflection on the fact that on a particular day at a particular time, someone has tried to impart an image of what they observed. The partiality inherent in this example is clearly demonstrated by Hockney doing the same painting over and over again with differing results, as he saw something different every time and it was never the same view that he was observing and interpreting. This is evident to the observer when viewing the finished paintings and no attempt to disguise the different selection and interpretation has been

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made. Although I don't wish to extend this analogy any further, I have tried to describe (paint?) different views of myself and my company throughout the course of my development during the research process. I have written and rewritten and the reader is merely seeing the latest version.

The nature of my study, as it progressed, had pointed towards a move to a social constructionist position and narrative research methodology seemed to have the potential to ground the theory. Potentially I could become both the researcher and the object of research and the narrative approach was capable of taking this into account. Narrative research was certainly an accepted method and from this basis I needed a way of relating my stories within the framework of academic rigour. This path eventually led me to explore auto-ethnography.

3.9 Auto-ethnography

'Auto-ethnography does not merely require us to explore the interface between culture and self; it requires us to write about ourselves' (Etherington 2004 p. 140).

Auto-ethnography is an emergent method used in several fields of research (Ellis & Bochner, 2000; Reed-Danahay, 1997). Van Maanen (1995) lists auto-ethnography as a strand of ethnographic research, which of itself is longer established. Auto-ethnography is a form of self-narrative that places the self within a social context (Reed- Danahay 1997).

'Ethnography has traditionally focused on the 'other' as an object of study, typically spending time observing people in other cultures and societies, but in more recent times, influenced by feminism, postmodernism and an increasing understanding of the role of researcher reflexivity, experimental methods have been proliferating among sociologists, anthropologists and more generally across disciplines such as communications studies, theatre studies, literature, health sciences, education and sports sciences'. (Etherington 2004 p. 140 with reference to Bochner and Elllis 2002 and Ellis and Bochner 1996).

In auto-ethnography, the typical approach is to allow for a more personal point of view where reflexivity and personal voice are important (Mykhalovskiy 1996). The researcher produces and analyses a narrative of their chosen field of enquiry and their integral part in it. Thus the researcher writes about events and themselves, as the researcher-practitioner. It is an alternative method of critical enquiry that combines theory and a description of practice rather than being a mere story.

The philosophical underpinnings of the research approach are that ontologically, the auto-ethnographer believes their narrative to be their truth. Epistemologically, auto-ethnography concerns the lived reality of the writer and acknowledges and accepts the subjectivity of their account. Auto-ethnographies are case studies of one, which are in the tradition of ethnographic research. Qualitative researchers, (and thus including auto-ethnographers), assume that there is no fixed or external reality but only that which is created by the perceptions and beliefs of the observer. Evidently in my case, any evidence gathered in the research will be subject to the personal interpretation of me the researcher. The evidence I have gathered in my research is about the world, which I as the researcher inhabit but there is also a story of how I attempt to make sense of that world. In terms of communicating this sense making process through a self-narrative, I have had to concentrate on developing the art of self-reflection. The stories that I tell along the way through the narrative are my retrospective look at what I consider key events and experiences, which together with my reflections on what I have read, have influenced who I am and how I act.

Having gained greater confidence that a potentially suitable methodology was available, there was the difficulty that, as an emergent field, there were many different facets to the approach. Reed-Dannahay (1997:p9) expands the description of it as *a form of self-narrative that places the self within a social context*. Within auto ethnography, there are significantly different approaches. At one end of the spectrum is what is described as analytical auto-ethnography (Anderson 2006) with an emphasis on a scientific method of analysis of data. Duncan's (2004) approach is to look for supporting voices and evidence other than the author's. This reflects a somewhat positivist view which seeks facts and generalisability. This presents a real problem in my research, as this is an account by me about my own experiences. An alternative approach is advocated by, amongst others, Ellis and Bochner (2000) and is

more concerned with engaging closely with the reader through evocative forms of writing. It is this latter method that fitted more naturally with my own study and it helped particularly to answer the question that had been troubling me since abandoning the positivist approach to the study; namely, the transferability of the learning from my research. This method invites others to try to 'live' the experiences I have had and to empathise with them such that they may draw parallels with their own experiences. Ellis and Bochner (2000) talk of this empathic resonance by the reader, as demonstrating the validity of the approach without making any claims as to general transferability. In Anderson's (2006) critique of auto-ethnography, there is the proposal that an evocative auto-ethnographic account requires 'considerable narrative and expressive skills.' This is a source of concern, as I am aware that my auto-ethnographic account should not rely on any story-telling ability I may have that attempts to persuade the reader to overlook a possible lack of analytical or reflective thinking.

Chang (2008) describes several different ways of writing auto-ethnographies varying from descriptive texts through to analytical and interpretive discourse. He proposes four different writing styles that he terms; descriptive realistic, confessional emotive, analytical interpretive and imaginative-creative. My style, as it evolved, tended towards a combination of all of them, as I tried to involve the reader in an understanding of the events in my story, whilst striving for analysis and interpretation. What I relate, is the story of the research process itself complete with details of the problems of undertaking it and the process of buying and managing a small business.

My original motivation for the research bears repetition at this stage in order to reassure the reader that the story is not a justification for some of the difficult decisions I have had to take over many years. It was a simple desire to understand more about owner managers and what made their small businesses grow and prosper. (The question of whether in fact it did become a form of justification as time progressed must be left for the reader to judge but I have felt my continually reflexive position has progressively eliminated this tendency).

In deciding on the use of an auto ethnographic approach to this research and reading how others had approached the task, there seemed to be a lot written on the subject

and its usefulness as a methodology but very little actually written about an agreed format of how to do it in practice. Eisenhardt and Graebner (2007) refer to the use of case studies in research as a means of generating theory but this research was to be based on a case study of just one company and its owner manager. In the case of a single study, Eisenhardt and Graebner suggest the telling of a relatively complete story and intertwining it with theory. This continuous intertwining demonstrates the connection between the evidence being related in the story and emergent theory. This method of presentation keeps both theory and evidence prominent in the work and was a presentational style I adopted.

There are a wide variety of methods of data collection referred to in the literature, such as personal memories or photographs or interviews with others involved in the subject under study. Suggestions for a potential structure include such diverse contributions as poetry, and social science prose. Ellis and Bochner (2000) suggest that in the case of a dissertation for example, there is no prescribed form and it can evolve to include personal stories and interviews. There is a helpful contribution from Muncey (2005) to include metaphor, which I do at several points throughout the work.

The use of personal narrative as a method within auto-ethnography is discussed by Richardson (2000) as a way of finding out about oneself and the topic. It is in the nature of heuristic enquiry and uses writing as a way of knowing. Personal narratives relate the story of the author's lived experience and try to connect with the reader so they can relive the experience with the writer. My relating of the story of buying my company and its subsequent development and my own strategic development was to take the form of a personal narrative. The variety of topics of research within several examples of auto-ethnography tended to make each approach somewhat individual and this is daunting, as one does look for accepted methods. The objective though is clear, that the reader must be able to gain from the narrative an in-depth understanding of the issues under discussion and accept them as believable as per the concept of verisimilitude.

As discussed, finding a similar type of study by others was difficult but there are some examples that I have found helpful. Holt (2001) describes his experiences as a

teaching assistant. He contrasted his personal ideology and past experience with the new requirements of his University teaching post, using a log book that recorded his reflected experiences as his data source. Wall (2008) describes her experience of writing an auto-ethnography about adoption and shares her experience of the writing being a difficult undertaking. Sparkes (1996) describes his story of change from being an elite athlete to someone who suffers with permanent inflammatory disease, which altered his daily life. His objective was to try and engage the reader in his world so that they could reflect upon their own life in relation to his own. (He later did an analysis of his own work (Sparkes 2000) in which he reflects on the criticism he received when his work was first published. These ranged from outright dismissal of it as a piece of academic work to calls for even more story to be included. This dilemma was something I was also to face in trying to obtain a balance between the two competing approaches. How much story should be included?)

Duncan's (2004) study is classed as analytical auto-ethnography. With Duncan's work, narrative analysis techniques are used and the sources of data included interviews, documents, and, importantly a reflective journal kept over some time. The data is then selected to appear under different themed headings. The use of themes was a technique I was to adopt in my research, as the narrative progressed but the remainder of the approach she adopts was not. (The source of my own data was to be from memory of key incidents and this aspect is discussed in detail later in this section).

Although by this stage I was sure that my new form of research was much more suitable to achieve my aims, I found the acceptance by others of the validity of this approach to be limited. The negative reactions to auto-ethnography are typified by Holt's (2003) story regarding the acceptance of his auto-ethnographic research. Here the comments from reviewers concerned doubts about the academic validity of his work and he reproduces the nature of their comments retrospectively to demonstrate the issues involved. There is also conflict between exponents of auto-ethnographic techniques, which is exemplified in comments by Anderson (2006) who was concerned that the evocative and emotional forms of auto-ethnography should not be regarded as dominant over the analytical style. Denzin and Lincoln (1994) observe

that methods such as are employed in auto-ethnography are regarded as unreliable by many quantitative researchers.

There is a dilemma in trying to answer criticisms of the approach. The arguments used regarding its academic worth, when based on traditional criteria for judging qualitative research in general, may not be suitable for use in debating auto-ethnography. There is a relativity problem. Kuhn's (1970) thesis of incommensurability holds that *'the concepts, the interpretations and the epistemological standards deployed by scientists depend on the paradigmatic context in which they occur. Hence a paradigm cannot be compared or criticised from the standpoint of an alternative paradigm'. (Johnson and Duberley 2000 p74).* An example which demonstrates the defensiveness of proponents of the methodology in general, rather than the particular form of my research, from what almost seems like a positivist standpoint is Duncan (2004). She analysed the structure of an auto-ethnographic study and split it into six distinctive sections. These are: study boundaries, instrumental utility, construct validity, external validity, reliability and scholarship. The reductionist approach she adopts in her defence of auto-ethnographic techniques is in contrast to the informal nature of the data collection elements of my study. It is impossible to apply positivistic arguments in their entirety to an ethnographic account, as most certainly there is no separation of observer and observed but the attempt perhaps demonstrates the sensitivity involved. Duncan uses auto-ethnography as a methodology and her work is characterised by the use of meticulous data collection and recording techniques. Sparkes (2000) has a more straightforward approach, underlining the fact that the epistemological and ontological considerations of auto-ethnographic research are so different it makes no sense to use traditional criteria in assessing the merit of a text.

The use of an auto-ethnographic methodology in my research will mean that my findings and conclusions will be open to challenges as to their truth, academic validity and thus worth. As far as I can ascertain, no one has used this technique before in the context of understanding small businesses and their owner/managers. Naturally, this does leave one with a feeling of being exposed. Seeking reassurance, I presented my research approach to wider academic audiences, participating in a methodology workshop at the BAM Conference 2011 and jointly presenting a paper at the ISBE

conference 2011 (Harrison and Kirkham 2011). There was much encouragement for me to pursue my chosen direction and positive feedback at both events. The attendees were helpful in providing pointers to further reading and confirmed they would be most interested to see such a study come to fruition.

In terms of style, self-indulgence is a worry and certainly when I look back at my first drafts it is evident that I strayed deeply into this territory. In true reflexive mode however I gained learning from this and with constant reappraisal and rewriting, I believe I have now eliminated much of the detailed sections that gave rise to this impression. Mykhalovskiy (1996) tackles the issue of the self-indulgency accusations that could be leveled at the auto ethnographer with a description of the process being one that attempts to engage with the reader as an aid to their understanding.

Ensuring a scholarly account in effect to me means having an awareness of trying to avoid the trap of simply producing an interesting story, which lacks any analytical perception or reflection. Wherever possible, the narrative has to be contrasted with broader theoretical concepts evident in the literature. Any claim to knowledge has to be defended and this section on methodology lays out the broad principles on which the defence is based. Whilst the account is a story full of emotion, it aims to present it in a logical and reflective manner. The intention is that this combination of emotion and reflection will resonate with the reader. In response to Andersons (2006) criticisms regarding the emotive/evocative style, according to Muncey (2010 p 107), *'resonance is an appropriate criterion for evaluation'*. Muncey goes on to defend the approach with an attack on the critics who describe the view that the self is a contaminant in research as *'a myth that pervades science'*.

Etherington (2004 p 148), gives a check list based on the work of Richardson (2000) for reviewing papers using this approach for publication. I have used this as a way of auditing my work and I believe I have met the requirements. The questions she asks are:

*Does the work make a substantive contribution to the reader's understanding of the social life being discussed?

*Does it have aesthetic merit?

*Is the work reflexive enough?

*What is the impact of the work on me?

*Does the work provide a sense of 'lived experience?'

There are however other difficulties that also must be recognised before proceeding. Wall (2008) relates how she encountered problems of ethics, representations and balance in her auto-ethnography. She also discusses the issue of acceptability of her work by reviewers. All these points find resonance in my own experiences of adopting this course and it is encouraging to find that others have encountered similar problems. The question of ethics does require consideration, as described by Wall (2008). As I continued to write the experiences I was undergoing at work, I would discuss them from time to time with colleagues. There was one person in the company, amongst the several who were aware of what I was doing, who did appear to express a real interest in what I actually intended to write. At first I took this to be no more than a passing interest in my project but on reflection I saw the potential concern that he and others may have. Here was to be a written account of the daily life he was involved in and yet he would have no voice in what was being written. Who would speak for him and all the other people involved in the story when it is only my voice that is heard and the topics discussed are all chosen by me? Yet this was now my chosen approach and it did lead to a significant pause for reflection. The research was intended to be a work by me, about me and I determined that as far as possible I would write in a way that addressed these concerns. In the writing up of this research, this led to frequent editing of parts of the story that covered sensitive employee issues that I judged were best not for public consumption and yet were hugely fascinating stories of organisational life in the small business. With this concern about the unheard voices, I debated whether there was the potential for weakening the whole approach, if nothing could be written without considering and trying to incorporate the views of all involved, or at least asking them to consent to what was proposed. This latter course is impossible, as some have left the company many years ago. The edited version is thus presented here and I have done all that I can to ensure that the

problem of balance has been adequately addressed without dilution of the important parts of the story.

I have been careful to try to talk in general terms about experiences, which involved others without identifying individuals. It seems inevitable over a period of time, in any organisation, conflicts will occur for which there are many interpretations. The reader has the benefit of only my interpretation in this work (although I have suggested that they are free to make their own based on what I write). I have tried not to describe any of these conflicts in a way that reflects badly on a particular individual and have consciously omitted describing those events that had any known or foreseeable legal implications. The criticism could be that what appears here is thus a sanitised version of reality when others are being discussed but the whole of the story could be said to be subject to this. Conversely, I have not knowingly exercised any censorship when I detail my own personal experiences.

This topic remains a concern but there are practical difficulties whatever course of action I may take. The use of disguise of the company name and location although I did adopt it, was somewhat worthless from this point of view, as there is only one Nigel Harrison doing a DBA degree at Sheffield Hallam University about his experiences in running a company.

Another significant concern that became evident once the decision had been made to write an auto-ethnography was the issue of data. I have narrated the events as I remember them and of course in hindsight. It will be seen from examples of other people's work listed in this chapter that they have not relied solely on these personal memories. I accept this could be regarded by some as a weakness in the strength of my data. Others have used diaries or other written records in support of their work and I have not. It is not that I *chose* not to use these, it was simply that, as described in appendix 1, the design of the study came towards the end of the allocated research time and no diaries or relevant records had ever been kept. I do not think that renders my account of less value, as whether it is derived from material, written or remembered, it remains subjective. A diary is merely a contemporary written record, rather than a retrospective work but it still remains subject to the interpretation of the writer. Tietze (2012 p.61) refers to this method...... *'as reflecting the meaning of*

what was said rather than using the words that were uttered'. I have no way of strengthening the validity of the data now, but I don't believe my account is any less 'true' than that which could be given say by an interviewee to a third party researcher as discussed in paragraph 3.7 when discussing past events at a company. There can also be no real triangulation using my adopted approach although I do give some limited examples of my observations of other businesses and their owners for comparison purposes at various points in this work.

3.10 <u>The Organisation of the Self-Narrative</u>

The narrative account of my experiences is split into four separate themes, as discussed at the beginning of this thesis. The themes were chosen as a method of ordering my thoughts into a logical sequence both for my own benefit of learning from the experiences and to aid in the reader's understanding. The technique of using themes was discussed earlier in this work in chapter 1 and to remind the reader, each of them is listed again here. They are: entrepreneurship, leadership and culture, strategy and the growth of the company. Within each of these themes are subheadings, drawn substantially from structures used for analysis in studies within the dominant paradigm discussed in chapter 2. This framework is very convenient in allowing concentration on specific issues concerning significant events in the overall story of my experiences at the company. There is also a background story, which forms an ongoing narrative. This background story follows a time line and locates the chosen themes within the story of the development of myself and the business, as a whole over the years. The issues discussed have been chosen by me for practical reasons. They concern what I consider to be critical incidents in the life of the company and for pragmatic reasons are where there is a large body of literature with which to compare and contrast. There could have been many other choices but time pressure only allows for so much to be done.

The study is principally bounded by events at the company, and concerns the strategic development of myself and the business over that time. (There is though, I think necessarily, a section on my experiences prior to the process of the buy-in where I tell the story of events that I believe were significant in my life from my earliest recollections leading up to the buy-in). The narrative will then concentrate on the time

from the purchase of the company and up to the completion of my studies many years later. I begin by focusing on the process of the buy-in itself and the effect of this on me and my family. I then describe the situation I encountered in the business upon arrival, followed by a series of stories about people and events that were part of the company experience. The effects on me of these experiences, in addition to the learning I derived from them and from my doctoral studies, are described and reflected upon. I also include two real life examples of micro-interactions within the company, as a way of focusing on the issues of culture and leadership that I encountered.

The presentational style in the narrative section in Chapter 4 has been very difficult to decide on. As discussed in this chapter, there were no relevant examples to guide me and I tried many different ways. In the end I have adopted the following:

*The deviation from the narrative to the appropriate discussion of the literature is indicated at each stage by the use of italics for the literature sections. **Learning experiences are subsequently contrasted with the relevant literature throughout the narrative and reflected upon. This is indicated by the use of bold italics.***

I trust the reader will find this an easy and informative way to navigate through the story.

3.11 Reflections and Conclusions on Methodology

Writing a reflexive piece is most interesting. No sooner had I written up a record of a particular experience and contrasted it with the literature, than I would reflect on it and immediately want to rewrite further on the topic, as my thinking began to change. I have had to seriously edit and rewrite this work on a semi-permanent basis. The order of chapters has also been difficult to organise, as the evolution of the writing progressed.

The presentational style has been subject to constant change. Principally this involved on-going moving around of the contents of the literature review, the methodology and the story chapter. It will be seen from this methodology chapter that not only is there

little or no agreement on the method and form of a self-narrative work but the examples that are available are so far removed from my subject area, as to be of very limited use as a guide. Thus, I have tried to find my own style that allowed for as little interruption as possible to the story of a continuous flow of discovery in my search for understanding. Others may wish to use this form of presentation but it is down to the individual.

As the approach to the research changed, it made it impossible to do an advance plan of the methods to be employed. As the writing progressed, what emerged was as a result of the research process and not in advance of it. This disallowed the consideration of other methods of data collection that could potentially have been used, such as contributions from others or diary-keeping for example, as much of the relevant history had been and gone by the time I was ready to write my finished story. I would be interested in the future to see another business owner do what I have done, as they may be more prepared in advance to give this aspect the consideration it merits.

I was aware on rereading the narrative and rewriting it on numerous occasions that the accusations regarding self-indulgence are valid concerns. The story of me buying the company and the subsequent development of it and myself was full of emotion with many tough issues to be faced and overcome. It was evident in first drafts, that this story was actually getting in the way of achieving the aims of the research, by being too much of a story and too little a piece of research. My interpretation and application of auto-ethnography methodology and techniques, relies substantially on evoking an empathetic response in the reader, as a means of assisting with understanding but this is not intended as a substitute for a piece of academic work. Others would undoubtedly present their findings differently. The balance between too much and too little story is difficult to achieve.

Becoming a reflexive researcher was not an overnight conversion and it was not undertaken without a sense of trepidation. I must admit to feelings of defensiveness when discussing the final form of my research with others, both academics and non-academic, when I am asked about the practical use of it in a small business. It is a reasonable question, born out of the pressure, which both researchers and businesses

are under, to gain understanding of ways of achieving these practical aims. Aiming for a fuller understanding of what lies behind these sorts of issues, by using a reflexive approach, would seem a worthwhile method that others may wish to use in their own research. They must be prepared however to answer the criticisms and promote the advantages of this technique in a rigorous fashion, as I have tried to do in this chapter.

The extended length of time taken to complete this research potentially meant that newer contributions by others were in danger of being overlooked, as it was very difficult to keep reading and rewriting to incorporate them. Other researchers may be able to build on what I have done in future work and re-examine some of the themes I have covered in the light of a constantly developing literature. The story of my experiences will remain in this document for others to use if they so wish.

In the methodology chapter, I have described a history of personal change, which came about through a process of stumbling discovery in search of a way forward in this research. For the work to progress from being simply a story to something of academic value from which others may draw learning, requires the underpinning of a validating methodology. I trust I have presented a justified account of what led me to the approach I eventually adopted. I believe I have presented a full acknowledgement of the alternatives and reflected sufficiently on the criticisms and advantages of the one that was finally employed both in this chapter and throughout this thesis.

This chapter details my rejection of the use of positivism, as an appropriate methodology for this research but in doing so I do not reject the value of the positivist literature. I believe its worth lies in the principle of 'erklaren'. I can look back and use the literature to describe the outcome of the things I did but it is the understanding or 'verstehen' that I seek through the use of the selected methodology (Laing 1967))

I believe that this chapter also has in part satisfied one of the aims and objectives outlined at the beginning of this work. Particularly, taken in conjunction with the story that is to follow, I believe it adds significantly to the debate on methodologies in research. After a thorough analysis, I am proposing an alternative to the mainstream approaches, which I will apply to a real life story. I am a practitioner manager who

has very carefully plotted a course through an academic jungle of competing methodologies, epistemologies and ontologies. I trust the language I used and the route I found through this jungle are appropriate and defendable, both to other practitioners and academics.

In conclusion, I see this point as the end of the first of two separate stories that are contained in my DBA research. I believe the progression of thinking, recorded in the above chapters, contributes to the literature on learning and development by business owner managers, but also it has helped in my own search for greater understanding of the strategic development of a small business and its owner by opening up to me, previously unknown ways of thinking. This change in world view has had profound implications for how I approach not only my continuing search for greater understanding in my business life but also in the way I now manage my business. The story I tell in the next chapter details my experiences of owning and managing a small business both prior to this learning process and during it. The emergence in this research of two separate yet interconnected stories was eventually to be reflected in the final choice of my title. The difficulties of adopting a reflexive stance are amply demonstrated when selecting the sequence of these two stories: which should come first?

Chapter 4: An Owner Manger's Story

4.1 ENTREPRENEURSHIP

4.1.1 Introduction and Formative Entrepreneurial Experiences

From the earliest recollection on the matter, I thought I would be happy running my own business. At junior school I remember buying a comic from a class mate and then selling it on for a little more than I had paid for it. Eventually, I had quite a business going buying and selling comics and toys. The first time the world of entrepreneurship appeared of importance to me came when I was just beginning to earn a reasonable salary in paid employment. I was on holiday in southern Spain and saw all the expensive yachts in the harbour. It dawned on me at that moment that I would never have one (not that I actually wanted one) if I worked for ever at a really good salary. It was a thought that would return again as I grew older.

I had graduated from Sheffield University in 1977 with a B.Eng. honours degree and began working for a company which made medical equipment. I met my wife soon after graduating and shortly afterwards I formed my first limited company in my spare time, which imported medical equipment from overseas. Sometime afterwards though, I received the offer of a new well paid job with a multinational company, which lured me back on the path of paid employment. My old boss at this company warned me that as one climbed further up the 'greasy pole' of management, comfort factors would set in, as salary and benefits increased, and the prospect of going over to the 'dark side' of self-employment would recede in attractiveness. I look back at that time and understand now how easy it would have been with a little encouragement and advice to have made a success of my own nascent company but I let the opportunity pass. This experience has probably led me to try to help young entrepreneurs today whenever I can, although in practice I have found today's youngsters are really well aware of commercial issues.

Many years later I observed in my own son who worked in a profession with clear career progression, the conflict he underwent. He was in relatively secure

employment and earned a good salary and was offered more to stay. He has now decided to join my company but I can give no guarantees of pay and advancement. He has the dilemma of whether to remain as a paid manager or to try to run his own business. Knowing I was influenced by my father (he was an engineer and had had his own business) I have sought to try to avoid pressing him other than explaining the choices he is facing.

My last paid employment was for seven years as a Managing Director of a subsidiary of an engineering firm with responsibility for managing a team of 45 people. The firm prospered but as all major decisions were taken by the parent company, I felt I was simply acting out the role of caretaker. The trouble was I was a highly paid caretaker with limited prospects of career advancement. I had turned 40 years old and felt very trapped and bored working for someone else.

4.1.2 Becoming a Business Owner

At work we had a technical consultant who was helping to implement some new procedures. This consultant had his own small manufacturing business and as time went by, I found I would spend a lot of my own time discussing his business with him and how he started it. He had actually bought his business, which was something I had not previously considered. I had thought you had to start something in the garden shed and then see it develop. Our discussions outside of work were more and more on entrepreneurship and he put some structure into my thinking. He suggested I make a list of exactly what I wanted from a business (type, location etc), which I duly did and I then set about searching for one to buy. I found myself ringing and writing to anybody I could find that might have businesses for sale. I remember particularly a meeting in the offices of an accountant in Liverpool who had a business for sale. They kept me waiting and when eventually they came to get me, it was clear they were on a high, as they had just completed a deal and the champagne had flowed. I craved so much at that moment that I had been part of that deal, as it was so exciting. My meetings with them came to nothing, as it did with so many in that year, as I stumbled around not knowing how I was going to get my own business. I felt I wanted to achieve more in my business and personal life and I was confident I had the knowledge and capability to do it, gained from several years of running someone

else's business. All I had to do was to find something suitable. My motives were clear to me but there are many other reasons given in the literature.

Gatewood, Shaver & Gartner (1995) found several motivating factors for individuals to start their own business. Their studies highlight the importance of independence and innovation amongst others. One concept in the literature is the 'push' and 'pull' theory of what influences the actions of an Entrepreneur (Matlay and Storey 2003). These describe positive and negative factors leading to the activities of an entrepreneur (A classic negative push one for example is failing the eleven plus exam).

Delmar and Witte (2012) list five individual characteristics of entrepreneurs in their summary of the reasons for someone likely to become an entrepreneur. These are:

A desire for autonomy
A risk taking propensity
Need for achievement
Over-optimism
Locus of control

Rauch and Frese (2007) found that the desire for autonomy is consistently present as a factor in entrepreneurial activity.

In my case, the motivation was boredom and the feeling that I needed to achieve something in my life. I definitely wanted independence and autonomy and felt I could use my creative talents to grow my own business rather than someone else's. I don't believe my motivation was money, as my salary was already very satisfactory. I remember I did have a rose-tinted view of becoming a business owner and I was eager to get started.

I exhibited many of the above factors for an entrepreneur but over-optimism is out of place. In direct contradiction to this finding, I was overwhelmingly pessimistic about my chances of success and I thought the chances were slim. On reflection on writing these words, it seems almost to characterise my whole approach to the

undertaking, as being one full of fear, yet which was countered by an unstoppable urge to do something, whatever the difficulties. This is directly at odds with findings such as Egge (1987) who claimed that a majority of entrepreneurs were over-optimistic (unless I was simply in Egge's minority and cases such as mine were to be discarded from the data, as I didn't fit his criteria!).

4.1.3 <u>The Buy-in Process</u>

At this time in my life, my wife and I had three small children and a mortgage, so starting a business from scratch was never an option, as there were so many bills to pay. I convinced myself I had to keep looking for a suitable company to buy.

After a lot of searching I eventually found a company for sale that was located in a part of the country where my wife came from and to where we had been looking to move house. It had the advantage that it was an assembly operation of products in a market I could understand. Even better, I could start it part time so I could ease myself in gently. I believe this demonstrates a somewhat lukewarm approach to becoming an entrepreneur. I wanted the lifestyle but perhaps not the risks. (This mixture of feelings of wanting to do something and yet at the same time having concerns about the risks involved, was to be a constant theme throughout this whole period of my buy-in efforts).

Just as negotiations to buy the company were nearing completion, the owner withdrew it from sale. However when this first attempt at a purchase fell through, the accountant handling the sale mentioned he had a full time business for sale. This is the one I ended up buying. It was a manufacturer of specialist equipment for disabled persons based in an idyllic rural village.

Having found what I thought was the 'right' business to buy, I set about raising finance for the purchase. This was at the same time both easy and difficult. It was difficult in the sense that my approaches to the high street banks resulted in many sympathetic meetings but absolutely no offers of finance. The banks then and even more so now would only lend against fixed assets. In the case of the target company, there were very few assets other than goodwill. I then turned to venture capital. The

only names I had heard of were the big companies and I arranged to meet them. (This section could have been given over to the subject of raising finance for small businesses but I somehow think it irrelevant as today's environment is fundamentally different from that which prevailed in the late 90's. It was just before the dotcom boom and funders were looking for the next big thing and luckily for me I just got in before it started or perhaps I may never have raised the money).

Many observers at the time of the buy-in would say 'how brave' I was to give up a secure job with a high salary and benefits. However, there was no real prospect of career progression for me and I felt I still had a lot to achieve in life. I felt the accolade of being brave was false, as many times along the tortuous process of buying the business, I would have gladly withdrawn. The reality was I felt trapped and unable to escape. My fears were helped by the tremendous support and professionalism of the Venture Capital people and my own desire to proceed. I became ever more nervous throughout the buy-in process, which took many months and I would often falter. Every time I considered withdrawing from the process, my own fear of not going through with it would coax me back to the table again. I realised how single minded people need to be from this. The deal was finally signed after an all-night session at the solicitors at four in the morning. If it had not proceeded, who knows, perhaps I would have gone back to the day job for ever. This was a significant learning experience.

What it demonstrated to me was, that to become an entrepreneur it wasn't sufficient to have the motivation to act as one despite however much I felt I wanted to. What was necessary was firstly the opportunity and secondly the ability or willingness to take what may be perceived as relatively large financial and personal risks (see Delmar and Witte 2012 above). Thirdly it takes the specific circumstances to push one over the edge as it were. This final factor is the context or circumstances surrounding any decision and in my case at least, this was significant. I think I rushed blindly to the edge, took a look over into the unknown and tried to retreat but in the end ran and jumped. I had a mixed and continuously variable attitude to risk. One minute I would be gung-ho and the next terrified at what I had done. My experience contrasts with the following contributions on the subject of risk.

Arising from the growth of research in the field in the 1980's, the dominant thinking at the time was the recognition of entrepreneurs through identification of various traits; (see chapter 2 for Hornaday's work, for example, on traits in the literature section paragraph 2.1.4). The assumption was that a trait existed of 'propensity for risk taking' For the entrepreneur, according to Dickson and Giglierano (1986) there are different types of risk, which he names as 'missing the boat' where an opportunity to grow successfully is missed and 'sinking the boat' where the enterprise takes such a risk that it may fail.

I was desperate to avoid missing the boat but once I had done the deed, this soon translated itself into a fear of sinking the boat. In the beginning, my overwhelming fear was failure. The cost of failure at that time would have been a significant loss of income compared to continuing with my old job. The emotional cost for a family with small children would also have been high. There was a feeling of huge pressure not to fail. My feelings prior to the buy-in were largely to ignore the risks presented by the world I was to enter but following the buy-in, the risks of that new world were to weigh heavily on me. The feeling of missing the boat could in my case be extended to describe my awareness of my increasing age. I had turned 40 years old and I had the feeling that time was running out to make such a significant change to my life.

(Schwer and Yucelt (1984) found that risk taking was dependent on the person's age amongst other things). One approach to the analysis of the entrepreneur's attitude to risk shows it to follow one or other of two paths. Firstly the 'trait approach' (McClelland 1961), where it is assumed that there is a high degree of predisposition to take risks. McClelland claims the need for achievement of the entrepreneur is bound up with the propensity to take risks, as this is the way that achievement is gained if successful. Conversely, Ray (1993) argues there is no one type of personality that is associated with business success, as the factors involved are so numerous and varied and one entrepreneur's reaction to them may be more or less successful than another's. Ray (1994) found that entrepreneurs have the confidence to succeed and are prepared to give up job security because of this confidence.

In my case, the risk was perceived as extremely high and depending on what I felt like on any one particular day, my view of the risk involved in my venture could vary enormously. Also it is highly relative to what else is available. Had there been an alternative offer of a really interesting job with good prospects and money, I feel almost sure I would have taken it and not bought my business. Of course as things transpired, there wasn't. Therefore, ascribing entrepreneurs with a predisposition to risk taking, seems to me only a partial analysis. This attitude to risk is not a constant thing even within this one entrepreneur; it varies not only according to feelings at the moment in question but also the circumstances surrounding the decision such as family pressure and alternative choices. I question what path my life would have taken if for example I had access to private wealth. Would I have risked this on some venture in pursuit of autonomy and achievement. It is impossible to predict. Assuming all entrepreneurs have some common trait that makes them risk takers does not take into account the complexity and context of the decision making processes of one person, let alone that of many different entrepreneurs. Nor does it take into account the inconsistency of this trait.

This finding resonates somewhat with findings from Kahneman and Tversky (1979), who introduced the concept of a 'prospect theory.' Here, a person's willingness to take risks is dependent on their perception of the situation.

The whole question of whether entrepreneurs have identifiable traits was to be questioned by Sexton and Bowman (1986) and an alternative psychological view began to be considered, labelled the cognitive approach (eg Perry 1990).

The cognitive approach concerns the individual's perceptions and decision making styles. It regards risk, as an inherently subjective concept and concentrates on an individual person's perceptions of the risk (Das and Teng 1997). In this approach it is proposed that the entrepreneur perceives a certain situation more optimistically than another person and so proceeds to act when perhaps others would not. Gilmore et al (2004) undertook a study to determine just what situations an entrepreneur judged as being risky. These were cash flow, company size and entering new markets. They approached these risks with a combination of management competencies and networking.

These factors are simply diverse elements that can occur at different stages of an entrepreneur's career. In the beginning, the risk I perceived was purely cash flow. I was uninterested in anything else at the time. It is from this experience I propose a hierarchy of risk perception. Once I had a stable cash flow, I then began to think about other factors as being determinants of my success, such as the growth of the company. Risks have different weightings attached to them that vary with time and circumstance.

*The trend to use cognitive models of behaviour is examined by Delmar and Witte (2012). They describe three models, the attitude based model, where an entrepreneur assesses a situation and then chooses actions formed from their own beliefs about the situation. **This model assumes the entrepreneur makes an assessment but I am continually left wondering whether historically, I ever did assess things. I just seemed to do them.** The second model entails achievement motivation, **which does fit my view of my actions most nearly. The feeling of control that results from this model also resonates with my findings.** The third view is intellectual ability, which is based on how different forms of intelligence influence the entrepreneurial behaviour. **I am unable to comment on the relevance of this as I am only reporting here on my own experience**.*

In reviewing my own attitude in contrast to the above findings from the literature, it is highly variable. It feels as if my attitude to risk taking is an emotional response, rather than a scientifically analysed set of decisions. I have never sat down and thought about costs or benefits. I have simply looked at a situation and decided whether I wanted to do it. My decision to take a particular course of action is not subject to some hard and fast set of rules. The decisions can be taken or not taken, almost seemingly in an arbitrary manner. I imagine there must be some black and white situations where the risks versus the perceived benefits are clearly visible but more often, things seem to be a shade of grey. Never has there seemed to be a cast iron certainty of a course action. I have also noted in later life that I have been ready to take a risk but have been persuaded not to by my wife. She did not have this influence with the original decision to buy the company and I interpret this as a changing approach to risk in me, perhaps reflecting some support for Schwer and Yucelt's (1984) proposition about age making a person more risk averse.

I look back and wonder whether I really did have the confidence to be an entrepreneur or was it events that controlled me? I have spoken to many people over the years about this and now I give occasional lectures to post graduate university students on the subject of entrepreneurship. Quite often their comments are of the nature 'how much they wish they could do what I did but do not have the nerve.' Others I have spoken to are adamant that it is not the life for them. From these observations and my personal experience, I have drawn the conclusion that, as in much of life in general, there is a spectrum of predisposition to entrepreneurial behaviour as perhaps with any other behaviour. This resonates with the stereotypical police mantra when narrowing down their list of suspects for a particular crime.... 'motive, means, opportunity' If all these factors combine in sufficient amounts the deed will be done. So I think it is with entrepreneurs. We all may have some degree of entrepreneurship in us but whether it becomes exercised is perhaps determined as much by events, rather than it necessarily being entirely self-actuating.

When I compare myself to the entrepreneurs who are the subject of numerous studies into this topic, I find inconsistencies in the descriptions of how I am meant to be. The 'great man' theories are prevalent (see literature review chapter 2, paragraphs 2.1.4 and 2.1.5) and the concept is reinforced by television programmes that perpetuate this image. For many years I didn't think I was an entrepreneur, simply on account of this perceived stereotype, which I felt I didn't match. The list of traits inherent in the 'great man' theories I have observed in entrepreneurs over the years seems to me to be as varied as with any other cross section of the population but the earlier literature reflects the popularity of this approach to understanding. There is one view of entrepreneurs, described in the following paragraph, which is at odds with the majority.

The impression from the literature is that overwhelmingly the attitudes, characteristics and actions of entrepreneurs can be labelled as being loosely termed positive in nature. There is an alternative view, which points to a negative side to the debate. This is a study from Kets de Vries (1977), which concludes that the entrepreneur is an anxious individual, a non-conformist and poorly organised.

In the above comment, I do see a lot of myself particularly as I write and reflect through my work on this thesis. My enquiry concerns owner managers and their businesses and I feel the Kets de Vries findings may be a potential red herring. Whether or not the circumstances that led to me buying a business had occurred, surely these characteristics would have been present anyway, entrepreneur or non-entrepreneur. I don't find it particularly illuminating for the purposes of this discussion. Is the majority of entrepreneurs like this or could it be equally applied to any cross section of society?

Reflecting on what I have experienced and what I have read, I can sum up my views on what type of entrepreneur I am supposed to be like quite easily. I am all of them and none of them. I recognise myself in part in all of these proposals and I also recognise that I can exhibit some of the behaviours of a particular classification of entrepreneur at a given time and then act as if I belonged to another category the next. It seems a futile exercise trying to describe my activities with any consistency.

As I write further on this period in my life, it is interesting to think how simplistic my approach was to becoming a business owner. Of course, now I have been through the experience of buying and running a business, I feel there were so many different outcomes that could have transpired if I had been a little bit more aware of things. This is a further learning point of my time at the company. I believe now that at every stage in life there are multiple different decisions that could be made if only one had the ability to reflect on the options that may be available at that point. It wasn't so much that I saw these points as decision points, rather it felt like I was on a trajectory where there were no forks in the road.

My deeper understanding of the power of personal decision making was confirmed to me some years after the buy-in at a business lunch, where I sat next to man who had undergone the same process as I had, in the sense of leaving paid employment and buying a business. I could not but help contrast myself and my background and attributes with his. I knew the business he had bought. It was geographically nearby and it was a business and market I could also understand. I was envious, as I heard him describe what he had done. He was in a team with two other people who were

experienced entrepreneurs. Their approach had been to trawl through all the businesses in receivership they could find in the area in which they wished to operate and had done financial analyses of the balance sheet of each one. Eventually they had found the target company and bought it from the receiver for a relatively small sum. They then set about realising all the non-essential assets they had bought and ended up paying themselves back the purchase price and associated costs within 6 months. Compare and contrast with my experience where it took me 5 years to pay off my loans. On my own it would never have occurred to me to do what they did. That company today is a major concern with sales and manufacturing operations around the world. Previously, I had not recognised when there was a potential fork in the road of decisions. I had blindly just careered down one path of buying one business without considering there may be alternative ways of proceeding.

4.1.4 Family Pressures

I of course discussed the subject of buying a business with my wife who in the early days, I suspect, thought it would never happen. I never even questioned whether she would follow me, as she did when we moved away from her home area in the early days of our marriage, as I followed the requirements of my job. I thought I had her support to go through with a deal in principal but it was not until very late in the process that I found this was not the case. I wonder now what I would have thought if the situation was reversed and she had proposed buying a business thus potentially threatening our comfortable lifestyle!

There were many personal issues at the time of the buy-in. As our house was used to raise the equity, my wife found the whole process too painful to accept and effectively blanked it out from our discussions. There was a huge amount of pressure from other parts of the family not to proceed. Family members exerted negative influence with unhelpful comments. I did not really get much encouragement from my own parents, who I initially thought would have been more supportive given my father's history of self-employment.

When I finally gave my notice in at work, my existing employer refused to accept it and flew me out to a meeting in central Europe to persuade me otherwise. When I

refused, he threatened he would sue me if I broke contract and left before the expiry of my notice period of 6 months. For the first 4 months, I had to work after hours trying to run two businesses. (At this time I did receive tremendous support from my father, who whilst in his seventies came to help out minding the shop while I did my other job).

When comparing my experiences with the literature, there was a paucity of contributions to draw on. There is a huge amount of work on family businesses themselves but I was in the position of not having a family business, in fact the opposite. My family was overwhelmingly against the idea and in no sense active supporters of the move when I suggested it. There was tremendous strain within our family at that time.

According to Church (1984) marriages have been dissolved because the husbands were married to the business. Church proposes that the family can contribute to the business and should be consulted before starting. Family pressures are covered in the literature concerning entrepreneurs and small business owners but this is not a huge area, as most studies concentrate on the business itself. This is confirmed in a review of the literature by Liang and Dunn (2009).

In my case, whilst I consulted with my wife about my proposal, I never for a minute considered her objections as being something that would stop me from proceeding even though I needed her support in signing the mortgage deed to raise the purchase funds, which 'put our house on the line'. (I had to hold her hand to the paper to get her to sign).

I remember this time as being very lonely. On the last day of my paid employment I stood at the entrance to my office and watched as they took away my company car. It was symbolic of a break with a secure past, as I walked to the bus stop to get the bus home. On the bus, I felt free for the first time in my (business) life but once back home, the enormity of what I had done began to sink in. It was a bit like 'Jack and the Beanstalk' where I had sold the family cow and had returned to my wife with two beans in my hand. She could not understand or accept it. Unable to discuss the matter with her, I found I was beginning to wish myself forward by several years to remove

the terrible strain I was beginning to feel. I have never before or since had that feeling, even now with the uncertainties in the depths of a recession that to me at least appears endless. (Although I can't now be certain, I think it was about two years before my wife could bring herself to visit the factory and see what I had been doing in that time. It would be a full seven years before I took her with me to hand over a large cheque to finally redeem our house from the mortgage company in an emotional moment in the building society). Many years later at the time of writing, my wife works in the company and is fully supportive and helps with future direction. I still find it comforting when she now talks of 'we' in relation to the company when for so long it was 'I' due to the difficulties we had in the beginning.

The lack of relevant research on spousal commitment to new business ventures is covered by Werbel and Danes (2010). They discuss the strain imposed on the new business venture by work/family conflicts and report their view that it is still an under-researched topic.

It is difficult for me to describe the effects of this strain on me at the time. I believe each person must react differently, as I see examples of where people undergo huge personal pressures with no outward signs of buckling and yet others for whom even the simplest tasks provoke an hysterical reaction. Of course I cannot say I was unaware of the strain but as to whether it would have made me take a different course of action, seems debatable. I seemed somehow to be able to set it aside and carry on regardless. It was utterly selfish and my actions were driven entirely by what I wanted. Conversely it could be argued that security in paid employment would always be in question to some extent given the unknowns for any business, so the decision to go ahead or not cannot be seen in terms of black and white, with one course offering security and the other not.

Certainly it was a very difficult time both at work and at home. It was a struggle to satisfy the needs of both and I did feel continuous strain for quite some number of years until the financial pressures eased. Now at the time of writing, in the middle of the recession, stress is a significant factor and keeping oneself and one's team motivated is very difficult. I am aware that this requires extraordinary leadership skills and I feel I do not possess these. I find it interesting to compare my thoughts

and feelings at the time of the buy-in, compared to today. Now I have a much larger business and I have managed to own a company with a strong balance sheet, and that I do not have the financial commitments I did all those years ago. What I do have now though, is all but one of my immediate family employed in the business and as we enter the fourth year of a recession, it is more of a stress now than when I just had to care for my children as children. Now they are dependent on me in another way, as my opinion is that the company cannot yet run without my involvement.

Johnson (1995) refers to the pressures of responsibility for others on the owner manager. He also lists occupational demands and the effects of recessionary times as being significant stress factors for business owners. The intensity of involvement in the small business also leads to there being less time to do the things that one enjoyed before the event.

I do feel this stress acutely and I feel deeply responsible for the staff, as I see their lives like mine are so influenced by the fortune of the business. Yet as one gets older there is also the feeling that there are other things I would prefer to be doing rather than managing the business and this necessitates thinking about my own position rather than others, thus resulting in a conflict. I am uncertain whether my outside interests of walking and music would ever be a strong enough pull for me to forget the company now my family are working there. Then again they may be and I believe that this will depend entirely on the circumstances so once again I am reporting a variable response to my own question.

4.1.5 Summary of Entrepreneurship

My experiences and these later reflections on them contained in these paragraphs paint a very confused picture of my attitude to my decision making and risk taking attributes. Over and over again they appear variable and inconsistent. In other words, if I am so variable within myself, how can another entrepreneur operate to the same set of notional rules of behaviour. As an example, there are companies who have, as a modus operandi, a policy of refusing to pay their debts. It seems unimaginable that the owner managers of these maverick companies feel the same emotions as I did when they decided to found and manage their companies. I do not feel we can ever be

branded as similar and grouped together, such that we would react in the same way to a given set of circumstances. This comparison argues for the abandonment of homogeneity in classifications of the entrepreneur.

In the early years following the buy-in, I had to continue as the sole manager in what was, at that time, the antithesis of a family company and life finally settled into something of a routine following the initial hiatus. I stabilised the cash situation through careful management and frugality and eventually orders began to increase following a shift in marketing policy discussed later (see paragraph 4.3.2.3). What I began to feel unsure about as things became a little bit more secure, is what I actually wanted from the business. I was certain, when I was in paid employment, that I simply wanted independence and not to build up a vast empire. It was strange moving from a position of absolute certainty of direction to a having a sense of what next? I was feeling pressure from two sides. Firstly from home, to ensure that the money kept flowing in and secondly an inner voice that was pushing for the company to be bigger and better to demonstrate how clever I was. I'm uncertain now many years after the event, just what I had imagined life would be like as an entrepreneur but I think I probably had a romantic idea. I assumed I would fit neatly into the generally accepted term of a 'Lifestyle' category of entrepreneur.

Stanworth and Curran (1976) promoted the idea of the Social Identity of the Entrepreneur and described 3 types. The Artisan, the Classical and the Managerial Entrepreneur. These descriptions do represent a move away from the idea of stereotyping entrepreneurs to a social constructionist view. The artisan represents someone with specific technical skills (not me!) and the managerial entrepreneur is someone who exerts their influence more in terms of the day to day running of a business, the classical entrepreneur being one who engages in typical deal making and project undertaking.

I think I fell some way between the classical and managerial entrepreneur but I felt I could change at will through several different categorisations. In terms of helping my understanding of small business evolution, this continuing debate on pigeon-holing and terminology, I found to be of little help in achieving my aims.

My finding concurs with views expressed by Davidsson (2012, p.118) who states that........ 'the behaviour of real-world entrepreneurs often deviates from the planned, systematic and linear process that is typical for normative management text books'.

I did display early indications of predisposition to entrepreneurial behaviour. I admired those who were entrepreneurs and I know I wanted to be one. I learned though that simply wanting to be an entrepreneur is insufficient to become one. In my case it was effectively a selfish pursuit in the face of unwillingness by the remainder of my family. It seems not unreasonable to conclude that I was influenced indirectly by my father who was both an engineer and had his own business. He never tried to persuade me one way or the other and the opportunity to join his business never occurred, as he sold it before I was able to consider the matter. I confirm a central finding of my reflections within the theme of entrepreneurship is that because of my father or not, I definitely <u>wanted</u> to have my own business. Amongst all the uncertainties and ambiguities that I will discuss in this chapter, this is one certainty I can report with confidence.

Decision making for me was blinkered. I thought there was only one answer to every problem and that is the path I followed. I am easily influenced to see a picture and only one picture into which I make everything fit. This picture endures for a certain period of time before other influences change the picture. (There is an analogy here with my approach to map reading when walking. It is very easy when reading a map, to look at the visible information available around one in the surrounding landscape and misconstrue it into a believable interpretation. This interpretation then endures for a time before one finds that the chosen path doesn't continue to fit with new visual information as one progresses. I was prone to a rapid interpretation of information and could construct my own version of events or my view of the map, very quickly. In my actions of becoming an entrepreneur, I was particularly influenced by one man for example, who had bought his own business and I thought that's how you did it. Being blinkered or conversely, seeing alternatives at each decision point, as I tend to do a little more now in late life, still implies the willingness to take decisions. It is the ability to see these decisions through to the end that I found difficult and still do as my nerve fails somewhat. Perhaps this snap decision making and ability to fit things in my mind to some desired outcome is a predisposing characteristic for entrepreneurs

but that differs from the earlier example of the founder of the business bought from the receivers, where months of careful research and planning were undertaken in advance before a decision was taken. Again I feel this demonstrates the task of trying to forecast the actions of individual entrepreneurs is a flawed approach to deeper understanding.

My attitude seemed capable of change from mad risk taking to quaking fear within a very short time and sometimes these feelings were coexistent. There is some unknown entrepreneurial drive that I cannot describe in the present tense that leads me to follow a particular path. I am unable to report truthfully today to the reader, as I have mused earlier in this section of the theme, as to whether my attitude to risk and the business in general has changed, as I have grown older and I have had these learning experiences. Perhaps it has but I would not wish any theory to be developed from that response. There is probably an innate realisation that the time for me to rectify any mistakes is shortening but if an opportunity presented itself at any time in the future that looked an attractive proposition, I feel I would seriously consider it, thus disallowing any hope of constructing predictive theories for this behaviour. Again with reference to circumstances, now with my family in the business, they present a dilemma in risk taking. They potentially can recover the business for me if the consequences of a risky decision are negative. Conversely, as they are now also financially dependent on the business succeeding, this presents a disincentive for me to take the risk in the first palace. Thus context is an overriding factor in understanding an entrepreneurs decision making characteristics.

The conclusion seems to be therefore that there is no way I can accurately describe my attitude to risk taking other than to refer to the stream of paradoxical statements presented throughout this chapter. My experiences as an entrepreneur point to a complex and inconsistent trade-off between opportunity, motivation, resources and environmental pressures of family and personal wishes. The literature is contradictory and my actions are contradictory. It is helpful to see that everything I have done has in some way been written about and I feel comfortable about that in retrospect, as the theories do have elements that describe my actions. However the summary of my learning on this topic must be that despite the similarities, each entrepreneur is

potentially different from another and also different in themselves depending on time and circumstances.

Returning to my principal aims and objectives of understanding by enquiry, this was a first step on the way to illuminating just what are the driving forces in a real life example of entrepreneurship. Looking back on the results of my writing this first theme, it has been immensely helpful to be able to pick and choose contributions from many theories, as descriptions of behavior but then through reflection, to acknowledge the layers of complexity that surround an entrepreneur and their varying circumstances. My enquiries have demonstrated the contradictory results of competing predictive theories. Through examining the contradictions of my own behavior, I believe their weaknesses result from the individual and inconstant nature of entrepreneurs and the ever changing environment and contexts in which they find themselves. My experiences have shown frequent resonances with the literature but also some dissimilarities. For other researchers, perhaps these incidences of falsifications of theories will be noted and be helpful to them in further research.

There is another issue regarding many of the dominant theories I have examined. Putting aside any question as to their reliability or otherwise, I have begun question their real value in aiding my prime aim in understanding the owner manager and their business. In my business and personal life, I have met people who have demonstrated many of the traits described in this sections such as; independence seeking, ambition and risk taking propensity for example. They were not and seemingly never would be entrepreneurs but it is the specific elements that make up an entrepreneur, as opposed to any other group of individuals that remain the interest of my study. Thus I consider there is a significant role played by external and constantly changing circumstances, which exert a powerful influence on the emergence of entrepreneurial behavior. I propose therefore, that this behaviour is not merely the result of some innate characteristic or trait of the entrepreneur, rather there is a combination of forces acting to produce it. It is a two way exchange of pressures. One is directed outwards from the entrepreneur and one inwards from their environment. From this observation, I remain unconvinced as to the existence of an entrepreneur gene discussed in the literature chapter (chapter 2 paragraph 2.4).

Whatever type of entrepreneur I could be labelled, for the first few years in my new business my attention was to be focussed predominantly on maintaining sufficient revenues to enable me to pay back all the borrowings I had undertaken. Following all the hiatus of the buy-in, it was with extreme caution that I began to operate, in slowly beginning to build my business. This further demonstrates a changed attitude to risk taking and confirms the dangers of a simple labelling of entrepreneurs as risk takers.

The story now moves forward to the time beyond the process of the buy-in, when any so-called honeymoon period could be described as being at an end and I began to try to implement the changes I believed were necessary for the business to become the business I wanted it to be.

4.2 CULTURE AND LEADERSHIP

4.2.1 Introduction

The company had eight employees at the time of the buy-in in 1996 and had a very low asset value. I had paid what for me was a significant sum for it and yet the balance sheet was quite weak. Business advice is critical at these times and I know now, with the benefit of hindsight, I didn't receive any worth listening to. (Having said that I would probably have ignored it, as it is so easy to find reasons why not to do something). The financial situation in the company following the buy in, with its large loans and my own personal loans, meant intense pressure for continual sales to keep the cash flowing. This put me in what I felt was a weak position when attempting to deal with employees, suppliers and customers. I was quite timid in experimenting with radical change but I began to concentrate on the culture, as having invested a large amount of financial and emotional capital in it the company, I wanted it to reflect my beliefs and approaches and I became aware fairly soon that it certainly did not do that.

4.2.2 The Need for Change

I soon came up against obstacles to the changes I wished to introduce, which I felt were very reasonable for the development of the company. The previous owners had had a good management team. I of course was on my own and I would categorise myself as a starter and not a process person or finisher. In other words, I was good at coming up with ideas and initiating new projects but quite disinterested in seeing them through to the end or monitoring progression and development.

From my literature review in chapter 2, and my discussion with other business people, I know that staff issues are one of the biggest problems for small business owners. Certainly this was the case for me with the company located in a rural village. I had always worked previously with engineering companies in urban locations and I found the village culture of the operation quite different. By village culture I mean one where there is a less urgent approach to work. Before too long, following my arrival at the company, attitudes became entrenched, as I tried to implement changes to working practice. The pervading culture was one of low productivity, variable quality, poor time-keeping and disregard for the customer. This was frustrating, as I viewed the company as an expression of myself. In other words I wanted observers to be impressed by my achievements and the continuing lack of attainment of my desired culture was the cause of much dissatisfaction. To explain my feelings better, it is somewhat like buying a new suit of clothes and wanting to look smart in them. The clothes reflect something of who one is and I wanted to look well dressed. There was an extended period of conflict between me and the staff, which was not in any way aggressive, rather it was a continuous feeling on my part, of an inability to achieve an efficient organisation. There was a stand-off between the dominant culture of low productivity and quality and my wishes. This continuing stand-off did not make for a comfortable working environment. I tried meeting after meeting both formal and informal but there were always reasons presented by the staff, as to why we couldn't do anything different to try to improve matters.

Schwartz (1990) described organisations as being in the 'Clockwork' when things are smooth running and everybody knows their place. In contrast he proposed a

description of an organisation as being 'In the Snake pit'. These organisations are characterised by everything falling apart and passive meetings with a blame culture and expressions of unrest.

This is how it felt to me at the company and I felt guilty and upset that I didn't seem to have the leadership skills to sort it out and lift it from the snake pit. I used to console myself with the thought that running a small business was clearly not easy but I never imagined it would be quite so hard. I resolved to work even harder in trying to change the culture.

There were many years of stagnation in cultural terms following the buy-in, despite the organisation growing continually throughout this time. There always seemed to be a crisis with the staff to sort out, which fitted into the same pattern of them seemingly being divorced from the needs of the business as I saw them. One day I came in to the office on a Monday morning to sense that something was wrong. Sometime later that morning one of our employees walked out and never returned for personal reasons. This left it very difficult to complete the work schedule we had at the time. I found one employee painting houses when they should have been at work and I employed some, who were there for a short time only, who just sat or stood and did no work. My inability to employ productive labour perhaps only served to reinforce the conviction of the existing employees that there was nothing I could do to change the situation. From my struggles, I became convinced I was not a particularly good manager. I felt that it must be due to me that I could not get the cooperation required. In later years, as I began to talk to other businesses leaders, I found I was not alone. Of course someone else may have made a better manager but I was relieved to find out that it was probably not all down to me. At any business function stories about the difficulties of employing staff are a staple topic. I have heard reports from many companies who refuse point blank to countenance increasing the size of their business due to this reason. They have established the culture they want with their existing staff and they do not want to risk this by expanding.

In illustration of the difficulties posed by the pervading culture of low productivity, I include here an example of a micro-interaction within the company from that period, which I feel demonstrates the frustrations and the complexity of the situation.

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4.2.3 <u>Micro-interaction 1 A Culture of Low Productivity</u>

When I took over the company, there was a need to increase the sales volume in order to generate more cash to repay the loans I had taken out, as well as to continue to provide an income. The purchase of the company could be described more formally, as a leveraged buy-out where the only means of succeeding was to increase the sales and revenues.

The way I believed I could increase sales was to increase the amount of money spent on research and development of new products and to spend significantly more on promotional activities, such as exhibitions and sales literature. This is the course I chose.

Sales did begin to increase and the company experienced consistent growth over a number of years. In this period of growth, the delivery time for the products grew longer as there was no corresponding increase in productivity. I had approached this period with a simplistic assumption that everyone would be pleased with how well things were going and would want to help. Instead, discussions with the staff, as to how to increase their output to match the new demands, were fruitless. The meetings were characterised by me saying I needed their help and ideas for improving output and the response from the staff being to say they were doing the best they could and to offer no ideas for change at all. The meetings then would typically drift into me coming up with ideas and suggestions and in response there was either a direct contradiction, as to why my idea wouldn't work, or disinterested silence. My approach was based on a belief that the company could only prosper and survive through a process of expansion but there appeared to be no incentive for the staff to modify their activities to help to achieve this aim. I was angry and frustrated, as I felt sure there were productivity gains to be had through simple changes to working practices (just working more efficiently). I reflected it must be that they didn't see expansion as being of any benefit to them despite my belief that I had communicated the advantages of job security and better pay, as best as I could. Dismayed at the lack of interest apparent in the employees, I considered the only other response to the problem was to try and get new staff in to help increase the output and suffer a

potential loss of productivity. This was easier said than done, as I found it was very difficult to employ staff based in the village location. There were either no replies to job advertisements, or the people who came for interview were totally disinterested in the job and were there merely to satisfy the requirements of the Job Centre, where they were registered for unemployment benefit. This realisation felt like being trapped with no way out. There was no help coming. I felt squeezed between the banks and the employees. I was totally alone. It was most unpleasant.

Meanwhile, the existing staff continued to resist any attempt to work more efficiently by considering improvements to working practices. I had had so many non-productive meetings with them that I think I was becoming somewhat seduced by their way of life, as paradoxically, we all got on quite well. I found it increasingly harder to fight and so much easier to acquiesce and accept what I was offered, which was to maintain the status quo. Becoming angry with them and exhorting them to work harder had been an abject failure. I came to the conclusion that I was never going to win them over to my point of view merely by persuasion. Unfortunately, I was still experiencing pressure from the banks to service the business loans and internal pressure from myself to demonstrate that I could make a success of things. This led to me resuming my efforts for change and I began to reflect on alternative ways to proceed.

One day after considering the situation more calmly, I noticed that output was more or less constant in terms of numbers of products produced. This was interesting, as there was sometimes quite some difference in the time required to manufacture each different product. Despite this difference, the numbers produced per day always remained constant. In other words, there was an imperceptible speeding up and slowing down of the work rate to ensure that the same numerical output was achieved, whatever the complexity of the particular product being manufactured that day. Thus I concluded there were ways of working faster but not with the work force as it was then constituted, as they were working within a structured routine of their own making. Tea and lunch breaks were always extended and time keeping was a serious problem. I would repeatedly have to break into the tea break in the canteen to get the employees back to work but never could they be relied upon to do it without me intervening. I would have to resort to going into the canteen to get them and thus the

'brew-room' became a battle ground for my will versus theirs. I was unable to gain their cooperation nor any support for the aims that I so badly needed to achieve. I reflected that this only reinforced my view that there was a lack of management and leadership ability on my part. I lacked authority and had no back up or support for my view. Later with my application of complex responsive process thinking, I realised that the power I assumed I had to change things was not an all-powerful thing within my gift and I review this episode in my life now as a demonstration of a series of gestures and responses in which I was but one part. I don't propose that theory as an excuse for any real lack of ability I do have but merely to put the exchanges in a different context. At the time, this was a period of intense anger and frustration on my part.

Despite the production problems, the order intake for the company was growing at a fairly fast pace and the delivery times were becoming very long. Knowing that work rates were variable, one of my ideas to try to break the deadlock was to introduce a bonus scheme. We discussed it at length in yet another meeting, where doubts about it by the staff were discussed. The main concern expressed was that it should offer the potential for increased earnings but with no commitment on the part of the employees to increase output. In retrospect, it seemed predictable, given the lack of engagement demonstrated in the meeting that this incentive would fail to achieve the results I needed. I set the minimum level at which the bonus would pay, based on the average production levels historically achieved. This was easy, as they were so consistent. If these levels were surpassed, then there would be a bonus payment. Despite the opportunity to earn considerably more money, output never exceeded the bare minimum standard of old. Thus money was never going to be the answer. I reflected that the culture was so embedded that there seemed almost nothing I could do. I had little idea what to do next.

With demand for the company's products continuing to increase, I was very pleased to win an important contract with an overseas customer who distributed complementary products in their territory. Orders began flowing in from this new customer but there was no matching increase in output from the factory to fulfil the orders. Our delivery times became even more extended and eventually after a particularly difficult meeting, I informed the customer I had no choice other than to

withdraw from the contract. I was very upset and informed the staff about what was for me terrible news but the response was complete disinterest. My view of their reaction was that it simply meant there would be less pressure to produce more. I remember my feelings in the meeting, as being a low point of realisation of my continuing failure to lead the staff into a new era of productivity. I came away from the meeting feeling very deflated but with a new determination that I would need to try even harder and consider radical new steps to achieve my aims.

I now accepted that any change in culture was going to be only as a result of a slow painstaking effort on my part. There were to be no quick fixes and I realised I was in a weak situation. The staff were very capable and outside of our disagreement on working practices we had a good working atmosphere. Despite these positive aspects, I was under too much pressure and things had to change. The story of what happened is told in the following paragraphs.

4.2.4 <u>Culture Change</u>

It was clear that even in such a small company, communication was a problem. Fairly early on, I resolved to take everyone away on a team building session. I immediately came up against a refusal by certain members of staff to attend. Nevertheless, I pursued it and took those who would go away for a two day course with an overnight stay. It was revolutionary for the company. On day one, we had to sit around a table and speak to our colleagues about what our personal hobbies and interests were. It was very revealing as you think you know about someone you work with but you don't. At the end of this session, the Service Manager said it was the first time he had spoken to the Production Supervisor in two years. (Subsequently I heard a programme on the radio that referred to two polishers working side by side at a bench in a company, who had not spoken to each other for 18 years so it wasn't that bad after all!). Whilst it didn't sort out all the problems it was a symbolic break with the past and the start of trying to change the culture.

It occurred to me at that time, well before I began to study academically, that there was a power balance between me and the employees and between the employees themselves. It was a relationship not built on cooperation but more of

accommodation. They were nice people. I was a 'nice' person and so long as a minimum production level was achieved, there seemed little I could do about it, as there was not a pool of workers to call on. I had no back-up manager, as cash was always too tight to allow me to afford help. At this time, I had no knowledge of complex responsive processes but with hindsight I can look at my small company in a different light as demonstrated in the following excerpt.

The adoption of a complex systems view requires that we reconsider our approaches to implementing a strategy, or plan of a culture change for example. Individuals cannot exercise control, as they are all interdependent and what emerges from their conversations and power interrelations determines what happens in the organisation (Stacey 2007).

Despite my continuing efforts at trying to deal with the cultural problems I was experiencing, there was very little progress. Reviewing these efforts now from a complexity inspired viewpoint, causes a pause in my reflection. At the time, I regarded my continuing failure to influence the culture as being solely due to a weakness in my management. When first learning about complexity in organisations I thought here was a convenient excuse to try to explain away my difficulties, as if it were nothing to do with my abilities. A more balanced analysis is that it is a neat demonstration of the whole picture being made up of the smaller elements in which I was simply not the controlling force I naturally assumed I was by dint of my position. Whether or not the culture would change depended not just on me or my abilities but on all actors involved and the relative force exerted between them.

In the end, after many years of trying, I began to convince myself that a culture change was not going to happen in the current location. The 'rural' attitude of the staff was alien to me and without constant supervision, output was consistently poor and was likely to remain so. The current arrangement would not let me build the business to a level that I believed was possible and which I desired for my own fulfilment. It must be said that all the staff were very friendly and we had no real problems in working together, it was just that I felt we could achieve so much more if the culture could be changed to one that embraced the need for productivity and quality

improvements. I had so far not been successful in implementing change but I was to renew my efforts faced with ever increasing sales levels and a growing company.

4.2.5 <u>Managing Resistance to Change</u>

In my early years at the company, there was little prospect of significantly altering the physical environment due to cost pressures on the business. After around seven years following the buy-in I was certain that a small workshop in a small village was the dominant factor in the culture problem. Until I could afford to move, I had had to work at managing the process as best as I could, but the company was now beginning to become very strong financially as a result of the continuing increase in sales.

Some help at this time could have come from work such as Coch and French (1948). Their study appeared to be the first that looked at research into overcoming resistance to change. Although it was pioneering at the time, the results seem fairly self-evident to contemporary practitioners. They found that a participative approach with clear goal setting and reward for achievement of goals produces the best results.

This form of management was something I did understand. I believe I did try to embrace a participative style as it was almost my natural approach. Where I felt I struggled was with a continued monitoring and follow-up of plans and goals that I had initiated. I was very much guilty of always moving on to the next best thing and failing to close the feedback loop. Thus I conclude that participative management on its own is insufficient. I realised at this time the urgent need for more management skills rather than entrepreneurial skill. Being an entrepreneur and having the ability to raise finance to buy a business was of no help at all in trying to implement a culture change. There is a need for the entrepreneur to develop managerial capabilities. The evident analogy for this situation is to compare events in the company with the stage model approach to understanding (see paragraph 4.4.3.5 later). The company has grown to a stage where different skills and actions are required.

One of the accepted wisdoms sometimes discussed at business events that does seem to have a degree of truthfulness about it, is that however many new employees join

the organisation and however many leave over time, there is always a split in how they perform and how they are managed with some employees more interested in the company and their own progression than others. I have found that managing the business is subordinate in time and effort to managing the employees. Attitudes to business by successive governments and the media do in my opinion, give the impression that the employer is someone who is a 'bad' person and the employee is to be protected by statute whatever the facts of any personnel matter. The feeling that business in general is bad and over powerful over the employee is perhaps something that trickles down from big business. For the small business where the Owner Manager is often the personnel manager, it is intimidating and the power balance is seemingly disproportionate. This background environmental attitude does not help when cultural change is required.

As time went on and the company became ever busier, I reached a day when all the bills had been paid off and the company was debt free. I resolved to move the business to the nearby city, where I hoped that a more industrial location would help me achieve the cultural shift I felt was so badly needed through the employment of new people.

I had been unable to achieve the aim of changing the company to have my desired organisational culture, whilst the business was located in a small village. I was uncertain how much this was down to my own abilities or lack of them and how much was due to the location. As with all my decisions, I didn't bother to stop to analyse them. I dismissed it as irrelevant, as there was only me to manage the situation and we were going to move. It was the only way I could see of achieving a more productive, quality culture.

There is an observation in the literature that the organisation largely follows the lead of the owner manager who imposes an 'organisational culture' (Carter and Jones-Evans 2000). This leads to informal structures in the company, which if it is to grow and hence change will need to adapt as the enterprise gets bigger.

At this point I still directly managed everything in the company from sales to production and finance and in addition did many of the other jobs myself. If we were

to continue to expand in the new premises, I knew I would need to employ a
management team, as I was finding the strain of doing everything quite
overwhelming. **Although at this stage in the company's development, I had no**
financial reason to increase the size of the company, I was convinced that whatever
it took, I still wanted to continue to expand and started setting ambitious goals for
the yearly increases I wished to see. I had a growth agenda with no thought of any
other way forward. This was now my fixed and unshakeable view of how I wished
my company to be. I am unable to explain to myself or to the reader why I had this
view, other than to ascribe it to ego. I can only report it for other observers to
consider in their work. I also had an innate belief that with the move and a new
management team that growth would somehow follow. Perhaps conversely, the
belief more accurately could be described, as a conviction that if new premises and
management were not pursued, then growth would not occur.

4.2.6 The Company Moves to the City

We moved to new bigger premises in the industrial quarter of the city to be able to
access a larger labour pool and so assist in the culture change I desired. The new
location was also nearer to where I lived, so it was much more convenient for me to
commute. The new factory was a distance of about 25 miles from the village and at
the other end of the city, so it necessitated issuing the offer of formal redundancy
notices to all the staff, as it was a major change to their employment conditions. We
closed on Christmas Eve 2003 and reopened in the new larger premises in January
2004. I was upset on a personal level to have to take the action, as despite the
conflicts expressed in this chapter, we had had what I would describe as friendly
relations between me and the staff, but I had no doubt that it had to be done for the
sake of the company's progression. Although my management style had not been
particularly forceful, I was very single minded in how I saw the company developing
in the future. In other words I had an entrepreneurial vision of how things should be
as opposed to a somewhat less direct way of managing people.

Most of the existing staff did not want to commute to the new premises and there was
a new intake of people who needed urgent training. Once installed in the new
premises with new people for the first time, I began to feel that truly the company was

beginning to be 'my company' and not something that had once belonged to someone else. We suffered major quality problems with the new staff that took a long time to rectify but somehow we kept going. However, interestingly, there appeared to have been some transfer of culture. Before closing in the village, the new staff had worked briefly there to gain an insight into the job. It seemed that some of the old culture came with them. This manifested itself principally as a throttling of production. We could never get into a stock position and were always working from behind. If we were busy, output increased, if we were quiet, it died back. This led to protracted delivery times, which was of course undesirable and a rerun of past history. In terms of the key desired cultural change, it was not a success. I contrast what happened at this stage in the company's development with some models of organisational change.

Tranfield and Smith (1996) suggested that, for culture change to occur, there has to be an unfreezing of taken for granted assumptions by individuals in the organisation. This follows on from Lewin's (1951) theory that when attempting to shift cultural mindsets there had to be a first step of unfreezing where inertia is challenged. This is then followed by a period of change and turbulence characterised by uncertainty. We know the old ways are being challenged but we don't know what will replace them. There is then the third stage of freezing where the comfort levels of before are returning.

In my case, I had tried as hard as I could to achieve the culture I wanted and felt necessary to achieve my aims but I had failed to do it. If I use the unfreeze/freeze model, my unfreezing action was clearly demonstrated with the closure of the village location and the opening of a city one. The weakness of the model is then demonstrated by my real life results, which showed that when all the changes had been made, which were quite dramatic, there was still no real change in culture. There was thus some major resistance to cultural change still to be overcome. This demonstrates my simplistic assumption of a controlling position with the gift to impose my wishes on others.

Bedeian (1980) discusses four potential causes of resistance to change.

1. *Parochial self-interest -individuals have had the status quo for so long and are frightened of losing benefits, perceived and actual.*
2. *Misunderstanding and lack of trust- when managers withhold information or distort it thus creating uncertainty, which causes a vicious circle of increasing defensiveness and fear.*
3. *Contradictory assessments. People differ in their perceptions of what the change will mean. This leads to confrontation.*
4. *Low tolerance of change-some individuals have a very low tolerance of uncertainty, which inevitably comes with change.*

In my company, I recognise above all others the cause of the status quo described in no 1 above. Things in the company had been so stable for so long without any of the real pressures that affect most businesses and the employees did not wish to change. I found this very difficult to accept. The following gives some practical advice.

Kotter and Schlesinger (1979) give six methods for managing resistance to change.

1. *Education and communication-instigate training programmes*
2. *Participation and involvement-use knowledgeable employees to reduce the level of fear of changes*
3. *Facilitation and support –face to face counselling*
4. *Negotiation and agreement-the need for compromise with powerful employees*
5. *Manipulation and co-optation-perhaps strong resistors may be lied to or placated-this is not a good long term solution*
6. *Explicit or implicit coercion-this involves the use of threat to stifle resistance this can mean sacking people or demotions.*

I can say that without analysing my actions at the time that I did display manifestations of all of the above actions to some extent. I did find that I perhaps relied over heavily on numbers 5 and 6 which was akin somewhat to crisis

management rather than studied long term efforts at change. This observation prompts me to move my considerations on to the subject of leadership.

4.2.7 <u>Leadership</u>

Despite the fact that I had been a manager at senior level for a number of years prior to buying the company, I had had only limited training on the subject of leadership. The training I had had was based almost entirely on the premise that individuals could be categorized and their characteristics plotted on a chart, enabling a type of management style to be used when dealing with them. In response to my worries about my lack of leadership in achieving the changes I wanted, I did send myself and my newly appointed second in command, to a series of leadership training sessions with a local company. These sessions were once again very much based on psychometric analyses, which although helpful in some small way, are only a small part of a complex picture and were of limited use.

My writing consistently reveals my doubts about my leadership abilities and given the fairly weak position I found myself in, I felt somewhat uncomfortable in the first few years following the buy-in. The staff had experienced a stable life with the previous owners, who had demonstrably been able to produce a successful company with secure employment for all. I came with no one to support me and I felt I lacked the natural authority they had been used to. I did not have the gravitas that perhaps is associated with age, as I always looked young. I could not get the cooperation of the staff, as I tried to implement change, however hard I tried. The reason I have perhaps survived in the role of leader, is my absolute refusal to be led by someone else, so in a way that forces one to lead by default. (If I had been an army leader, I think I would have been naturally drawn to subversive actions such as saboteur operations, rather than becoming a military leader in a uniform. This is how it felt at work).

I have included below a further micro interaction example, which demonstrates a direct challenge to my leadership. It also shows the intertwining of management and leadership. In this example, good management of the situation early on in the life of the problem may have solved it at that time thus averting the need for the display of leadership that was subsequently to be drawn from me by events. In the end, I felt that

I had actually practiced and demonstrated effective management in resolving a potentially damaging situation to my satisfaction.

4.2.8 Micro-interaction 2. Leadership and Management in the Office

Some years ago, I encountered an example of what I found to be a strange attitude to work and the company. A year or so before this event, as the company continued to expand, we had begun to employ more people in the office to deal with the increased workload. In the beginning, all the office work had been done by me and then for many years there was one other person. Doing everything myself had led to a very informal structure and this extra person also adopted this way of working with no set breaks. They generally demonstrated a willingness to take on any reasonable duties that were required, as things got busier and it was a way of flexible working that I regarded as normal. Over time and almost without me realising, the office staff number grew to five people. This may be difficult for the reader to understand but when change is incremental, the steps are not perceptible; it is more of a slope. Very gradually, with more employees, things did begin to change. I noticed a tendency for the staff to display a more negative attitude to projects we were undertaking. For example comments would be something like 'that will never work' or 'that's not a good idea' but without any attempt at proposing something that might be a better alternative in its place. I also perceived a more rigid attitude to time keeping, characterised by an obsession with beginning and ending work precisely as the minute hand reached the appointed hour. No telephones would be answered even if it was only seconds past the contracted hours of work. This was certainly not the flexible attitude I had come to expect and this change had happened on 'my watch.' It was not something I had inherited but rather something that was happening as a result of my recruitment and management decisions.

As time went by, this negative attitude seemed to pervade every action and appeared to involve everyone in the office. Nobody would answer the 'phone willingly at any time even during normal working hours and it was left ringing away until finally, I would stare at someone to imply action or ask them directly to do it, or I had to answer it myself. The atmosphere felt very fraught and the feel of the place had become decidedly different. I was very unhappy coming to work during that time, and

I felt I had been a poor manager to lead to this breakdown in smooth working. Reflecting on the incident and my reactions many years later, I see exactly why I responded this way. It was simply my perception that a hypothetical someone else would have been able to prevent this breakdown in relations, where I couldn't. I was comparing myself to some mythical yardstick of my own invention.

The situation endured for several weeks, with almost a work to rule attitude by the staff, rather than the flexible approach needed by a small business. I became increasingly unhappy, as I could not think how I was going to be able to restore the friendly relations that had previously existed. One day, after quite some time of this situation persisting, I was informed by someone in the office that everyone would take their exactly allotted lunchtime break and would not be available during this time to answer the 'phone. I was shocked at the realisation that a member of staff was informing me, the owner manager, how and when the employees should work. I felt angry and upset and felt I had to fight to restore the situation to what we had had experienced up till then. My later reflections on writing this story lay bare the absolute conviction that it was in my control and power to restore the situation.

After receiving this news and being very angry I thought about the gesture for a while and when a little calmer, I started to convince myself that it could in fact be taken as helpful. I thought this would be a good solution to the problem, as it would be seen as fair with everyone having the same amount of time away from the front line of work on a rotating basis. I realised that with the growth of staff I had blindly assumed that no particular organisation was required and that things would continue as before but with more people. The only trouble was, as I belatedly realised, I had misunderstood the gesture entirely and the intention was that the office would be closed completely at this time and all staff would take the same lunch hour and ignore the telephone during this time. For a small company this was a major threat to business and could not be tolerated. It was a sobering thought that relations had deteriorated to such a point, where I felt there was a threat to the business.

Upon realising the true gravity of the situation, I viewed it as a direct challenge to my authority and leadership, rather than a real attempt at fair working practices. I began to think how I could respond. Again after the emotion of the moment had passed, I

turned my attention to exactly what was happening in the office, which up till that time I had ignored, as I had concentrated purely on trying to expand my business and had paid scant attention to any day to day organisation of the staff. I began to observe just what went on and noticed that everyone seemed unsettled, so it was not perhaps just one of the newer intake of staff that was the whole reason for the unrest. Despite that observation, I still remained highly suspicious about the personal motives for this move. This assumption was entirely based on the premise that there had been no disruption prior to employing extra staff in the office and now there was. I believed the action was in reality a means of demonstrating power and challenging my authority.

Although now, in hindsight, I can label my actions as observation and reflection, at the time it was a very uncomfortable position to be in and I was guided purely by the need to restore my authority. Leadership action was needed to retrieve the situation, as this was a decision being taken by the staff that directly affected the well-being of the business in a very negative way. I decided to respond to the problem by holding a staff meeting at which any concerns could be aired. I think that my reluctance to face the problem at an earlier point reflected a general characteristic of my management style. I felt uncomfortable when faced with the initial problem and had hoped it would go away. My first response to their action had been to try to brush the matter under the carpet and pretend to carry on as if nothing had happened. This inaction in turn had resulted in an escalation of tension and a worsening of relations. My overriding response to the whole incident was one of a feeling of failure on my part. After all, my thinking at this stage was still that managers were supposed to hold the power to prevent this sort of thing.

The staff meeting was convened and I put the view clearly that there was no way the company could close the sales office for a midday period, as that could potentially lead to a loss of business and frustration for our customers. The view of the staff, voiced forcefully in return, was that the work load answering the 'phones was too much. I noted the point about the 'phones, as I indicated previously, I had noticed the reluctance to answer them. Perhaps there was more to it than I was ready to accept but for the moment I responded with my opinion that it was nothing to do with them. There was thus stalemate with neither side giving any ground or showing acceptance

of the others' point of view. There was now a full blown dispute with potentially serious economic consequences if it could not be satisfactorily resolved. We ended the meeting with me promising to consider the matter further.

My office door opened out onto the sales office and it was always my way of working to have the door open so that I could listen to what was going on and try to intervene if I heard any calls that needed my help. This way of working had arisen from the time I originally ran the office almost on my own, before we began to employ more staff, as the business expanded. As we became busier, and without thinking, I had continued to pay very close attention to the 'phones, as listening to the conversations was an efficient indication of what was happening within the company. I was definitely not snooping but as I thought about it more, perhaps it could be regarded as such. This may have also added to the feeling of the staff that they needed some respite from the office space. We had no recreation area, so this was difficult and there was not much I could do about it. (In the later purchase of the new office building, I did address this problem, almost as a priority in the design of the office layout, by making separated office and canteen facilities and giving space for people to move around if they needed a break from their tasks).

With my close attention to what was being said on the telephone and comments made by the staff following the end of these conversations, I began to realise that it was possibly not so much the amount of telephone work, rather it was the nature of some of the calls that might be the issue. The calls were sometimes very involved, as they necessitated dealing with disabled people, who sometimes had difficulty in communicating and were often very demanding. Nonetheless, this had always been the case and nothing had changed in the office apart from employing more staff to deal with the work. Still at this stage, I remained unconvinced that the action was anything other than a pure demonstration of power.

I prepared for a further meeting and began to reflect that the situation had been allowed to escalate due to some understandable concerns. Firstly, there was a genuine feeling of strain in the office following some phone calls, which left a feeling of distress in the staff and secondly a view that the staff weren't allowed a proper lunch break so they could get away from their desks to escape this strain. This latter point was not hard to solve, as the staff were entitled to 45 minutes break but with nowhere

for them to go, they hardly ever left their desks thus leading to their lunch hours being interrupted by customers ringing in.

I had come to a conclusion in my mind that there now was a potential answer to the problem. It was me that had arrived at this point with no help from the staff in articulating what I felt was the real cause of the problem. At the meeting, I proposed the following actions. Firstly, I asked the staff to design a form, which could be copied and given to everyone in the office. This form had different columns to note down the nature of each telephone call (eg sales call, service call, complaint, accounts etc) and the length of time taken for each call. I asked them to do this for any random week, or any length of time they wished. At the end of the period we would collect all the forms and analyse the results. My second action was to ask them to produce a rota, which always allowed for at least one person to cover the telephones when the others took their lunch break. This second action is an example of a changed management routine that due to the growth of the company and its new larger number of staff. A formal structure needed to be introduced into the working practice in place of an ad hoc or non-formal structure. Previously, whoever was free would answer the 'phone but now there was to be a rota. There was a need for change that I had not previously recognised. My management style had been detached and I had assumed the staff could agree this themselves without me having to be actively managed. This was not the case and a genuine concern had been allowed to get out of hand. Once again I felt it was a lack of my management skill.

After a week I collected the forms and confirmed the result I had expected through my earlier observations. The average number of calls per person was quite low and the time spent per person on each call was not excessive except for some very rare calls, where they could become protracted or the caller was unpleasant. I distributed the results to the staff only to be told by them that they weren't representative. I asked them to choose another test period, which they did with similar results.

This time the results were accepted. With what I saw as a breakthrough and the potential for a solution to the problem, I reflected more calmly on how the incident had arisen out of some unhappiness by certain newer members of staff with the nature of some of the 'phone calls they were receiving. Unfortunately this has always been

the part of the job of people in any sales offices and could not be totally avoided. The negative effects of it could be ameliorated though, by demonstrating the relatively rare occurrence of these unpleasant or demanding 'phone calls and by spending some time away from the 'phone with a properly organised rota of staggered lunch hours. I also arranged for some formal training on dealing with difficult calls which I thought would help. The new way of working was implemented and there was fairly soon a restoration of improved workforce relations.

I learned so much later when undertaking my research on complex responsive processes that this story describes something that wasn't simply a power challenge despite my conviction at the time that it was. I felt it demonstrated weakness on my part and it was all my fault. Now with reflection I see it as an episode of an on-going series of gestures and responses. My assumed hierarchy of control was just that; an assumption.

4.2.9 Reflecting on Leadership in the Company

I was aware from my limited training of the distinction drawn between being an effective leader and a good manager in the literature. As with so many things involving human interaction, I don't think it is as simple as all that. Being a good manager on its own is clearly not enough as one has to have the survival and political skills as well to put into action the management of events. 'Management' suggests a reactive action to events that ignores the need for strategic change decisions that lie in the domain of leadership. In the middle of these two concepts though is an area of uncertainty. A good manager will win respect from followers, who will trust his or her judgment and logically would be expected to follow them on the basis that it worked ok before and so it seems a good idea. I feel I was neither a good leader nor manager. The company was there to realize my ambitions and I was lacking in these key areas of skills and abilities that would help me achieve this aim.

I determined that in the face of continual change as the company continued to expand in a somewhat turbulent market, it would help if I concentrated further on improved communications. This would assist in getting my message across to the staff. I applied for the company to undergo the 'Investors in People' process to become accredited in

the area of Human Resources. I had entertained much doubt and still do as to its validity, as we had tried it at my previous company in the early days of the scheme and it had been a bureaucratic exercise with little success to show for the effort. I felt that it may at least be an indication to the staff that the company was serious in its efforts to communicate effectively. As part of the scheme, we began to hold quarterly staff meetings where all the staff assembled for the meeting and I let them know the latest news. These meetings were of very limited value as nobody ever asked a question, as they felt somewhat intimidated to air their concerns in the open. I drew the conclusion from this, that formal platforms of communication whilst important for enabling legal records to be kept of what has been said, are no substitute for informal ones. Much can be learned from a simple one to one conversation with employees. We also introduced an appraisal system as part of the scheme that in principal was helpful, as it did allow an identification of the employees wishes and an opportunity to match these with the needs of the company. It was still bureaucratic but it did provide a convenient framework for communication.

The new scheme stressed the need for communication which not something that came easily to me. My style of leadership was somewhat disorganized and more focused on actions rather than people. I found these communication meetings difficult.

Rickards and Clark (2006) refer to this action-centred approach as being part of the 'Style Tradition' of research into leadership.

A popular notion of leadership is that it can be divided into three broad categories: Transactional leadership, transformational leadership and contextual leadership. According to Bass (1985) transactional leadership is a rational exchange process where subordinated needs are met if they live up to their leader's requirements. Transformational leadership focuses on strategic organizational change in response to changes in the environment in which the firm operates. This type of change calls for a leader who is charismatic and who has a believable vision of the future that can be communicated to the employees. With this sort of change, the culture of the organisation has to change as well in order to support the new altered state of the organization. The transformational leader has to use his or her charisma to motivate employees to follow them to achieve the vision they have espoused. Charismatic

leaders perform this motivation by transforming the needs, values preferences and aspirations of their followers. The employees are urged to perform over and above their normal call of duty. This is a form of emotional attachment to the organisation such that they are inspired to serve the good of the whole rather than themselves. According to Nadler and Tushman (1990), charismatic leadership needs to be bolstered by instrumental leadership. The leader needs to create an infrastructure of objectives, strategy, structure and processes to translate his or her vision of the future into organisational reality. This infrastructure needs to be flexible to change with the movement of the organization to the new state.

All my experiences as a leader tend to point in the direction of labeling me as a transformational leader but the weaknesses of the categorization system is that I seemed to operate across all three styles at the same time. I also felt that to label me as charismatic would be a seriously wrong description. I was really looking for a categorisation which could be described as 'the 'non-follower' The company had prospered continually over the early years but it is difficult to say that this was due to any sense of transformational leadership by me. I think this is one point in the story where the reader has an opportunity to make their own analysis. The following extract from the literature gives some indications of what a transformational leader may look like and I see only a part of myself here.

Visionary is perhaps a word that can be used to describe the transformational style. Hunt (1991) talks about the employees being empowered to realize the leader's long term vision for the organization. Clampitt (1991 talks about transforming the manager's power into duty and the employees' conformity into desire. He talks about the culture binding the organization. Beckhard and Pritchard (1992) claim that change must be vision driven. It is important for the organization to have a clear vision of its future.

I do think this is an area where I could improve, as my thinking was always creative and I have observed that employees like to have certainty and a clear understanding of where the company is headed. I had never heard of complexity theory at this stage but I was observing continually, that whatever plans and strategies I put forward, there would always be some reaction to them making the original

objectives almost elusive. There was also always another avenue to follow and I would chase it before finishing off the first idea. This leads constantly to a state of flux and uncertainty. As I rewrite this section much later in hindsight, the company is in a really difficult situation due to the recession and we have had to introduce short time working and a redundancy programme. This has called for an entirely different style of leadership, as I cannot be so task oriented in my daily life as there are limited resources to spend on the tasks I enjoy, which are product and market development.

I have found writing about the subject of leadership the most difficult of the topics covered in this work. I don't think I am a good leader. This feeling has arisen from my reaction to challenges I have faced, an example of which is described in the micro story of leadership in the office. Yet I have had to lead. I have feelings of guilt that I can't do it better but it feels like a mixture of skills are needed some of which I have more of than others. I think the description of contextual leadership would also be a valid approach in part in describing my activities at the company.

Contextual leadership is to be found in organisations undergoing continuous chaotic change. Contextual leadership occurs in when leaders are in a position where they are uncertain of what problems will arise. This type of situation can be likened to Vaill's (1989) concept of 'permanent white water.' A planned course of action based on tried and tested methods is not possible in these situations. In an organisation in permanent white water, vision and mission is a key role of leadership. It calls for theories which propose that employees can work without tight controls so that their potential for creativity can be released. Not only must staff work smarter, they must gain the capability to reflect on the situation continuously to be able to examine the validity of any suggested course of action. It is suggested that managers need to increase and widen their intellectual abilities so they can work spiritually smarter. This simply means that an employee has a faith in the core ideology of the firm such that when faced with decision-making in an ambiguous situation, this faith will guide them to suggesting courses of action.

In comparing myself with these models of leadership I see elements of both transformational and contextual leadership styles. I was always seeking to change

and always seemed to have an idea of where I felt the company should aim to be but it is in the area of communicating and translating that vision into reality that my main problems occurred. I had hoped that the adoption of the 'Investors in People Model' would be a helpful formal method of communicating my ideas but the evidence in my company is limited. It is my leadership ability and style that seems to override the situation. I feel the following better describes my style.

The initiation of strategic change can be viewed as a process whereby the CEO makes sense of an altered vision of the organization and engages in a series of negotiated social construction activities to influence stakeholders and constituents to accept that vision. According to Grint (2000), the leader attempts to actively shape the interpretation of the environment to employees and is involved with persuasion that their version of events is the truth.

Alvesson and Berg (1992) refer to 'organisational seduction' where the illusion is given that the employees have a choice but in reality they don't.

The work of the leader historically was seen as being one of deciding on strategic direction and then ensuring the implementation of the chosen course across the organization (Northouse 2001). A more recent view of leadership theory is that of 'shared leadership or co-created leadership. In co-created leadership, the emphasis is more on regarding it as a group level phenomenon (Bryman 1996, Senge 1997). Fletcher and Kaufer (2003) talk about a shift of focus away from the individual to a more collective view across the organization. Here leadership is more egalitarian and less hierarchical as per the leader/follower models.

In the company, the reality is that there has never seemed to me to be a feeling of shared leadership. I have felt as if I have tried to achieve this collaborative leadership style but the impression I still have is that the staff are waiting for me to come up with the next idea and then to implement it whatever the rights and wrongs of the situation. This is most evident of course in strategy selection which is a separate theme of this study. I do believe I have tried to learn as a leader and I recognize elements from models in the literature which I believe I try to adopt. A

further view of leadership is put forward by Senge and this does resonate with my experiences.

Senge's vision of the leader as designer, teacher and steward (Senge 1990), entails the leader adopting a systems approach to the concept of leadership. He talks of the focus moving from observing things to seeing interrelationships. Blame should not be put on incompetent individuals but should focus on the poor design of the system that allows the event to occur. Concentration by the leader should be on dynamic complexity where the connection between cause and effect is over an extended period of time and not on detail complexity where there are a multitude of short term issues. Concentration should also be on small actions that can produce significant enduring results. Senge also cautions against intervening when things go awry, as it may result in only temporary relief without tackling the underlying causes of the problems. This can lead to the leader being sucked in to a spiral of increasing intervention.

If the leader deals only with events, the organisation will move from one crisis to another, so that the members of the organisation become accustomed to events and reactiveness, which may lead to burn out. Senge believes that the same problems can occur with the leader who is visionary. They are better placed to manage change as they can explain strategy in terms of emerging trends but they still give the impression of responsiveness. Senge also describes some talented leaders as having rich intuitions but they are unable to explain these to others, ending up with them being seen as authoritarian in their approach to leadership. It is only they that can see the decisions that need to be made; they cannot get their strategic insight over to the members of the organisation.

My experiences at the company in part reflect Senge's view where I feel I could be labeled visionary. After all I have recounted previously how I have in my head a fixed idea of what the company should look like and I cannot deviated from this view until bounced off it by events or new information. I believe that the weakness comes with an inability to convince others through communication that this view is the best one for the organisation. Presumably in response to my experiences and subsequent reading, my leadership style has developed over the years and is now not so much a constant but is more dependent on circumstances.

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4.2.10 <u>Summary of Culture and Leadership</u>

I see culture as a real and powerful force in my organization. It is an unwritten code of conduct that determines 'how we do things.' Culture is the essence of the company. It can be recognized from within and without although the two views may be different as a company presumably can promote a certain external view or brand. Culture is the characteristic which defines a company for the staff and observers. Culture is determined by all members of the organization and not just the leader. A dominant culture may exist that may not necessarily reflect the wishes of the owner manager. In that case, the tension has to be eased by the implementation of change processes but these are complex and not under the control of any one person. The leader can give important indicators as to the culture he or she wishes to have. These indicators can be by verbal or written statements or be actions such as creating different working environments. In our case we moved premises and recruited new staff. If the culture still is at odds with how the leader wants things to be done, then further cultural change may have to be attempted by a change in staff or managers. As the leader, in the form of the owner manager, is the reason the entity exists, then it would seem most likely it is the staff who must change their views over the long run. This inevitably leads to political balances as any change has to be done without significant loss of performance to safeguard the entity.

There is a power balance between the leader and the employees and between employees. The leader can only achieve the changes needed when the power balance is in their favour. This requires a majority of the employees to support the reasons for the proposed changes or to at least acquiesce. Leadership and communication abilities are vital if this message of the need for change is to be understood. If the existing employees see no benefit for them in the proposed changes, they will not cooperate actively. Any additional employees who are recruited need to share the vision, so that a majority is in favour and the proposed changes can be implemented successfully without damage to the company's outputs. Shared leadership as a concept accepts the context and complexity of the process and thinking such as Senge (1990) ideas were to be influential on my own thinking and actions.

On reflection of my experience, it is evident that I have expended a lot of effort in trying to achieve (impose) a desired culture in the face of resistance from the staff. This began with my desire for change following the take-over. The previous owners had taken the company to a stage where it was well managed but they had no intention of further expanding it due to their personal circumstances. My vision was to make it a successful growing business and this conflict of direction between the old and new owners is easy to see in hindsight. Although my vision was absolutely clear to me I do not think I was successful in communicating that to employees.

In attempting to change the culture, I have learned that even major disruptive action such as moving the premises for the reasons of space and access to a larger labour pool did not immediately lead to the cultural change that I felt was necessary. Changes have come from constant reinforcement of the message by me and communication is extremely important in this. Here my experience is that good communication is the most difficult of things to achieve. Despite achieving recognition of being an 'Investors in People' company, where employee communication is stressed as being most important, the message I wish to convey to the staff is seemingly not understood by all. One conclusion could be that there are people who not only will not listen but have no intention of listening. This observation can be contrasted with Collins's description of 'people on the bus.' There needs to be enough 'right people' for the organization to achieve a dominant culture that is satisfactory for the owner manager.

Theory X and Theory Y (McGregor 1957) would seem to hold true at least in part at the company where some employees would fit one description and the rest would fit the other but it is very simplistic and doesn't allow for shades of grey in between.

When the company was very small and there were not many people, there really did seem to be one dominant culture. The way things were done was not the way I wanted things done and this created the conflict between me versus the rest. As the company has grown, there are now several different cultures vying with each other for supremacy, as the dominant discourse. If I as the owner chose to accept these without challenge, then de facto that becomes the culture that is allowed to pervade even if it is one with which I may disagree and am unhappy with. If the feeling is strong

enough about the culture at any time, then this conflict causes the leader to take whatever steps necessary to attempt to change the culture.

I have learned from my experiences and reflecting on them in this writing that contrary to my initial beliefs, it is seemingly impossible to exert sufficient influence to ensure that there is only one culture, that of the owner manager. There are counter cultures that always exist but if they do not challenge the dominance of the principal culture, then they continue to be accommodated. That is not to say that challenges to the dominant culture should not be made by employees as well as the owner manager and me as an employee in my earlier paid employment would feel well placed to understand that. This points to the heart of the debate. As someone who has put himself and his family through a great deal of stress to establish a company that reflects the image I want, it has been very easy to assume the autocratic role that I believe I have adopted. This is where shared leadership struggles as a concept in the small firm as the company has to reflect the aspirations of the owner manager as leader. I feel that unless the company 'is' as I want it to be then there should be no company, despite the fact that the voices of others are potentially legitimate in striving for a different company.

Throughout my research I have discovered conflicts of approach. Senge's encouragement to think of the system rather than discrete events in detail was an initial direction that was intuitive to follow. However complex responsive process theory (discussed in paragraph 2.9.4) argues that it is precisely these discrete details that are important and the system does not actually exist except as created by these local gestures and responses. Leadership must be exerted at a micro level rather than being applied at a company-wide level. I saw this demonstrated with the micro example related earlier of disruption in the office routine. I find leadership very difficult to engage with and I have seen it to be at the very least a fluid and changing phenomenon. Whilst I have tried to learn and implement new skills to keep up with this fluidity, I think I have not managed to successfully cast off enough of earlier leadership styles. I believe I do remain highly aware of the company and its problems and opportunities but I have not had the ability to communicate this awareness to others and have ended up applying seemingly autocratic decision making. Where I will be interested to notice any future change in my perception will be when my son

begins to be active in the business. He and my daughter will have a strong voice as it is my intention for the business to be theirs if they are successful in their jobs.

I have found many similarities between leadership and entrepreneurship research. They both have evolved with the development of different approaches from traits through to more complex theories and they once again are helpful as retrospective analyses of style and actions. I feel I could genuinely be labeled an entrepreneur (although I do not accept any relevance of any specific categorisation within that term). I approach any entrepreneurial decision with confidence and, as we have seen, single mindedness. With leadership, I am less sure, as I struggle to see myself as a leader and so can only imagine others do too.

Thus with the above reflections, the second theme of leadership and culture has contributed to the achievement of my aims and objectives by demonstrating its complex nature. My major learning point from this theme is that culture change is not in the gift of the owner manager despite my absolute conviction that it was. Its importance is clear from the amount of writing I have done in this theme describing the effort I have expended in trying to lead change in the company. Entrepreneurialism is what led to the process of buying the company but once I was installed the importance of culture and leadership has become evident in determining how my company evolves. My own abilities have been contrasted with several theories and I have drawn some ideas for improvement from them. It would have been of immense assistance if I had understood the complexities of culture change when I was developing the company. Leadership and culture stand out as fundamentally important in the success of a firm but for me are the most difficult to deal with.

At this stage in the company's history following the move to the city, the date is around 2004 which is 8 years from the time from the buy-in. The company had expanded significantly to three times in size in terms of sales. In terms of staff, there were about twice the number I started with. There had been no real change in strategy up to this time. This had been simply to continue with a one product company philosophy but to promote the idea of exclusivity and desirability of this product through increasing the amount spent on our promotional campaigns. As was evident from the first micro-interaction example, there was a danger that having just one

product laid the company open to the dominance of that product being challenged. This was a signal to rapidly expand the company product portfolio. The following section details the story of strategy evolution in the company.

4.3 STRATEGY

4.3.1 Introduction

Defining Management strategy is a difficult if not impossible task ... 'there are strongly differing opinions on most of the key issues and the disagreements run so deep that even a common definition of the term strategy is illusive' B. De Wit & R. Meyer (2004).

This section tells the story of strategy making and implementation over a period of 15 years. I have included all the thoughts I originally had about the subject when I initially began the research. They appear in the order they occurred and cover my progression in thinking of strategy formation, as being something controllable and predictable by managers, to one which accepts it as an emergent effect of interactions within and without the organisation that are not in the gift of management.

Whilst accepting an all-encompassing definition for the term is difficult, I acknowledge the presence and importance of strategy, as it concerns the future direction of one's company. My view is that strategy is a specific course of action(s), planned and followed in the light of market knowledge, supported by decisions on the availability and allocation of resources. For me, it is the 'thing' one may do when one gets to work in the morning, or in a quiet reflective moment, when not dealing with the tedium of day to day issues. The difference I feel now, following my reading and reflection, is that whilst a manager does try to plan and operate strategically, the implementation of strategy is not a controllable element and its emergence does not simply result from the wishes and actions of the manager alone.

My enquiry concerned gaining understanding of small businesses and their owner managers and I approached the topic of strategy with high hopes of getting to the

heart of the matter. From my original standpoint, strategy seemed to hold the clue to business success. If a strategy could be devised that outsmarted the competition, then surely the firm would prosper. Thus my approach was to find out as much as possible about other peoples' strategies and try to extract the winning formula from their experiences. My view of the importance of strategy as a key element in the greater understanding I sought, has not changed over the course of this research. What is different is the realisation of the complexity of the subject and this section describes a transition in thinking over a period of learning with my DBA studies.

I had originally expected to populate this part of my work with the findings of questionnaires from other owner managers. I assumed these would show that if they adopted a particular strategy, then success or failure could be predicted for their businesses from that decision. In my revised approach, I have not sought to deny the existence of cause and effect phenomena. They are alive and well in small business life and the breadth of their scope is well documented in the first part of the literature chapter (chapter 2). It is the areas of formulation, control and predictability of outcomes of strategy that will be questioned here in detail.

I begin this part of my story with a description of what I actually did, which could be termed as being under the banner of strategy, once I became owner of my company. The second part of this section then reviews these actions and outcomes in the light of my learning from the literature and my own observations. Strategy is a word that can be applied to many aspects of company and personal life and I will proceed to list some of the strategies I adopted, where I have consciously or otherwise tried to follow a particular path. The dominant strategy, due not only to the leveraged nature of the buy-out but also my own personal ambitions, is one of growth of my business. I needed the growth to finance the purchase of the company but as discussed I also simply wanted a larger company. (I realise growth is also an aim but it does guide a lot of subordinate actions and I am comfortable with its description as a strategy).

4.3.2 Developing a Strategy

Originally following the buy-in in 1996, I had no real knowledge of the market and little idea as to how I could develop the business. By default, I think, I pursued a fairly

strict policy of niche marketing. I began by identifying that the core market was for products for children and concentrated on amending the company's promotional material to appeal to them and their carers. I changed all the literature to reflect young people with happy smiling faces rather than serious looking older people. (I also developed one of the first company web sites).

Following the move from the village location and once established in the city, I now once again had a large business loan to service for the purchase of the new property. The move had been entirely the result of the need for extra labour to meet the growing demand for the company's products but up till this point, there had been no consideration of future strategy. With the move, I began to think more about the future direction of the company, which had now grown to be a different entity, in size at least, from that which I had originally bought.

In a small business, the owner is often the manager and as such the capabilities of the individual are likely to have a large impact on the future of the business (Davidsson 1991, Barkham 1994, Kangasharju 2000, Montserrat 2002, Barringer and Jones 2004).

What is noticeable to me now, as I reflect on the matter, was that proposals on strategy always seemed to come from me as my colleagues seemed unwilling or felt incapable of assisting in this matter. It is possibly due to my style, that I overlooked anybody else's idea but I can only act as reporter of what I observed.

With the steady growth in sales, signs of growth of competitors were beginning to be apparent, thus reinforcing the need for change. This marked an increase in activity to becoming an innovative company with a significant diversification programme with a lot of money spent on new products and promotion. This led to pressure on cash as it began to be diverted into product and market development. For the first time, we were beginning to feel the pressure of competition, which was a new experience and was demanding a revised approach. We fully understood that our business was one of low technology, albeit with a high service element but with relatively few barriers to entry. This laid us open to competition with little defence other than diversification. For the following analysis, I use a framework from Smallbone and Wyer (2000),

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which I have found useful as a means of looking at several different aspects of strategy in more detail.

4.3.2.1 Growth Objective Strategy

I realise that growth may be described as an aim or objective and not a strategy but I defend my use of the term. To counter the argument, I would propose the aim is rather that revenues earned through a growth strategy are sufficient to satisfy the financial requirements of the business and the personal needs of the owner manager for financial reward and the need for achievement. Thus growth is not just an aim in itself, but is a means of achieving ones aims. From what follows in this section, it will be seen that growth was an overriding and unquestioned strategy. This conviction will be seen to falter for some time, only to be reinstated once again as circumstances altered. This section is organised into various sub-topics that contribute to the overall strategy of growth with an analysis of activity within each specific component.

For all of the early years of my tenure as owner manager of the company I had an unshaking commitment to growth. I repeated it at all management and staff meetings and I never questioned it as a strategy or aim. It was not long after moving the company to the city that I began my DBA studies. My chosen topic concerned the evolution of SME's and their owner managers and I was encouraged to discover in my early reading that one of the statistically significant theories that did exist was that growing companies would be expected to have owner managers who wanted their companies to expand.

This 'growth objective strategy' theory states that companies that grow will have owners who are committed to growth (Smallbone et al 1995). In their study, they found that 70% of firms in their sample had growth as a stated objective as opposed to 32% of the other firms. Clearly the issue of growth motivation is an important area as without it, it is unlikely that the enterprise will grow and will remain underexploited. Work in the area of attitudes has been undertaken by Wiklund Davidsson and Delmar (2006), which is based on the expectancy-value theory of attitudes (Fishbein and Ajzen 1975). This work focuses on how the overall attitude to growth is influenced by specific cognitive beliefs about the consequences of growth.

One of their findings is that among the beliefs held by managers concerning growth is that regarding work atmosphere. Those managers who felt that growth would provide for a better work atmosphere were naturally more likely to be promoting growth than those who thought it would lead to a deterioration.

My company did grow continually and it is very tempting to say it was just because I wished to grow, as in the above theory. To help to achieve this growth I so much desired, I began by introducing a strategy of diversification, which meant a development of markets and products.

4.3.2.2 <u>New Product Development</u>

Perhaps because I was an engineer, I initially concentrated on the products as a means of changing the fortunes of the company and ensuring we followed a growth strategy. I set to work on what could be described as a programme of making the existing products look better but they were not really new products. After a few years and with success from these updated products I reached a point where it was difficult to know what to do next. The motivation for the first developments was easy. It was simply a case of answering criticisms of the product range with new features in old products.

There followed a period of stagnation in product development, which was as much to do with the fact that the company was in a prolonged growth phase, where all attention was focused on getting production out, given the problems described in the earlier section. The other reason for inaction was that it was all too easy. I had connected with the emergent trend in the market, making products for disabled people that were not merely functional but also desirable. We had no effective opposition at that time and the company began to make reasonable profits. I fell into the trap of inaction simply due to the success we were achieving. It was no longer a struggle to survive and it seemed there was no end to the company's success. Of course I knew then, and I know now, that this is precisely the time when danger threatens. Competitors eye your success and note your weaknesses. As in life generally, entropy rules and all good things come to an end. Both competitive pressure and emergent trends in the market eventually forced the introduction of a further major product diversification strategy.

As the years went by, my understanding of the market and customers' needs increased and the product development programme became the major item of expenditure. Sums of between 5 and 10% of turnover regularly went on this activity. The whole reasoning behind this push was an unstinting belief by me that the company would prosper through a process of product differentiation. What this policy did do however was to divert all resources into product development rather that service. It is not surprising now with hindsight that the competition thrived in this time with a better service offering and cheaper prices. Our marketing message failed to get across that it was worth paying for the style and quality of our products.

At this time we had an intervention by a post graduate student at Leeds University who was undertaking research into high value manufacturing. Some of her work is reproduced here that puts our strategy into context.
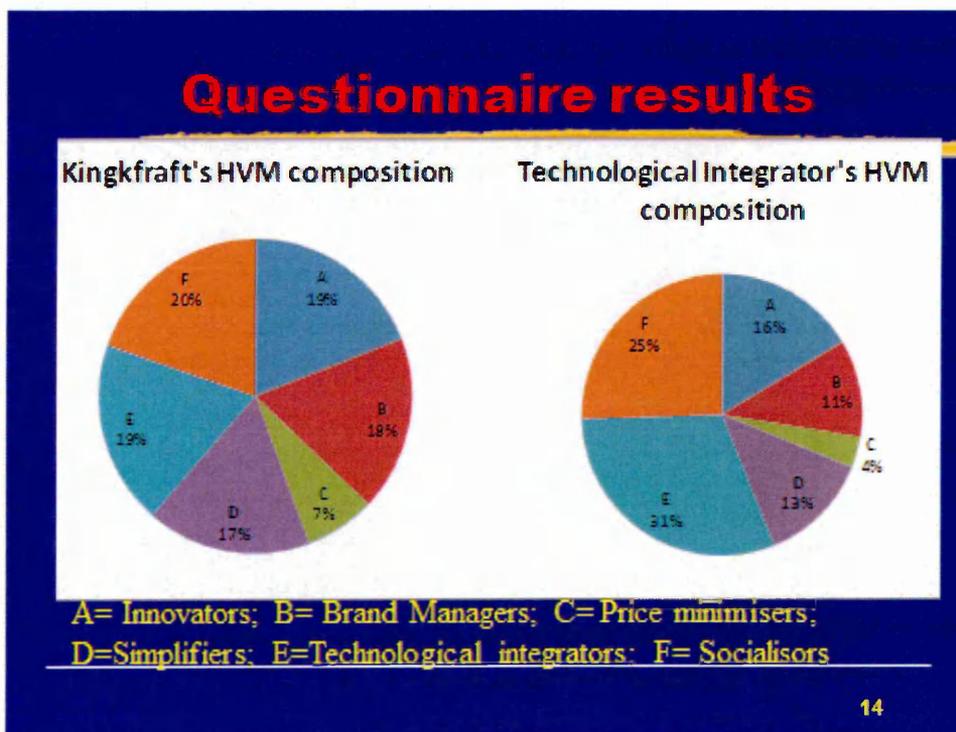
Fig 1 Questionnaire Results

Elements of the Value Matrix

	HARD	SOFT
Product Leaders	INNOVATORS	BRAND MANAGERS
Operational Excellence	PRICE MINIMISERS	SIMPLIFIERS
Customer Intimacy	TECHNOLOGICAL INTEGRATORS	SOCIALISORS

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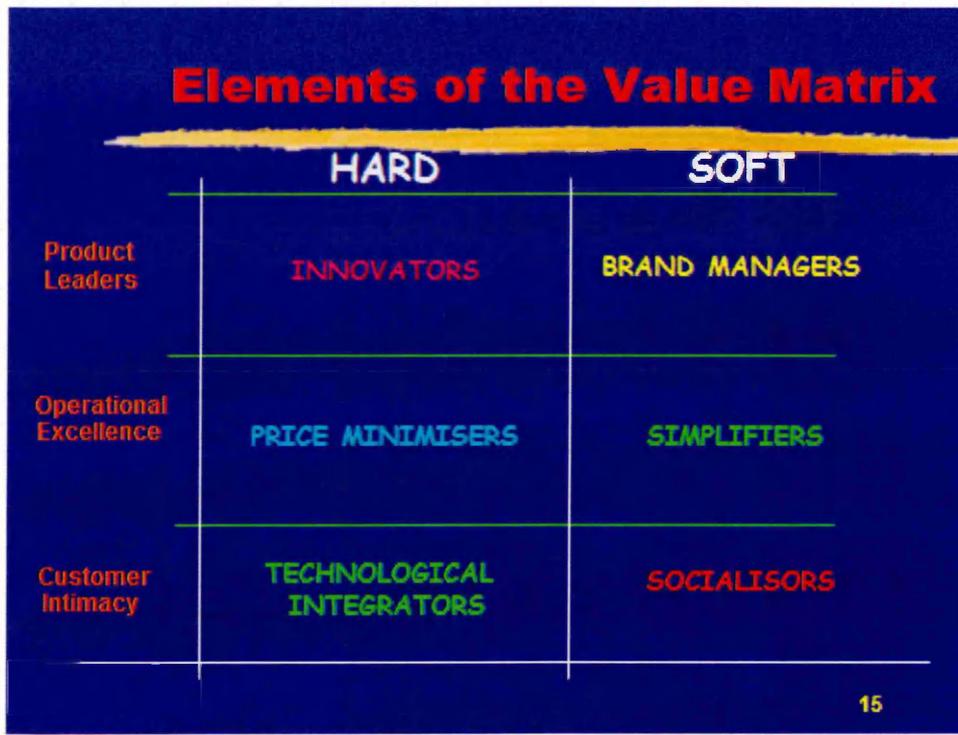
Table 7 The Value Matrix - Luisa Huatuco Leeds University 2010

This study showed that we had concentrated too much on trying to differentiate products at the expense of maintaining our customer service levels.

All the products and services we were developing up to a certain point related to bathing products for disabled people but we then entered what has now been an enduring recession. At this stage I looked at what other non-bathing products were bought or specified by our key customers, the Occupational Therapists. I determined that seating and sensory products were an area we could look at and we began to market these quite successfully.

The current product development programme has high specification products at its core but the time and cost for developing these is huge and I often wonder whether we ever will make the necessary technological breakthroughs to gain a return on our investment. There is an innate belief in me that manufacturing is vital to the long term success of the company. Manufacturing allows one to remain independent of the wishes of another manufacturer who may or may not wish to include you in their plans for distribution of their products. It allows you to keep a toe-hold in evolving

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technology that enables one to create new products in an attempt to keep ahead or at least abreast of the competition.

We thus began a new turbulent phase in the company's history that could be characterised as a constant changing of products and services. During this period overall sales have actually increased, which during recessionary time seems like a reasonable result but the money and effort to do it has been huge and the management time spent on the process has, we have seen, diverted attention away from the customers. Thus it can be seen that simply to diversify is insufficient to guarantee success. The following excerpt is a bald statement that does not take into account the need for maintenance of customer service values which can adversely affect the company's fortunes.

It would seem that high growth firms have a strategy of differentiation (North & Smallbone 2000, Pena 2002).Those businesses which are able to develop new products and services in existing markets, enter new markets with existing products and generally broaden their customer base are more likely to experience growth (Littunen and Tohmo 2003, Kelley and Nakosteen (2005)).

Our results do reflect these theories up to a point. Where they are weak is that again all company results depend on the issues at any particular time. We did grow as a result of having new products and markets but that does not explain the current contraction in the sales of core products, which is due to several other factors including the recession but also changes in the way the products are purchased through local authorities. In other words there are many and varied causes. This reflects the complexity of the situation and, as in the case of entrepreneurship, the importance of external influencing factors, which are unknown and uncontrollable.

4.3.2.3 Marketing

The company has moved over the years from being a niche manufacturer and supplier of essentially one product to where it manufactures and supplies all bathing equipment required by someone with limited ability, as well as seating and sensory products for children.

The company has remained a high quality supplier and we also still largely maintain a policy of selling direct and not using agents. As the market changes rapidly, at the time of writing, it is unclear where the distribution policy should go. The high street is seeing carnage in the wreckage of bathroom companies.

The company also promotes the products through the new Living Centre in a second property purchased some years ago. This building is used as a combination of offices and training rooms and showroom. The company gives CPD presentations in the Living Centre and it helps to maintain our brand as a reputable knowledge based company. The Living Centre was a major investment for the company and we have held some important meetings there with influential customers.

4.3.2.4 <u>International Marketing.</u>

Often small businesses depend on a very small number of customers and are unable to understand the export market opportunities present. Most small businesses do not export (Storey 1994; Hamilton and Dana 2003) but this may be a factor in growth firms (Zahra et al 2000; O'Gorman 2001).

With my previous back ground of working internationally and being reasonably adept at languages, I have tried over the years to improve our overseas sales. It has been very difficult, as the product range is very specialized and the time between an enquiry being received and a sale being made can sometimes be very long. This is not much good for most distributors who need more volume much quicker so we have struggled to find good partners. Presently we do sell overseas in reasonable volumes albeit still not significant enough.

4.3.2.5 <u>Marketing Organisation</u>

Originally all marketing was done by me supported by one salesman. Between us we did everything of a commercial nature but this began to evolve several years after the buy-in. The embryonic marketing department was formed in 2003 as a result of a KTP scheme, which is a partnership with a local university. Under this scheme, the

company received a lot of help and guidance from the university and assistance with the recruitment and employment of a graduate with capability in the chosen area. The company had already undertaken a successful KTP previously with the university, resulting in the development of a new product, so both sides knew each other well.

The marketing department was thus born and originally consisted of one person. Although this person left before the end of the scheme, the basis for the position was established and since then the department has become well organised and a critical part of the company's operations. The nature of the market has changed radically over the years and currently is in the early stages of even greater change and responding to these changes has led to even greater emphasis and skill in marketing. The Marketing department has grown of age from being seen originally as a producer of mailshots and leaflets to a key factor in the company's success.

A common area of difficulty for the small firm is in the area of marketing. There is often little expertise in this area due to the lack of resource and much of the literature on guidance in marketing is written with the large firm in mind. Small firms do not have the resources of the larger entities and may have to rely on collaborative associations with trade associations for example, which can have beneficial effects on growth (Robson & Bennet 2000).

One big challenge facing the Marketing Department is that any decisions taken with respect to marketing tend to involve money. As with product development, these costs can be huge. This consideration of resources drives direction, as it is pointless trying to develop and sell something, which has no competitive advantage in a market dominated by a powerful competitor who can outspend you in promotional firepower. We do cooperate with our main trade association in operating as a recognised supplier, which gives credibility to our marketing efforts. We also participate in a medical trade association and this does lead to the promotion of the company, which may help growth.

4.3.2.6 Human Resources Strategy

For the firm to grow, more staff are usually required. In a small firm this issue is almost always a dominant theme. When attempting recruitment of a skilled individual, I have noticed from my experience that aspiring new employees may prefer the perceived better conditions and wages of a large company. I also know through my personal discussions with many other business owners that they are reluctant to hire new employees because of the problems that are caused when things go sour. Managing employees is undoubtedly for me the most difficult of the tasks I am presented with and I spend huge amounts of time on this activity at the expense of other things. Without employees though, the entity will not develop.

If the firm can recruit and retain the skilled and capable people required then it is more likely they will achieve growth (Pena (2002); Barringer and Jones, (2004)). Robson and Bennet (2000) give empirical evidence of a positive association between employee skill level and firm growth. Storey (1994) also reported a correlation between firm size and workforce training. He also found that growth firms had a willingness to delegate decision making to other staff, which he deemed to be a crucial prerequisite for growth, as this also implies the ability to recruit and retain high quality management staff.

Our company has managed to recruit some very talented individuals over the years and it is frustrating when in business life one meets people who could be enormously important in developing one's business but they are not able to join the company either for their own reasons or because the company is unable to afford to pay them sufficiently highly. Also in a small business, career progression opportunities are limited and this is frustrating for staff as they cannot advance to fulfill their potential if the opportunities are not available.

As a Manager, one needs to trust that the growth of the company continues to allow you to eventually provide these further opportunities for staff development in advance of any increase in revenues. It is precisely like making any other form of investment. For people to progress in their jobs it is necessary to give them

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authority over other people or processes but there is a limit to how many people can be called manager in a small company. A large amount of time and money is spent on training our staff and they are encouraged to request personal development whenever possible. In times of recession, this whole model is threatened, as there is a lack of confidence that the company's growth will be stable enough to plan for this career progression.

4.3.2.7 <u>Financial Strategy</u>

The underlying financial strategy over the initial years was my desire to remove all the debt burden from the company and to somehow find a way of buying out the investor company so that it would become truly mine. About 5 years after the buy-in, the company had grown very well and the investor company was receptive to a buy out of their shares.

Although we keep meticulous accounting records and do operate a budget planning system, I don't take major financial decisions based on these figures alone. Any investment decision has to feel right. I tend to approve capital expenditure as I see fit. If we can't afford it, I postpone it or I abandon it. I like to pay my bills on time and I like to be paid on time. I find it distressing when we have to chase for money. (This is now a characteristic of the recessionary times for the company where bad debts are becoming a significant worry and threat).

The government is keen to see business growth financed by the banks, which they hope will lead to increased employment. However in the new credit crunch climate, banks don't seem to be willing partners in this grand scheme. In no way can it be said from my experience that there is any close alignment between the bank's objectives and the company's, despite the efforts of our excellent bank manager. Cash is the key to both short and long term decision making in the company as without cash, the company is no more.

Cash in particular is a critical issue for growing businesses (Sexton et al 1997), as it is from cash that all other resources are derived (Barringer and Jones 2004). Once growth potential has been recognised, there comes the continuing problem of

managing that growth with restricted resources. Based on an asset base that is often inadequate for growth, attracting finance is usually a major constraint for the small firm (Storey 1994)). There arises therefore at this time a critical question for business owners. Should they accept cash in exchange for part of the equity enabling them to pursue a strategy of growth? Amongst the several key strategy factors present in growing firms identified by Storey (1994) were a willingness to share equity with others which appeared to be essential for growth firms. Many (most?) business owners are averse to this (Carter and Van Auken 2005). Empirical evidence shows that firms with a higher availability of external finance grow much faster than those without (Becchetti and Trovato 2002).

I am not certain this point holds true for with my business or in general. In the following example I tell the story of a similar firm to our own that did have access to greater financial resources but the evidence of this leading to their growth is limited. Once more this indicates the contextual nature of the problem.

Sometime following the purchase of my company, another small company came up for sale located not too far away. I made an offer for it but it was bought by someone else. The product range at this other company was somewhat old fashioned but there were still some significant sales and the two companies could be said to be operating in the same specialist market and be of similar scale although my company was slightly larger.

Over the years following the acquisition, this second company did not appear to grow as my company did although this is only my perception, as the information available is inconclusive. It cannot be said that this second company had a lack of financial resource as theoretically at least, that was far greater than anything I had, as there was good financial backing for it. At face value this demonstrates that having access to finance is insufficient in itself for success.

The similarities and differences in the two companies at that time are given in the following table:

My Company	Other Company
Specialist manufacturer	Specialist manufacturer
Located northern England	Located northern England
Old fashioned products	Old fashioned products
10 employees	Around 8 employees
New management	New management
High financial gearing	No debt
Poor financial resource	Good financial resources

Table 8 Company Comparison

So whilst there are some differences, they are very closely matched apart from the financial aspects. This is one of the few examples of direct reference to another venture in this research. It is interesting as it is a real life indication of the weakness of simply relying on one predictive theory in helping understanding of what happens in a small company.

It is tempting to think that if I had taken over the second company, it also would have grown in the same way as my own company did. Certainly I would have made changes to the product range as quickly as possible but it is easy to be wise from afar and to assume I had some sort of special ability to succeed. The intriguing thought occurs as to how different would have been the story I am writing here if we had integrated the two companies. There would have been greater scale and resource and I believe the pace of development would have been quicker.

4.3.3 Implementing Strategy

For many of the years I have been involved with the company, I always felt I held absolute power over strategy proposals. This is presumably because strategy implies action, which implies change, which usually implies costs and resources. As I, the owner manager, ultimately am responsible for these resources, others are perhaps somewhat disadvantaged in proposing any strategy with which I do not agree.

I have learned that for a company to grow something has to be different, either internally or externally. Either the market grows and/or a competitor exits (external), or the company takes decisions, which either allow it to enter a new market or to take share from others. All internal actions are moderated by the resources available. The strategic management decisions in my company are principally taken by me, the owner manager. If the decisions taken eventually do lead to growth, then the ability of the owner manager to manage the transition of the company through the growth stage becomes important.

When managing the business, I am acutely aware of the interaction between so many forces at work. Strategy selection is dependent on the availability of resources and is the 'art of the possible' to borrow a phrase. As I continued my research, I tried to produce a model of the company with strategy at the heart of the system as an aid to my understanding. Although I was later to abandon the notion of conventional systems thinking as a method of explanation, I have included my early work here as an example of a stepping stone in my learning.

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┌─────────────────────┐              ┌─────────────────────┐
│  Market /Competitors │              │     Dividends        │
│                     │              │                     │
└─────────────────────┘              └─────────────────────┘
                                                                      ┌──────────────────┐
                                                                      │  Taxation etc    │
                                                                      │                  │
                                                                      └──────────────────┘
┌───────────────┐  ┌───────────────┐  ┌───────────────┐  ┌───────────────┐
│    Delta      │  │  Production   │  │    Sales      │  │    Cash       │
│               │  │               │  │               │  │               │
│  Order Intake │  │               │  │               │  │               │
└───────────────┘  └───────────────┘  └───────────────┘  └───────────────┘
                        ┌───────────────┐
                        │   Costs &     │
                        │               │
                        │  Investments  │
                        └───────────────┘
┌───────────────┐                           ┌───────────────┐   ┌──────────────────┐
│    Owner      │                           │     NPD       │   │  + non-cash      │
│   Manager     │                           │               │   │  outputs         │
│               │      ┌───────────┐        │   Markets     │   │                  │
│  Attributes   │      │  Strategy │        │               │   │  Power           │
│               │      │           │        │   Marketing   │   │                  │
│   Wishes      │      └───────────┘        │               │   │  Affiliation     │
│               │                           │  Staff policy │   │                  │
│  Attitudes    │                           │   Training    │   │  Achievement     │
└───────────────┘                           └───────────────┘   └──────────────────┘

        ┌──────────────────────┐   ┌──────────────────────────┐
        │      External        │   │       Internal           │
        │                      │   │                          │
        │     Resources        │   │  Human / Physical Resources │
        └──────────────────────┘   └──────────────────────────┘
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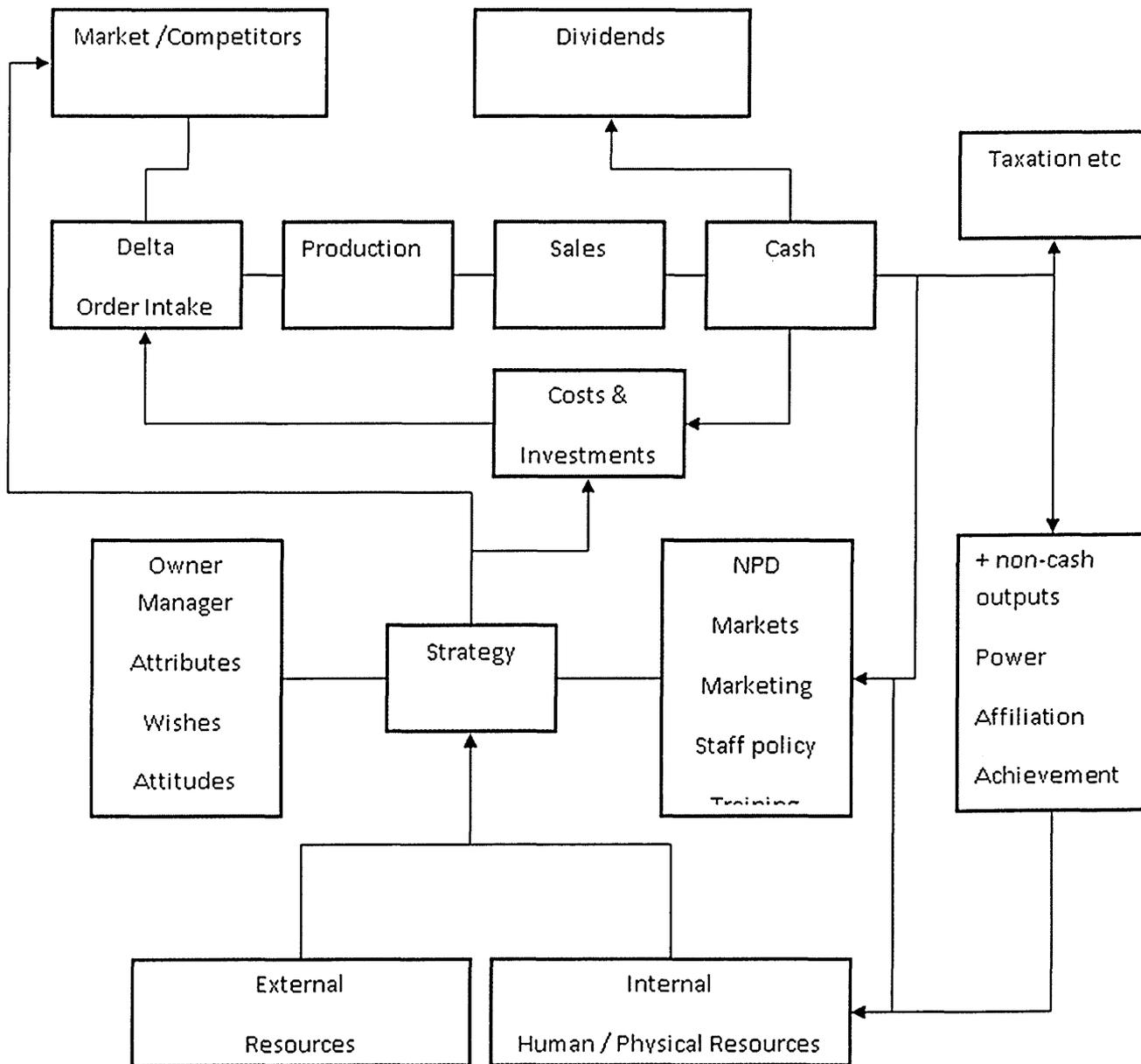
Fig. 2 Strategy Position in the Organisation Nigel Harrison 2007

Although I have found it difficult to portray, any part of the above seems to be capable of having a connection with another part either directly or indirectly and the two way streets of 'influencer' and 'influenced' are numerous. Whilst the inclusion of a systems model is not compatible with the overall theme of complexity that developed over the course of my writing, I include it as a manifestation of the reflective way I was beginning to think. The above model positions strategy as an independent box but in reality it is moderated by several factors as follows.
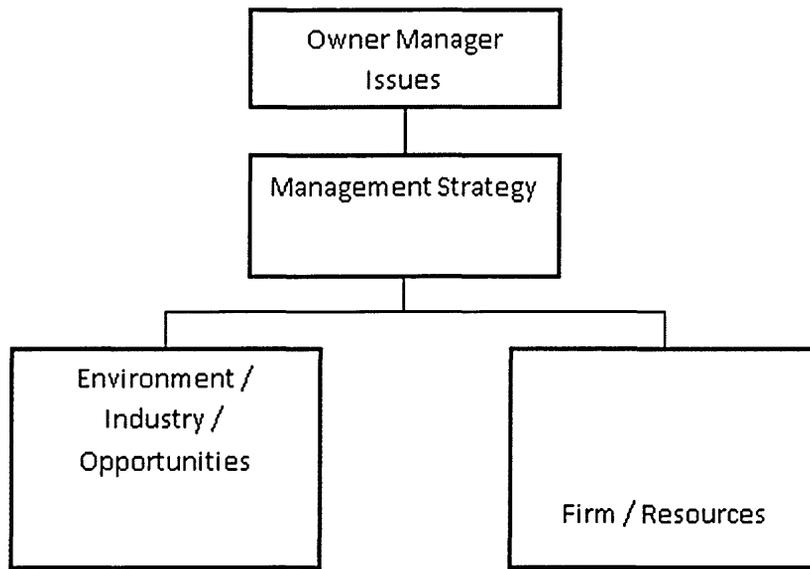
Fig. 3 Moderators of Strategy -Nigel Harrison (2008)

As discussed in the literature chapter (chapter 2), the number of internal and external factors, within the above headings, which act on the growth of an enterprise are numerous and varied and impossible to predict. Their effects and reactions to them are equally unknowable in advance.

Wiklund and Shepherd (2003) take this approach and have developed their view which looks at the moderating influence of numerous variables on the growth of a company. Among some of the proposals for direct cause and effect of a company's success, is its location. The location of a firm can have an impact on growth as there needs to be access to premises and labour. Technological spill-over from the clustering of similar technology businesses in one location may not be the cause of growth. (eg Gilbert, McDougal and Audretsch 2007). This is tempered by the firm's ability to actually transform this knowledge availability into action (Cohen and Levinthal 1990).

Evidently there are a significant number of specific industry factors which can affect the growth process and so organisational growth can be partly explained in terms of these environmental influences (Hoogstra and van Dijk 2004, O'Gorman 2001, Wiklund and Shepherd 2003). The environment is taken largely to be the industry sector in which the firm operates. Kangasharju (2000) proposed that environmental

conditions are the central factor in determining organisational growth and thus growth occurs as a function of the environment. Therefore from this it follows that the choice of environment is more important than strategic choice within that environment (Hawanini et al 2003, O'Gorman 2001).

Environmental conditions such as the size, scope and buoyancy of the sector would be expected to affect the growth of the company. O'Gorman (2001) found, somewhat unsurprisingly, that in periods of high demand, the prospects for the survival and growth of the business were increased. The cost and availability of resources on the supply side of the environment may also play a part in the firm's growth (Smallbone and Wyer 2000). One major factor affecting the demand and supply conditions is the level of competition in the environment. However research into this aspect of the environment is inconclusive as it concentrates on the number of competitors, which may not necessarily indicate their strength (Storey 1994). The size of a large company operating in an environment may also have an effect as they may outsource some of their work to the smaller firm (Smallbone and Wyer 2000). It has also been shown that whilst it is possible for firms to achieve growth in certain industry sectors, it is harder to achieve in others (Smallbone et al 1995).

The strategy models I developed early in my research, although evidently systems based, do demonstrate the influence of external forces on strategy, which position it as a reactive concept. In this original thinking, they depict strategy as a unidirectional all controlling power. In other words once developed, it (strategy) then controls events, which are expected to unfold as planned. Reflecting on life in my company, and in the eight of further research, this is not what happened. Firstly my own personal strategy was changeable. Did I want a lifestyle business or was I more interested in creating an empire? The product strategy of effectively trying to create an air of exclusivity for the one product I had, by adding more and more 'bells and whistles' to it, had to change with the advent of competition and recession, where appealing to the customers' desires for quality brands was at odds with the economic realities of recent times. The strategy emerged over the years from an initial one product/high price strategy (which itself was never a thought-out or considered strategy) to a multi-product/full service competitively priced one, in reaction to events.

Turbulence and the unpredictability of external influences inevitably may impact a firm's performance and small firms may often lack the resource and time to effectively deal with these changes. Also because the small firm is more often concentrated in a limited number of markets with a limited number of products, it is even more important for them to try to anticipate these changes than it would be for a larger firm. Changing one factor in a small company is likely to have more effect than in a larger one (Cohn and Lindberg 1974). Within specific sectors, there are also differing conditions. Gibb and Davies (1990;1991) discuss sectoral and broader market led approaches to the understanding of the impact of external factors on a firm's growth..

What did happen though as the company expanded and the 'going wide' strategy became accepted, was that the speed of development of other accompanying strategies increased. There was the development of the Living Centre, the policy of giving educational CPD talks to key personnel, the development of a seating and sensory department with a totally different client base and the acquisition of a shower installation company. The speed of change in strategy formation is dramatic over the last few years, compared to the relative inertia of the preceding years. It is difficult to recognise the company now compared to what it was only a short time ago. This change in strategy cannot be said to be as a result of reasoned planning, rather it could be termed emergent strategy (see Mintzberg below), as the company has twisted and turned in the face of dramatic upheavals in the social services spending and purchasing patterns.

This experience combined with my continuing research led to consideration of a different approach to strategy.

According to Mintzberg (2000), intentions that are fully realised are called deliberate strategies, whilst those that are not are called unrealised strategies. Mintzberg found a lack of literature support on the third category he identified, which is that which he terms emergent strategy. ***This description neatly fits with the last few years at the company where actions were taken one by one and not in some grand scheme of planning. Each successive diversification decision has been taken in the expectation that one will perhaps dominate.*** *Mintzberg refers to a poll in Fortune*

magazine which claimed that less than 10% of strategies are successfully implemented.

I believe that strategy in my company is multilayered. That means there are some top level dominant strategic wishes such as growth, quality and deciding to operate in a particular market sector. These strategies and desires of managers may remain unchanged over a period of time although that does not mean they are not changeable. More changeable however are sub dominant strategies, which concern activities within the given overarching strategies. For example, the company giving CPD (Continual Professional Development) training to interested persons fits within the dominant strategy and is a way of positioning the company as a quality manufacturer in its chosen market.

4.3.4 Complexity in Business Strategy

Although I touched briefly on the subject of complexity theory, and the concept of complex responsive processes, in the preceding sections of the company story, I have chosen to expand further on these subjects here, as it is in the area of strategy where inspiration from complexity theory has had the most effect on my thinking. In trying to analyse strategy formulation in the company, the presence of so many internal and external variables discussed above becomes apparent.

From within the overwhelmingly positivist traditions that dominated early research, there emerged a tendency to explore the more complex and contextual nature of the subject. In my own experience, I had found that buying the company had provoked so many personal and business issues that were unforeseen at the outset. Then moving from a position of being a one product company to one which is a full service provider had caused many other complications to arise. Each action had provoked a number of reactions, which in themselves had interacted with other actions in a chaotic manner.

Problems and issues are interrelated such that the solution of one problem implies the need to solve other problems. These are the so called characteristics of complexity (Mason and Mitroff (in De Witt and Meyer 2004)).

Stacey's (2007) approach to understanding the complexity of an organization offered a radically different direction to follow. Stacey defines the organisation as processes of human relating of people within what he describes as complex responsive processes. Through cooperation and conflict, they construct their future. Stacey argues against the notion of hierarchical levels, rather he views people as intrinsically social, with their interactions producing population wide patterns as opposed to being on some hierarchical level.

'Organisations exist to enable joint action and people can only act jointly through their relationships with each other. People relate to each other through complex responsive processes that can be understood in terms of interacting propositional and narrative themes. The themes take many forms. They may be ideological themes. They may take the form of intentions, expressions of emotion, descriptions and so on. Simultaneous interaction between many themes taking different forms constitutes the conversational life of an organisation and the strategic narratives that emerge from them. The process of relating through conversation constrains that relating and so establishes power relations. Conversation and power relations are simply different words for the same phenomenon, namely that of relating between people. An organisation is processes of relating where relating is the conversational life of organisational members in which they form patterns of power relations and make ideologically based choices. Conversational life cannot develop to an overall blue print since no one has the power to determine what others will talk about all the time. Conversation is thus local interaction continually producing emergent population-wide patterns as strategy narrative' (Stacey 2007;p390)

There is a paradox to be explored between accepting this complexity and all it implies and the hard edged realities that life for the small business entails. This life is very complex but the company interfaces with the reality of a regulatory world where taxes have to be paid and regulations obediently followed. On the one hand the owner/manager may want to be creative and innovative, dealing with what I term soft edged concepts and yet the business demands that they comply with hard edged concepts such as cash generation and regulation. This is analogous to the coexistence of order and chaos.

In helping me visualise the situation, I have a picture in my head of a square which represents the delineated environment within which a company must interact covering things such as taxation regulations etc. Within the square is a misshapen circle which represents the creative and emergent activities of the company. The circle pushes outward to be constrained by the hard edges of the square which always push inward. This helps my visualisation of complexity theory, where the given constraints act on the whole population of companies but the effect and the reactions and interactions of members of the individual companies and the enabling and constraining forces at macro level will all be different depending on their individual circumstances at any one time.

This stress line between the outward pushing forces and the constraining forces is where I think those seeking understanding of the sector could begin their examination. There needs to be an acceptance of the individual nature of the creative forces in each organisation. Of course with millions of small businesses this is going to be very difficult but it could be done through greater autonomy of the bank manager for example, as the controller of external financial resources. The universities could also provide knowledge-bank managers. My small business needs specific knowledge and financial resources at certain times, which are different to those required by the man over the road who cuts metal all day in his totally different business. Providing specific (tailored) knowledge and financial resources to release the constrained forces of creativity within a business would seem worthy of consideration as a help to small businesses. Through understanding of the varied nature of these organisations and the abandonment of the idea of homogeneity, the environment will be vastly improved for small business. Overlying this deeper understanding of the specific factors inherent in individual businesses, is the need to accept the complex nature of their environment and the companies' reactions to it. Things will not necessarily proceed according to some predetermined plan and it should not be a surprise to those interested in the organisation when this occurs. It requires a view of the organisation by observers, connected individuals and institutions that allows for a continuously changing form of the company to be accepted.

My academic supervisor sent me the following contribution that is along the same lines.

Rationalists, wearing square hats-[The last of the Six Significant Landscapes by Wallace Stevens]

Rationalists, wearing square hats,
Think, in square rooms,
Looking at the floor,
Looking at the ceiling.
They confine themselves:
To right-angled triangles.
If they tried rhomboids,
Cones, waving lines, ellipses—
As for example, the ellipse of the half-moon-
Rationalists would wear sombreros.

So the sombrero wearing business manager is perhaps more able to accept complexity instead of trying to explain things in the hard edged or square way. Over the years I have assumed and taken for granted that in trying to transform my company, I can objectively observe the organisation and change, in a controlled manner, the variables that drive it. Whilst the notion that cause and effect exist is not abandoned, what I have come to realise is that these are simply too complex in the long term to be under the control of anybody. This is the view that I came to adopt over the course of the research and was heavily influenced by Stacey's work. This does not mean that managers are powerless but instead should look at other ways of operating which is not necessarily global but local.

Stacey (2007) argues for concentration in the business entity to focus on the micro diversity of interactions and to accept that there is nothing uniform or harmonious about it. Conventional management thinking is that managers learn and understand the positive and negative nature of the feedback structure of their company, as a whole system and then supposes that they can identify 'leverage points' through

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which they can control it. This presumption disallows the radical unpredictability, which I have witnessed over my time in the company. Although cause and effect is happening, the connections may be over a short or considerable time and take non-linear forms. The interaction between people in the organisation is, in the majority of the literature, viewed as a systemic interaction. Stacey looks at the interaction between people as iterative processes of communication and power relating. He does not see a system, rather what people are producing are in fact further patterns of interaction in a 'whole'. These 'wholes' Stacey classes as ideologies rather than systems that people think themselves part of. Stacey is arguing strongly always for interactions to be viewed from the standpoint of diversity and creativity.

At this stage of my research I had reached the point of acceptance that changes in the company occur as a result of countless decisions and actions and reactions occurring internally and externally and that these are so numerous and continuous that they cannot be contained and described in a single system. The dominant discourse promotes the concept of hierarchies within the organisation such that implicitly, the owner manager is seen as the one who decides the future direction of the company. In this view, they are then further vested with the power to implement strategy from the top downwards at company level. My changed view, resulting from my reading and observations, is that it is the intentions of the owner/manager that give a directional push but this is then countered by local and external complex reactions. The owner manager aims for a specific recognisable identity of the organisation. The direction of travel has to be one which satisfies the requirements of the owner manager and this leads to continual pressure to be exerted. In my company's terms, if I had not bought the company originally and/or it had not been created by the previous owner, it would not have existed as the entity I am describing in this research. In other words, 'the owner manager is the business is the owner manager'. This concept is for me a little like a snapshot of the business at the various stages of its growth. I know from my experience and from Stacey that, as the company has grown, so have the number of micro decisions and interactions that occur because of people and external activity. This activity includes all the cooperation and conflicts referred to throughout this thesis and is a form of chaos. Out of this chaos has come an emergent strategy.

4.3.5 <u>Summary of Strategy</u>

Driving the direction of the company on an unquestioning path was the strategy of growth. It was not a question for me of building a company to make millions of pounds. I believe it was a case of for ever trying to reach the goal of independence that comes with a greater income that is usually associated with larger enterprises. When the 'one product' strategy appeared inadequate to fund the continued growth of the company to reach this goal, a diversification strategy was followed. This increased sales but did not lead to increased profitability as costs increased disproportionately. The pace of development of emergent strategies has increased over time in response to turbulent market conditions.

My formulation of strategies and their execution did not take into account the complexity of the many human interactions and events that occurred within and outside the company. Thus as can be seen from earlier chapters, the outcomes were often at odds with the direction I wished to pursue. I am nowadays so much more aware of conversations and local interaction as being at the heart of what the company is. I can't control them and I don't know of all of them but it is from them that the actual direction of the company comes. My management style has evolved to where I concentrate more on <u>saying</u> what I would like to be achieved, so there can be no doubt as to how I view what my company should look like (to those in the company and those outside) but I concentrate now on <u>action</u> at local levels in the company with a form of 'directional encouragement'. This means pushing and pulling in small steps to try to move things generally in my direction and reacting to events more quickly when they don't, rather than assuming it will turn out all right.

The complexity of small business life means that planning a long term strategy in advance and seeing it through to a full successful implementation is most uncertain. Rather the reality is that one pursues a course of emergent strategy formulation. The fall out of this activity is cost, as different avenues are followed in the search for blue water to distance the company from the competition. This demands careful management of cash, which has become very difficult in the current economic climate, where there is much competition and a high risk of default on payments. This

in itself evidently feeds back into strategic decision making as options for change requiring financial resources are limited.

Returning again to the aims and objectives of the research, I have now reached the end of the third of my four themes chosen to provide insight into the development of a company and its owner. This chapter on strategy has given examples of real life strategy choices and demonstrated the difficulties in their implementation. It seems probable that the successful company cannot claim all its success as being due to one person's decisions. Fortunes of small companies ebb and flow and their strategies change as a result of a complex series of events and circumstances which lead to constantly emerging strategies. No one can predict these in advance but the successful small business has to be able to react to them and to seek advantage from them.

A picture is building from the themes I have analysed so far which shows their importance as discrete elements of a larger picture. This picture is constantly changing and in this section I have found complexity theory a way of helping my understanding of the complex nature of the subject.

The following section in a way is an attempt at summarising the resultant effect of all the activity described in the three preceding themes. The growth of the company is an outcome of all these decisions and actions and counteractions. Of itself, the resultant size of the company does not 'do' anything but I have noticed that with the increasing size of my company many things are done differently and I have chosen growth as the subject of my final theme in search of explanation of the development of the company over the years.

As with the theme of strategy, I have analysed a number of sub topics within the overall subject of growth of the company as a way of concentrating in detail on specific issues within each section.

4.4 GROWTH OF THE COMPANY

Sustained development of a company is rare and for most of the existence of many small firms they are not growing (Feindt et al 2002, Zook et al 2000 Zook and Rogers 2001). The literature studies referred to throughout this work reflect the heterogeneity of the subject and the myriad factors at work that may impact on growth. Despite considerable research in the field, knowledge in this area remains fragmented (Dobbs and Hamilton 2007) since the major review of small business growth research undertaken by Gibb and Davies (1990).

4.4.1 Introduction

This final theme looks at the development of the company over the course of my time there and how my view of it has altered, as it has grown and I have undertaken my research. I discussed in the previous section how growth was an overarching strategy. Now I turn my attention to examining the process of growth in more detail in my search for understanding of the evolution of my small business.

As I introduce the term growth, I am aware of the definition debate. What is growth and how does one define it? For the purposes of my research objectives, I view this as somewhat of a sterile debate and I intend to bypass it completely, save for informing the reader that at the end of this period of study, (approximately 15 years) the company has three times more employees and eight times more sales, compared to when I first bought it. At least two indices have therefore increased. Although I circumvent any debate about defining growth, in contrast, I have thought long and hard about defining what exactly is the company. I set off some years ago, when I began my DBA studies, trying to gain an understanding of it and yet the 'it' has remained an elusive entity. The relative size of the company is important I believe, as an aid to seeking greater insight into its evolution, as I can report that things have changed in many ways, as the company has grown, particularly in the way it is managed. This was amply demonstrated in the micro- interaction story of leadership and management in the office in paragraph 4.2.8. In the following, I examine how the

company has changed as it has grown and consider whether it has grown because there have been changes.

4.4.2 <u>Making Sense of the Growing Company</u>

From the very first interview I undertook in my DBA studies, where I encountered the use of metaphor used by my interviewee in describing a company (see paragraph 3.1), I still find the technique useful when reflecting on events I witness on a daily basis. In my work, I often think of the company as being akin to a ship which has an owner and which sets off on its' course to deliver its' goods. It has a crew and a captain and a certain image. It has to comply with maritime and other statutes. Commanding a huge liner cannot be the same as sailing a small dinghy, as there is a great deal of human and systems management required but the fundamental skills of navigation and seamanship are still necessary.

I also view my company as a family. A mother and father may have a first child and they grow to learn and understand the needs of the child and how to encourage it to develop. They know it requires food and drink and a safe environment. They then have a second child with totally different abilities and although still needing food and drink etc, requires a different approach. What I draw from this is that the parents may understand 'children' through learning and experience but they don't automatically understand 'child.' I believe this to be so with businesses. Of course I understand a lot about my original business and I have now acquired a further one. I know that I have to learn about that one at a deep level in order to truly understand its developmental needs.

To the list of approaches in defining what is a company I now add yet another in this final chapter. The company is a vehicle for the expression of my wishes. It is an external manifestation of who I am and what my values are. Consciously, it matters to me that I can be affected by people's opinion of the company, as by extension it is an opinion of me. Thus I naturally seek to impose my wishes on the company. I seek approval and admiration by others of the company as if they were admiring me and my abilities. Often my wishes are not fully achieved, as this story has described but things do set off in the direction I push them. It is the outcomes that are generally unpredictable. As the owner manager I guard the reputation of the company fiercely

but it is a fragile tenure that one has, as the complexity of organisational life can mean that frequently things occur that are not as one would like.

The following section examines the evolution of my business and I discuss the various approaches that others have taken in their search for understanding and contrast them with my own experiences.

4.4.3 Approaches to Understanding Business Evolution

This section begins with a review of significant points in the growth of the business from the time of my own involvement in it. It is in a sense a review of all that resulted from what has gone before and been written about in the preceding sections. There is inevitably some repeated information.

The small number of employees in the beginning had worked within a very well organised management structure with clear boundaries as to who did what. As discussed in the entrepreneurship section 4.1, there was pressure on me to increase revenues and this is what happened. In the early days, I worked sometimes in the factory manufacturing the products and sometimes on sales calls and deliveries. In effect I did many of the functional jobs that were required to help the growing company.

It is difficult to be precise as to the key points in the growth of the company. In general it was incremental with very small changes. The overriding feature was always the lack of funds for anything from investing in new vehicles to developing new products. This constant lack of funds was to inhibit plans for expansion. However I can report that a lack of funds does concentrate one's mind on trying to ration expenditure on more esoteric schemes that perhaps would never make sound financial sense anyway.

What is an absolute certainty is that I did want to expand the business and there was never any change in this view from me for most of the life of this research. There were some key turnover targets reached, as the years went by but the main change in how the company appeared and was managed, came with the move to the city. From this point there was a gradual transfer of duties and responsibilities from me to others.

This was over a period of many years. Prior to the move to the city, it felt like my management style was akin to being the hub in the centre of a wheel. I saw every aspect as staff would tend to pass all communication through me and back out down another 'spoke' to their colleague. It was efficient in the early days, as I could see most of what went on but as more staff joined the company it became increasingly inefficient. It was however extremely difficult to stop and to this day there is still a tendency for people to try to use this method.

With the employment of more staff, formal structures were introduced, such as regular management meetings and the company gained 'Investors in People' recognition. A second industrial unit was purchased and turned into a centre for demonstrations and CPD lectures for customers, as well as offices for the increased number of employees. The company 'looked' more like a bigger company than when it had been in a small building in the village.

A second business was acquired and the number of people grew to three times the number at the beginning. Communication problems between two sites is not easy and is a potential constraint on business growth and leads to increased costs. The benefits of a settled workforce outweighed these factors.

The company grew consistently for many years but my desire for growth eventually weakened with the onset of the recession and my increasing age. I was enjoying the key tasks of product and sales development but not the managing of the day to day business. The recession rendered a growth strategy difficult to pursue and many plans were abandoned. I began to tire of the difficulties of daily management. My son and daughter then entered the business and suddenly it was easier to start thinking again of ideas for expansion and growth.

In answer to the question of whether growth causes changes, or changes lead to growth, my observations are that there is a mixing of these phenomena. Growth will stall if sufficient resources are not available as foundations on which to build growth, but resources only become available as a result of growth. If the owner manager does not commit funding for these resources, growth will not occur.

In contrast to the above short history of what I experienced in a growing company, I now review contributions from the literature to examine what others have found about growth. For the following analysis, I have substantially used the approach developed by Dobbs and Hamilton (2006), as it provides a useful framework for locating differing views and allows close examination of many diverse contributions within each view. Dobbs and Hamilton also discuss the concept of deterministic approaches within the dominant paradigm but this is more appropriate to the discussion on that subject in chapter 2, paragraph 2.2 and I do not include it here.

4.4.3.1 *The Stochastic View*

The stochastic view holds that there are many different factors possibly at work in shaping the growth of a small firm. One view of growth is Gibrat's (1931) law, which holds that growth is proportional to size. However, there is contrary evidence from (Evans, 1987, Reichstein and Dahl 2004), that smaller firms have higher growth rates. Other studies stress the very weak correlation of growth rates with size (Dunne and Hughes 1994, Hart 2000). Hall (1987) concluded that growth slows with the size of a firm in contrast to Gibrat's Law. It could be that once firms have achieved a minimum efficient scale, several factors such as are listed below may be at play:

1 Owners may lack further motivation to grow their businesses once they have achieved the business objectives and goals they formulated when their businesses were established, for example once they have achieved a sufficient level of income.

2 Owners may be reluctant to risk the fruits of their successes by pursuing expansion involving the possibility of failure and the weakening of the company; and

3 Owners may wish to avoid the inconveniences and headaches associated with continued expansion (Robson and Bennet 2000)

(Reproduced from Dobbs and Hamilton 2007)

In response, I propose that in the case of growth, the owner manager is in a distinct influencing position. He or she may not be able to control growth, for example in

periods of weak demand where actual growth may be negative, but they can veto it by consciously or unconsciously avoiding any decisions that would enable the firm to capitalise on growth opportunities.

Writing this section had forced me to review my feelings over the years. In the early days, there was no other plan or thought, other than growth. The presence of external forces (the need to repay finance costs in my case) is perhaps evident in leading to the search for growth but I think there is more to it. I think the overriding reason was perhaps ego. I was determined to prove how clever I was by expanding my company. This feeling never left me for many years until one day for no discernible reason following a long walk, it was gone in an instant. (It was later to return with a vengeance when my son and daughter were later to join the business. External circumstances were once again to prove influential in decision making).

Smallbone and Wyer (2000) looked at the size constraints of the small firm which affected its ability to respond to the environmental changes. Size had an impact on issues such as finance. Even if the company has a good idea of a product or service to develop, it may lack the networks and skills necessary to access this finance, for example if business plans have to be written, to ensure any outside investors obtain the required information. As the firm gets bigger, it becomes more bureaucratic and more sophisticated and thus presumably more able to undertake this type of activity (Rutherford et al 2001).

In contrast Gray (2002) found that one predictor of whether a small firm would grow was to look at past performance. If the company had a record of growth, then there was a statistical possibility of further growth in the future.

This is a pointless theory and doesn't help me at all. Like a racehorse that is the bookies' favourite, it will probably do well. Each race is different however and it may equally easily fall the next time. It takes no account of external or internal circumstances which are constantly changing and unpredictable.

Storey (1994) found that there was a relationship between the profile of a company and its likelihood of growing. This included age and size as well as other variables. It could be expected and has been shown that younger firms would grow faster than older ones (Kangasharju 2000, Lotti et al 2003) but older firms have also been shown to have a capability to grow (Smallbone and North 1995).

Thus a firm's age will never be a reliable indicator of growth potential.

The above again shows inconclusive evidence for use in formulating a predictive theory based on characteristics. It assumes that growth is unidirectional but it is not.

To develop, the company needs to generate enough cash to not only pay its way with current costs such as suppliers and wages etc but it also needs to generate enough spare cash to allow it to invest in assets to help it grow and survive. These assets can be shown on the balance sheet as fixed and current and can and often do include the nebulous concept of 'good will.' This last item could be viewed as size dependent as the bigger the entity, the greater possibly the goodwill. Of course like all the generalisations I have covered in this work that is evidently open to challenge, as there are often some dotcom type companies or oil exploration companies with no sales but a huge amount of goodwill based on the expectation of things to come.

One most important asset that does not appear on the balance sheet is the human asset (unless that is factored in under the term goodwill). Human resources, as an important factor in helping to achieve growth in the company is discussed earlier as a separate topic in paragraph 4.3.2.6. The human asset is extremely complex and generally I would propose, is often related to the age and size of the company. The company recruits, trains and develops its staff to acquire a level of expertise over time, which is then further used to pursue the objectives of the company. Presently at this stage in my company's development much management responsibility has moved from me, the founder/owner manager, to my management team, as it becomes impossible for one person to cover all the aspects once handled by me alone. The cost of this team can only be afforded by a company with the financial resources to cover it, which indicates a company which has grown to a large enough size.

For my company and any small business team, there is an uncertain future and reward structure offered by the small business. There is often the 'feast or famine' situation where it is difficult when things are busy, as resources are stretched to cope and difficult when things are quiet as the company may need to reduce what is effectively a fixed cost of labour to keep the company solvent. To keep the hard earned intellectual property that resides in the abilities of the managers and staff that the company has strived to employ over the years is difficult. Retaining staff in a small company is difficult enough but keeping them motivated in times of severe recession such as we have, as I write these words, is equally difficult. There has to be opportunity, for those that wish to develop their careers and in stagnating times this is so hard to offer.

4.4.3.2 *Evolutionary Approach*

The evolutionary models are a particular outcome of work by Aldrich (1999). This is the idiosyncratic approach which says that growth is due to the combination and interaction of a number of internal and external forces which are peculiar to that firm. Hence the growth of that firm is purely a consequence of its own circumstances and there is no standard model to be observed.

This theory certainly is arguing for context to be considered and is a rejection of the simplistic causal approaches. What I have been describing, as I have continued to write about my experiences, is how at various stages in my time with the company, unforeseeable and changing internal and external forces have been a significant influence for action rather than just simply my wishes and objectives being the sole driving force.

4.4.3.3 *Resource Approach*

The resource based approach is derived from work by Penrose (1959). When this theory is applied to small firms, it holds that their growth depends on the managerial resources available to plan and manage growth in addition to maintaining current

operations (Orser et al 2000). Additionally, a critical requirement is for business founders to have the strategic ability to identify opportunities for growth.

This theory is useful, as I can see that the development of the company has been constrained by a lack of management. When the small company is busy, as mine was for so many years, there is very little time to think about future developments. When demand is weak, there is a consequent lack of confidence to invest for growth. In the longer term, I can see this has been detrimental to the expansion of the business.

In the earlier section on entrepreneurship (paragraph 4.1.3), I contrasted my experiences with that of a businessman I met at a function. His approach to acquiring a business is described in that section but what I also drew from the conversation with him is the fact that he had help from a strong team and I was on my own. He was in a collaborative arrangement with experienced entrepreneurs who had both resources and knowledge. The existence of more than one person being responsible for the company direction appears in the literature excerpt below as one of the many potential theories of success. Contrast that however with the anecdotal evidence of disagreement among family members of companies and the difficulties in trying to approach small business research from a causal standpoint are again evident.

The size of the founding team may have a bearing on the success of the business, as the bigger the team, then in theory the more talent and resources there are available compared with a single entrepreneur. (Barringer and Jones 2004, Storey 1994). However there is evidence to the contrary produced by Hamilton and Lawrence (2001) which reports a negative relationship between firm growth and the number of founders although this is at odds with most findings on the subject. It is of course possible that larger teams have more conflict and dissent.

In my case there was only me and I think it is certain that things would have been totally different if I had had someone else with me from the beginning. I don't so much mean in terms of generally helping with the management of the business but more with the strategic direction, as there are opportunities I have missed along the way that might have been seized if prompted from a fellow business owner and the

company may have grown more quickly. Also of course there would potentially have been a restraining force if I had wished to do something at odds with a partner's wishes.

Previous experience of the entrepreneur is a possible influence on the success of a business (Singer 1995). Those entrepreneurs who have (have had) a number of companies were also found to be prevalent in a study by Rosa (1999) in a sample of high growth firms. Those persons with prior experience were also likely to have an established network of industry contacts (McMillan & Day 1987).

Whilst I had no direct experience of the markets in which my company operated, I was used to running a small business as a division of a larger corporation. In hindsight, I think it would have helped if I had known a lot more about my market but I do hope now to pass all my acquired knowledge on to my son and daughter.

4.4.3.4 *Learning Approach*

The learning approach is discussed by contributors such as Deakins and Freel (1998), (Dalley and Hamilton, 2000) and assumes that it is it is the gaining of sufficient knowledge within the firm that allows the subsequent evolution of the business. In other words, organisational growth is ultimately dependent on satisfactory resolution of the crisis of "knowing" (Macpherson 2005).

This is very similar to the resource approach and seems self-evident. In my company there is ample evidence that acquired knowledge and subsequently an enhanced reputation allows the firm to access opportunities for growth otherwise denied. For example expertise gained in a particular type of product range will potentially lead to other suppliers looking to collaborate with the firm.

In trying to battle with the effects of the recession and attempting to do more than merely survive, rather to prosper, I took yet another fork in the road of company evolution after two years of recessionary pressure by acquiring a company. This time, as a result perhaps, of reflection through my research, I felt more aware that I was making a major decision (although it didn't stop me).

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The target company installed showers for disabled people and was based in the Midlands and south of England, whilst we were based in the north. As I signed the documents for the deal, I was fully aware it would represent a massive departure for the company. The management of the section of the company we were acquiring was experienced and operated in areas both product-wise and geographic not served by the existing company. It did feel like it was possibly the last throw of the dice for me in undertaking significant extra risk and inheriting the problems of another company in exchange for the potential to grow. At the same time, there was a feeling of excitement that I was about to do a deal. I can report with some certainty that despite understanding the risks of the proposed action, there was an exact repeat of my earlier blindness to there being any other course of action. I convinced myself I was taking bold steps to safeguard the future of the company. I am certain that ego was a major factor in the decision.

The deal to buy the new company went through and we have been operating together for some time now. The point I wish to enlarge upon is that now with combined increased sales, there is a different 'feel' to how we operate. The capability the new company has brought with them has allowed us to approach bigger customers with a realistic chance of securing longer term contracts rather than just the day to day business we have relied upon in the past. The reaction from the staff we have taken on and our own existing employees appears to have been generally favourable. This is gratifying although of course there is a long way to go yet. In the longer term it will potentially open up career opportunities for all staff that did not exist previously assuming the effects of the recession do not endure.

The growth of the company without this purchase was continual up until recent years and then there was a large boost with the acquisition. Thus growth in my company can be seen to be as the result of a haphazard set of opportunities and decision making processes and significantly occurred latterly due the availability of another firm on the market. I note once again the presence and importance of external events in the pursuit of growth. This availability has of course to be matched by a willingness of the entrepreneur to exploit the opportunity otherwise growth of this nature will not happen.

This again demonstrates the connectedness of many events that can be described in terms of complexity theory. The availability of the target company for sale came about because of multiple factors leading to the decision by the parent company to withdraw from the market. Through my close association with them and good relations with their MD, I was able to make an approach and to successfully acquire the company. This acquisition potential coincided with just the time I was seeking this diversification. It was not in any way planned.

One important theory of growth from within the dominant paradigm is the stage model approach.

4.4.3.5 Stage Model Approach to Business Evolution

Dobbs and Hamilton (2007) use the term descriptive approach when applied to such concepts as the stage model concept, which seem to dominate the early literature. These models, for example Greiner (1972) Steinmetz (1969), Churchill and Lewis (1983) and Scott and Bruce (1987) do not attempt to explain what causes a business to grow but rather they refer to how a business adapts itself internally to cope with the growth. D'Amboise and Muldowney (1988) cite nine stage models in their review. One theory often quoted as the most influential is Greiner (1972), which looks at internal factors within the company and concentrates on a mechanism to describe 5 stages in the growth of a small firm. Each stage is precipitated by a crisis which is the trigger for growth.

Greiner's five stage model describes businesses growing as follows.

Growth through creativity
Growth through direction
Growth through delegation
Growth through coordination
Growth through collaboration

Table 9 Stage Model of Growth -Greiner (1972)

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At the end of each stage of growth there is an associated crisis for management.

Phase 1- Growth through creativity-activity is chaotic and unstructured

This phase ends with a leadership crisis

Phase 2-Growth through direction-more formal communications etc

This phase ends with a crisis of autonomy as the manager cannot cope and has to delegate

Phase 3- Growth through delegation

This phase ends with a crisis of control as the organisation has to seek ways to better manage its activities

Phase 4 Growth through coordination -entails more bureaucracy and organisational controls

This phase ends with a crisis of Red Tape

Phase 5 Growth through collaboration-this phase is characterised by better internal organisation on sensible lines.

This phase ends with a crisis of growth-further growth can only come from a partnership with others.

The Churchill and Lewis model followed the same pattern and was a five stage developmental model.

- *Managerial style*
- *Organisational structure*
- *Formality of systems*
- *Organisational objectives*
- *Level of involvement of owner*

These studies assume a homogeneity between companies and markets and ignore the complexity and context of the situation. It isn't that companies may not grow following an internal crisis, it is rather that other companies may perhaps grow without crises or may miss out some or all of the stages. It is not disputed that the stages are commonly experienced in some or maybe even all companies at some time and these descriptions are helpful to the business owner as confirmation of

things that may happen at individual phases in the company's existence. Evidently,
the owner manager having arrived at a particular transition point between any two
phases needs to be able to manage the change (perhaps to a managerial type
organisation) or else the business will not grow.

Greiner makes an attempt to qualitatively label these events as evolutionary or
revolutionary depending on the severity of the crisis but does not expand on the
human issues involved. Empirical studies have highlighted however that it is the
phase where the owner has to begin delegating authority that is the critical phase or
period in the history of the company (Smallbone et al 1995).

As the business grows, there seems to be an agreement that there is a shift from
operational to strategic management (Burns and Harrison 1989). The owner manager
has to change from being 'hands on' to more a delegating manager. The literature
does emphasise that the life cycle critical points play an important part in the
development of the individual as well as the organisation. Scott and Bruce (1987)
draw attention to the importance of these crises points to the individual entrepreneur.
They have to learn from the experience and develop new behaviour and learn new
skills. Burns and Harrison (1989) point out that individuals may take a long time to
develop the skills necessary to manage organisational growth. They describe this as
'a roller coaster of human problems'.

A major deficiency of the 'Stage Model' idea is that the growth is one-directional.
In a small business, life can be very turbulent and this impacts on everybody in the
firm. When demand decreases as in the current recession, then there is an obvious
squeeze on the company's ability to pay the staff. This affects all employees but
there is also the added problem for the business that key staff, who are very
'employable', may decide to leave if there is a better option somewhere else. This
can be devastating for the company. The human costs of these phases in a business
life are also unrecognised in these simplistic models. In my company, we had
enjoyed non-stop manageable growth for many years, effectively following the stage
model concept with the way the company was organised and managed. We invested
continually and purchased a second large industrial unit to house our staff. With a
newly recruited large management team we were poised to take the company to the

next level. The trouble was that this investment had been done just as the economy started to nose dive and the company found itself with a management structure fitted for a company several times larger than it actually was, with all the attendant costs of that policy. This situation endured for over a year with the company struggling to maintain break even and beginning to lose money. This reversal into negative growth is not covered by the stage model theories.

The stage model or life cycle theories of small business growth have been strongly criticised for being reductionist and 'speculatively normative' (Gibb and Davies 1990). Merz et al 1990 draw attention to the assumption of these models that all firms grow through a series of preordained phases. The literature acknowledges that whilst some small firms do follow a development through the classical stages of the life cycle there are a lot of exceptions (Miller and Friesen 1984). In their critique of stage models of small firm growth, O'Farrell and Hitchens (1988), list the following weaknesses in the concept: the models appear to be like classification schemes. They describe the symptoms of growth rather than looking at the underlying causes. They also point to the fact that empirical evidence is based on small samples and call the work 'wisdom based.' They state that the models allow for no variation either in the number of stages experienced or whether in fact there can be no growth or backwards progression though the stages. The models also concentrate on growth in sales or employee numbers when it could be argued that other factors could be advanced as growth determinants eg the rate of product innovation. Their criticism is directed at the concentration of the models on internal factors and crises and ignores the effect of the economy or market in which the firm operates. Further criticism of these models is that they propose that growth is a defined series of stages or crises without offering supporting evidence. They also ignore the fact that companies can grow then decline then grow again.

The models are useful almost as a warning system that could alert one to potential organisational issues that may need to be faced at certain stages in the evolution of the company. They do not help to explain what happened in later developments in the company.

We had experienced years of continual growth, which was sometimes very rapid but more recently we had had an elongated period of low demand. We tried short time working and pay freezes but eventually I had to square up to the fact that things were not going to improve quickly and there needed to be a reduction in staff. The atmosphere in the company changed overnight from one of friendly engagement with one's colleagues to one of confrontation and suspicion and anger. The owner/manager has then a very fine balancing act to undertake. It is the remaining employees who form the on-going company who are vital to its survival. They need encouragement to remain motivated throughout the process and to understand that the situation, whilst currently bad, will be improved if the company can reduce its cost structure to better suit the demands on it. The diversion caused by redundancies in companies is draining on emotional, financial and management resources and is traumatic for all parties.

Following the initial redundancies, the company finally stabilised its' cash position and things began to improve very slowly. Then more recently, the shock of the true depth of the government cuts in spending, on which we rely for our income, has become apparent. Our company has been hit hard with a slow-down in orders and it seems now that it may be a case of years before conditions return to what may be termed stable.

Some three years into the recession, things changed again with the decision by my son to join the company. At the time I acquired the shower company, I did not know this but once he had decided to join this seemed to make more sense, as a move to have a more sustainable business. I have now begun to look at further growth strategies, as with my son and daughter both in the business there is now a clear path for development with the probability that a trusted management team is on hand. I contrast that with earlier feelings I was beginning to have that there was no point building the company further as there was no-one to continue it when eventually I wanted to retire.

4.4.4 Summary of Company Growth

As the company has grown and changed over the years, I have of course become older and circumstances have altered. I have observed there is a constantly changing

hierarchy of needs around me that influences decisions and actions at any time; personal interests, family, health etc. The environment changes also; taxes, economic outlook etc. Smallbone & Wyer (2012) talk of the unpredictable open-ended change in the external operating context. The strategy may turn away from growth and more to one of consolidation or back again. Reviewing my time at the company, I have found that from firstly embarking on a mad period of the buy-in and many years of expansion and continual investment for growth, I then moved to consolidation as time went by.

There is a feeling of loss of control as the company grows. From being able to run and manage it almost single handed, one day one realises that in fact you are quite divorced from the majority of daily decisions that occur to enable the smooth running of the enterprise. It is perhaps akin to piloting a small 'plane. In a light aircraft, things are easy to understand and control. You do not really need any instruments but can tell simply from the tone of the engine and the position of the cowling on the horizon just how the machine is performing. No other sensory input is required, (assuming a safe height above ground of course). Contrast that with a fly-by-wire aircraft where certainly the same visual and audible information may be available but the pilot is relying on electronically generated information and is responding to indirect stimuli to control the aircraft. This is how it seems to me. There are so many micro decisions being made daily by others within and without the business that, I can only act on the outcomes of those decisions and not become too involved with them. It is flying by wire with the computer actually making the corrective decisions and the pilot merely observing them and responding as required.

When I was first made a manager earlier on in my career, I had attended some business training where we studied a computer model of a company. We were in teams and each time had so much money to invest in their 'company.' It was a challenge to see who got the best return on the investment after a series of iterations where simulations of real life events were introduced. There were no real staff or customers to deal with, only reports of various incidents to which one had to respond. That is what it feels like now except that on top of that one still does have the problem of real staff and customers and all the other daily events.

The difficulties with staff have remained constant over the life of the company. Individuals go through their own family crises and have their own agendas to follow. If their own lives are untroubled and these periods are coincident with good times for the company then there is a comfortable partnership. It is tempting, as the owner manager, to dismiss complaints of unhappiness at work and low morale amongst staff, which inevitably occur from time to time, with the response-"you should be grateful for your job!" I remember though in my first employment in a long established company, how much in disagreement I was with the new management of the company who were the sons of the founder. I felt I represented the company and its interests better than the family did, which is in direct contradiction to how I feel now. It points to the accommodation and understanding that has to be made between the owner manager and the employees, as each side may think they represent the company. I understand the frustrations that they feel from my own experiences as a salaried employee, but as I get older my patience for continuing to understand their frustrations becomes less. It is very hard today to make a living and that means less time and emotional resource being available for understanding the difficulties of individual employees.

Also as I have become older, I have decreasing interest in the management of the business. I have found that what I like to do at work is to act again as the entrepreneur, doing deals and looking to move on to the next best thing. When I can't do deals, my energies are spent in creating new products, sometimes without due regard for the cost/benefit relationship of the project. I'm fully aware that managers are supposed to do all this analysis but I don't because I just want to do the thing anyway so it would be a waste of time in my case, despite my understanding of the potential monetary value of such an exercise. I do not enjoy running the business on a daily basis with all the operational and human issues to be faced. This brings the question of succession and it feels more comfortable now that my son and daughter are both to be in the business to take over more and more of these tasks that I find so difficult.

This theme of growth of the company is my final one and I again look to how it has helped me achieve the aims and objectives listed at the very beginning. I have found that the size of the company appears as an important potential contributor to further

growth but I do not claim from this that growth will occur due to size. Size is a description and growth is the process which is the subject of my interest. It is another part of a jig-saw of complex issues that contribute to the evolution of a company. It is different from the other topics studied, as it is itself a consequence of whatever has gone before in the company but I can report that a company of a larger size is able to access opportunities denied a smaller company. Operating in a larger company is different from a small one not only in terms of structural organisation but also with the amount of human and financial resources that are available to assist with any future growth plans. Of course having access to these resources is worthless if the management cannot or does not wish to exploit them for achieving further growth.

That brings me to the end of the story of my experiences in buying and managing a business. When I began to this research, I believed it would be other people's stories that I would examine but in the end although there has been only one, I have not been short of events and feelings to describe. All the experiences I have described have been contrasted with relevant literature and I have reflected on them as I have progressed with my writing. Now, in the final chapter of this thesis, I draw them all together in a summary of conclusions and refer back to the start of my research to review my aims in the light of the above.

Chapter 5: Summary and Conclusions and Implications for Future Research

5.1 Review

This final chapter looks back and contains a review of my findings and the experience of the research process. At the beginning, I stated my aims clearly and described the course of action I followed to achieve these. When the initial chosen route failed to deliver anything but uncertainties and further questions, I searched for an alternative approach. I told the story of stumbling through the methodology maze in search of underpinnings for a new way forward. In the process, I discovered a changing world view that not only influenced the course of the research but was to change my whole approach to managing and planning in my business life.

In chapter three, I acknowledged the potential for bias and partiality in this work. In that chapter I dealt with this challenge by pointing out the weaknesses of existing theory for my purposes and strongly defending the offsetting advantages of the design of my study. Now, as I prepare to review my findings, I return to the concern discussed in chapter three regarding the question of generalisability of these findings across other small businesses and their owner managers. Curran and Blackburn (2001, p7) in their introduction to small business research, propose that '......*the test of quality of any research is the extent to which its conclusions can be generalised convincingly to any wider audience and especially to fellow researchers*'. This is impossible, as the work is by me and about me. There is an evident one-off nature to it and I don't believe that makes it of any less worth. There is a wealth of data contained in this research and I cannot imagine how else this could have been communicated in its entirety over such a long period. Additionally the research covers my own strategic development, which has occurred through a combination of the research process and my observations and reflections. This could only have happened if I was the researcher, as well as the researched. Whilst dismissing the prospect of generalisability there is however, an opportunity to explore the transferability of certain aspects of the research for other practitioners and academics.

This thesis could be viewed firstly, as a story of what I did and observed and secondly, as reflections on these actions and my analysis and construction of theory based on this analysis. It is accepted parlance that people learn by doing in order to improve their practice. Through the concept of verisimilitude, that I have strived for in my writing, I have invited the reader to live my experiences and to draw their own learning from the things I have done, such that they may theorise directly from them in addition to me alone. I have found that when theories from the dominant literature were inadequate in my search for understanding, complex responsive process thinking has provided a way of gaining insight into a particular real world situation. Other people may choose to use this way of viewing their own organisations. There is thus no operational transfer of any findings from this research but important concepts arise that can transfer.

The methodology I used was central to my enquiry. Throughout this research, I have experienced and observed events. I have then compared what I have seen and done with what has been written by others, reflected on the differences and similarities and considered my conclusions. The process of observing and reflecting has influenced the way I approach my life in the business, which has generated further experiences from which I have drawn learning. This is analogous with Kolb's (1984) cycle of experiential learning, which has four components. These are concrete experience, reflective observation, abstract conceptualisation and active experimentation. I have noted my own style of learning within this model as being of the assimilator type. Others following a similar method may also find insights into their own learning behaviour, as well as discovering more about their businesses.

I have described many experiences in this work and have tried to present them within a logical structure to aid the reader and me in the analysis of their importance in providing insight into business and owner manager development. From the literature and based on my observations and reflections, the creation of complementary theories was to emerge as an outcome of the research.

The Kolb (1984) learning cycle referred to in above is a way of examining learning, which is derived through experience. Although a major thrust of Kolb's idea is to try to explain the different ways in which different people learn, it is nonetheless a useful

method of connecting theory and practice. (In my case, it was only much later that the implementation and results of my learning have been applied at work and these may be reviewed in later work). Jarvis (1999) refers to the rise in research generated by practitioners, as a result of the increase in higher education and part time degrees. The authority to develop theory is helped as the practitioner could be regarded as an expert compared to an academic. Other practitioners may be encouraged by this work to undertake research on themselves and their own business. Keleman and Bansal (2002) in their review of mode 2 research approaches stress the importance of reflexivity in the design of studies. Through this reflexivity comes the opportunity to generate new theory from one's own direct observations and reflections.

The process of critical reflection, which I have employed in my research, resulted in a gradual change in my thinking regarding the influence of the dominant paradigm. Schon (1991) created a model by which professionals could develop their own practice theory by reflecting on their experience. Schon highlighted the importance of reflection when trying to aid understanding of what professionals do. I have reported throughout this thesis that it is the act of writing and reflecting upon my past actions that has prompted the generation of questions about my actions and observations. From this analysis have come my proposals for theory contained in this thesis.

I now review my original aims and consider in detail what I have learned from the key events through reflecting on them from within an appropriate and relevant theory framework.

5.2 The Achievement of Aims

The overall aim of this research, which was to make an original contribution to the advancement of a better understanding of the processes of small business management, was achieved through fulfillment of the following subsidiary aims. These are reproduced below in the order they first appeared in chapter 1.

- **To Construct a Narrative of Certain Key Strategic Events in the Progression of my Business and my Experience**

My first objective in the research was to develop a narrative of certain key strategic events in the development of my business and my experience. Before presenting the narrative in its final form I have reflected in depth, as discussed in chapter 3, on the potential pitfalls to be encountered in this construction and have been careful to try to avoid them. It is a characteristic of one's memory that certain events stand out as significant in contrast to others and this partiality has been recognised. It is from my memories of these events, that I have constructed this narrative, which I am satisfied concerns issues that have been critical in the development of my business and me as an entrepreneur.

- **To Analyse the Narrative through Reflection and thereby Gain Insight into the Dynamic Processes Underlying these Events**

I have analysed this narrative through reflection and comparison with the literature. The processes involved are discussed individually in the following paragraphs and follow the order in which they were addressed in the narrative.

My entrepreneurial activities as a child and young adult may have been a precursor of this activity in my adult life. I was influenced by my father who was an engineer and a business owner. Simply wanting to be an entrepreneur is insufficient to actually become one. The importance of circumstances (which cannot be foreseen and are constantly changing), were a significant factor in my entrepreneurial ambitions. In other words, internal motivation and external context have to act in concert. The importance of external context cannot be overstated and, at the risk of straying into generalisations, one is tempted to conclude from this observation that given the right circumstances and encouragement, more people could become entrepreneurs. The number of influencing external factors is very large and it is their relative mix that is important to any one entrepreneur, who may perceive them differently to another entrepreneur and differently themselves over time.

Family pressure may be huge in influencing any decision to become an entrepreneur and this appears to be an under-researched area. It cannot be assumed that husbands and wives enter into entrepreneurial activity as joint and willing partners. Much literature on family companies is based on the premise of mutual unquestioning support. This is not necessarily the case. Stress and marital strain are significant factors which can arise out of a potential conflict of interests. These factors may hinder or prevent entrepreneurial activity.

The entrepreneur's attitude to risk is an important internal factor in influencing behaviour, whilst remaining highly complex. It is a concept that has resisted all my attempts at drawing definitive conclusions from my deep analysis. I have resorted to describing how I proceeded in the face of significant financial and emotional risk, without confidently being able to say to myself and the reader just what I would do in any given future situation. Attitude to risk may alter with age but circumstances alter too, so in any situation it is impossible to predict how one will react. Yet anyone who has their own business constantly has to deal with the issue. Every day, the business owner manager sets about their tasks usually with no certain knowledge about the returns that may come from any business decision taken. They take chances on a daily basis, constantly making assumptions, without which no investment decisions would ever be made. I propose it is impossible to ascribe an index of propensity to risk taking in an entrepreneur other than to suggest broad predispositions. It is too fluid a concept. What they have done in the past is no indicator, as to what they will do in the future. Behaviours and attitudes are constantly variable over time.

I found from the literature and from the variability of my own actions over time that there can be no such thing as a typical entrepreneur. I have been unable to say that I fit any of the descriptions given in this work on a consistent basis but may drift in and out of different categories over time. The individual entrepreneur is not consistent in their views over time. If I vary in my actions, then it seems reasonable to assume that others may also be variable in theirs. I certainly do not fit the typical image of the great man entrepreneur. I think it is futile trying to define an entrepreneur and attempting to predict what they will do based on that definition. It is simply unhelpful in gaining understanding of what they will do faced with varying circumstances.

It cannot be assumed that it is the desire of every owner manager to expand their business. This desire may vary according to time and circumstance and is dependent on the complex mix of many factors within the company and externally. It is likely that my desire to expand the business was a prime advance requirement for that growth to take place in the first place but that does not explain the lack of growth in some years despite my wishes remaining the same. In my case, this lack of growth was a function of weak demand and our failure to react in time to competitive activity, which in turn resulted from interactions within our company and so on, in demonstration of the complexity behind any observation.

The entrepreneur is not necessarily a competent manager and may actually dislike being an owner manager, which could inhibit growth. Once established in the company following a deal, the entrepreneur needs to exert skill in management rather than entrepreneurship and this may not be possible. Having entrepreneurial ambition and ability does not imply being a successful owner manager. Becoming immersed in the running of a business may hinder further entrepreneurial activity.

As the company grows, responsibility devolves from the owner manager to others and more formality is evident. There are difficulties in communication as the owner manager withdraws from a central operational role.

There is no ready source of finance for entrepreneurs in the UK. Borrowing is usually only possible against fixed assets such as the owner's house. Complexity/Darwinism operates in the selection of those without resources to help them succeed. ('Rich uncles' may help the rest). The possession of resources does not necessarily lead to growth. Conversely, as resources generally increase with the growth of the firm, there are increased opportunities for growth that are not present for the smaller enterprise as these resources can be utilised to exploit the opportunities.

There are potentially multiple cultures in a company that vie for dominance. They are held in state of constantly changing balance, like tug of war teams who move backwards and forwards. This cultural balance is the creation of all actors within and without the company. I have found I cannot impose a culture on the organisation but now as a result of my observations and research, I continually act at local level to try

to influence moves towards my desired end. The owner/manager strives to achieve the culture in the organisation that reflects his/her wishes but is unable to impose their will at company level.

The majority of time spent in my small business is spent on managing the staff. As the company has grown bigger and with the adoption of a complex responsive processes viewpoint, I have felt more comfortable that it is the concentration on the management of staff that leads to changes taking place. I have observed from myself in comparison with others and from the literature, that there is no such thing as a typical leader and the leader themselves may change their style over time and according to the situation faced. Understanding leadership in my company has been helped by the appreciation of complexity leadership theory. Staff are critical to the sustainability of the enterprise. Without the appropriate staff, different opportunities for growth are unable to be exploited. A larger company is more able to offer staff development, leading to greater retention of the best people, whilst a small company has to hope that growth is sufficient to allow for career progression.

As with the topic of culture, I have observed that strategy is not within the unique gift of management. Strategy selection is dependent on the resources and perceived opportunities available in the external environment. The amount of resources available to react to these opportunities increases with the size of the firm. I have turned to an alternative complex view as opposed to the descriptive theories of the dominant paradigm in aiding my understanding. No one can predict the optimum strategy to follow over the long term, as the result of any strategy selection will engender a complex reaction from elsewhere in the environment that was not foreseen at the time of the decision. Strategy emerges from the complex interactions of actors within and without the organisation.

Growth is not uni-directional and can be static or negative and there is no tool kit which can be used to ensure sustainability for the small business. From my example of comparing my company with one of a very similar size and nature, I have drawn the conclusion that no two businesses, even if having outwardly similar characteristics, can be predicted with any certainty to respond similarly to the same stimuli. Each individual business may also respond differently to itself at different

times. Businesses are formed from the interaction of participants within and without the business and these interactions and their outcomes cannot be predicted accurately at an individual company level.

The creative and innovative forces emerging as a result of these interactions can be stronger in some companies than others. There are two major constraining forces of regulation and resources that act on this creativity and increasing the concentration by managers on the creativity of the small business should be encouraged, if sustainability is the objective. External financial resources lie principally with the banks and knowledge resources lie with the universities. Except for isolated examples, there is currently no sense of common purpose between these influential, external entities and the innovative and creative resources of the small business. I propose that were this common purpose to be achieved, there would be a positive effect on the growth potential for businesses.

I have subjected the narrative to intense scrutiny and have delved deep into the forces driving the events, which produce the observable characteristics I have described in this work. I have also invited the reader to make their own interpretations in addition to mine, as I act in the first instance purely as a reporter and my report has been presented for all to see.

- **To Compare these Insights with the Existing Dominant Theory Paradigm to Explore its Strengths and Limitations as a Means of Explanation. The Notion of Complex Responsive Processes also Informs this Analysis, thereby Contributing to our Understanding of Small Business Development**

In comparing my insights with the existing dominant theory, I have shown its limitations whilst not dismissing its importance. There are several problems I have identified. Firstly, they concentrate on observable characteristics without explaining just what is happening to produce those characteristics. They also concentrate on those companies and owner managers who display the common reaction expected by the researcher and fail to explain why their results do not apply to all situations. Their reductionist nature drives at pigeon-holing companies and individuals into describable

sub groups and does not recognise the fluid and constantly changing nature of their subjects and their contexts. Given the above criticism, it is not a surprise that there are conflicting results between surveys. I have examined complex responsive process theory, as a plausible potential explanation of the varying results produced by conventional research approaches and have proposed it as a transferrable concept for other owner managers.

- **To Aid the Understanding of Strategic Business Development of those who Wish to Start their own Business.**

I have added to understanding of strategic development for those who may wish to start their own businesses by describing my experiences in comparison to the dominant theories. Where there have been discrepancies, I have turned to other approaches, as a way of seeking explanations of events. Viewing companies as social constructions and considering their complex responsive processes has helped in sense making of the phenomena. Complex Responsive Processes thinking has helped with my own management style and this may help others with their own situation.

Other practitioners may find also find helpful my systematic review of taken for granted assumptions presented with in the dominant literature. The story of my own frustration with the literature and a proposal for a different approach will alert others to the difficulties involved. There are no quick fixes and no one 'right way.' Others will have to judge just how useful this is in their lives but I can only add that had such research been available to me I would have found it of great help.

- **To Contribute to the Debate on Methodologies Employed by Researchers in the Small Business Field by Utilising a Reflective and Reflexive Approach.**

A further aim that evolved during the course of the study was to contribute to the debate on methodologies employed by researchers in the small business field. I have achieved this aim through the adoption of a self-narrative method within a reflexive methodology, which represents a new approach to small business research. In the methodology chapter I draw attention to the criticisms of this approach and I have

taken care to acknowledge these and through careful reflection and editing, to present a piece of work that addresses these criticisms.

My research has achieved its aims and the methods adopted will help to move the debate about small businesses from the traditional position focused predominantly on mechanistic models and systems analysis to one which accepts the context and complexity of the different situations in which evolving companies and their owner managers find themselves. I believe my research has contributed to a more informed literature through a combination of insight, focus on my strategic development and the length of the study over an extended period. The findings of the weaknesses of predictive causal theories and the constantly changing nature of the entrepreneur, their business and the environment, will I trust inform others of the inadequacy of treating small businesses as homogenous entities with predictable outcomes occurring as a result of individually identifiable processes of cause and effect. In this thesis, I have tried very carefully to balance these weaknesses against their strengths, as descriptive models.

5.3 Implications for Future Research

Throughout the work there are numerous areas, which due to pressures of time and space are touched upon, rather than been examined in depth, and these lend themselves to further exploratory work by others. Small businesses and their owner managers represent a wide subject area, which allows for a large number of potential specific questions to be asked when researching the topic. The stakeholders involved in small business, range from employees to the owner manager, to family, to customers and suppliers and so on. Unearthing the potential for the interconnectedness of them all, where local actions are the focus, rather than the adoption of a reductionist approach of examining one whole global system, has been of great importance in my own search for understanding. However, it has been done from the standpoint of an owner/manager and there is the opportunity for other researchers to undertake related research, using similar methods, from within one of the other stakeholder groups, in order to contribute to the richness of the debate. Other practitioner owner managers may also choose a similar form of research to my own

and I trust my work will form a useful basis for their endeavours and that they can build further on the foundations presented here.

## 5.4 <u>Reflections on the Research</u>

There are no easy solutions and no blue prints or maps to follow in the growth of a business. There are some clever entrepreneurs I have met over the years, who have been very successful and it is easy to look back and see identifiers of future success from their early life but there are several million of the rest of us who have not achieved spectacular results and these are also of interest to me. In this research I began with the assumption that there was a defined way to be found through the maze of company and owner manager development. I believed others knew the way and that by a combination of asking these people and by reading, I would also find it. What I found was that there is no 'one way' and no one 'ideal person.' In this research, I have described my own route that I have taken in my family and business life but as I have done so, that route immediately closes up behind one. I am not the same person as I was when I started. My business in not the same and events and circumstances are constantly changing around me. The effect of this research on my view of my business has been profound. I now approach decision making in the light of complexity inspired thinking and try to take a more reflective stance, rather than approaching everything in my hitherto customary reductionist manner. When I fail to impose my will, I simply work harder at exerting more local pressure to push in the direction of travel I believe is best for the company.

Over the course of this work I have constantly sought answers to my inquiry into business and owner manager development and whilst there never was a 'how to do it' manual waiting to be uncovered, new ways of looking at old problems have helped to illuminate my way to greater understanding. I have learned a lot both about myself and my business. I have learned I am not a typical entrepreneur who is a typical leader of a typical business. In that respect, I am similar to all the others.

Nigel Harrison
Sheffield Hallam University 2011

(Word Count of Thesis 68,520)

2005 Initial Broad Research Question- How do Small Businesses Evolve?

2006 Anticipated causal approach based on dominant literature

2007 Literature review produces conflicting results and is seen to be inconclusive and of limited help in understanding

2008 The Wilderness Year- what if anything lies beyond conventional approaches in the search for greater understanding?

2009 New Literature!

2010 Searching for appropriate methodology-changing world view

2011 Select method and write and rewrite (and rewrite!)

2012 Submit research!

Appendix 1 Nigel Harrison – The Research Route Map

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