UNIVERSITY OF KWAZULU-NATAL

THE ROLE OF SITUATIONAL LEADERSHIP IN SMALL BUSINESS MANAGEMENT AMONG PIETERMARITZBURG CHAMBER OF BUSINESS MEMBERS

By

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DECLARATION

I, Nkombe Herman Bamata declare that

(i)   The research reported in this dissertation/thesis, except where otherwise indicated, is my original research.

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"I can do all things through Christ who strengthens me."

Philippians 4:13

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ABSTRACT

Leaders within South African organisations and corporations are faced with challenges such as over-management and under-leadership. While management is about coping with complexity, leadership is about coping with change. In the actual business environment, foremost changes are progressively necessary for business survival and effective competition. In fact, the effective leadership is measured by organisational effectiveness. However, by displaying an effective leadership, leaders are called not only to influence subordinates but also enable them to achieve the organisational goals. Therefore, the effective leadership will not be focused on supremacy but on the organisational achievement. This requires an important and permanent participation and consultation of all team members.

The present research study is focused on the analysis of the role of situational leadership in the context of small business management. The main purpose of this research is to examine and to critically evaluate the use of different situational leadership styles in the management of small businesses. This study has sought to review leader obligations and the evolution of these leadership styles in small business management. The study has intended to provide the fundamental empirical evaluation of the role played by situational leadership in small business management.

The sample for the present research has been identified from within the Pietermaritzburg Chamber of Business (PCB). A random sample has been drawn from the SMEs within the membership, using standard sampling techniques and methodologies. The population was consisting of small businesses that are members of the PCB.

The findings of this research have shown the positive impact that a situational leadership model has in small business management. In fact, small business owners and leaders will be inspired to understand the managerial role of the appropriateness behavioural style in the contextual business situations. Also, the study recommended that owners and leaders of small business should ameliorate

leader sovereignty and follower skills, as these often interact in predicting poor follower performance and attitudinal responses. In addition, the present study has provided the tools necessary for small business owners, to guide the improvement and effectiveness of personal leadership.

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ACRONYMS

CEO: Chief Executive Officer

CSBP: Centre for Small Business Promotion

DTI: Department of Trade and Industry

PCB: Pietermaritzburg Chamber of Business

SARS: South African Revenue Service

SLT: Situational Leadership Theory

SMME: Small Medium and Micro Enterprise

SME: Small and Medium Enterprise

SPSS: Statistical Package for the Social Sciences

VAT: Value Added Tax

UNGC: The United Nations Global Compact

LPC: Least Preferred Co-worker

LMX: Leader-Member Exchange

VDL: Vertical Dyad Linkage

LEAD: Leadership, Effectiveness, and Adaptability, Description

SACCI: South African Chamber of Commerce and Industry

ICC: International Chambers of Commerce

WCF: World Chambers Federation

NPO: Non-Profit Organisation

1.   Introduction

The effective management of a small business is an important component in a healthy national economy. Effective management contributes to a progressive national economy, in that it positively feeds the flux of a progressive financial system. Effective leadership in small business management is a priority consideration in the situational context of the organisation, in order to fulfil the organisational objectives (Moore, Petty & Longenecker, 2010:3). Hersey and Blanchard's situational leadership method stipulates that the leader must vary his own behavioural strategy towards each one of the subordinates according to the situation at hand and the subordinate's ability and commitment to work. This method suggests that the leader first analyses the organisation's situational needs, and then applies the most suitable leadership style, according to employee competencies and commitment in the task areas (Blanchard, 2008:20).

It has been argued (Moore *et al*., 2010:5) that small businesses can be over looked because of the high visibility of big businesses. Smorfitt (2008:23) stated that after the Second World War, it was assumed that SMEs were a dying breed as a consequence of the rise of conglomerates, multinational corporations and other large enterprises. The 1971Bolton Report was considered a seminal report in the context of small businesses. It highlighted how poorly small businesses were handled in the United Kingdom and the concomitant damage being done to the broader economic environment.

This report lead to a much deeper understanding of the important role small businesses in play Great Britain's socio-economic structures. Furthermore it assisted in identifying the causes of Great Britain's inability to maintain levels of economic growth similar to that of countries like the United States of America, Germany, France and Japan. This in turn triggered the demand for greater research into small businesses and the management thereof (Smorfitt, 2011). According to Smorfitt (2008:24) micro, small and medium enterprises (SMMEs) have been classified as operating in the formal and informal sector. Therefore, Smorfitt

(2008:24) has stipulated that the more SMEs are developing and become large businesses, the more the developing economy grows to become a developed economy, and this could be a result of government intervention. Smorfitt (2008:24) has proposed that within the business environment, the SME sector employ less labour than big businesses pro rata as they lack the financial resources to employ unless absolutely necessary, and the labour demand lies within the industry as opposed to the business size.

Smorfitt has further stated that third world economies have a greater SME proportion because their financial systems are developing and fragile, and the country will progress and become a developed country as time goes (Smorfitt, 2008:24). Theoretical paradigms on leadership range from the early trait theory, to behavioural theory, and to situational approaches. The latter approach is a response to the current resurgence of charismatic leadership and its corollaries, servant leadership, transformational leadership, spiritual leadership, principled leadership and ethical leadership (Wang & Poutziouris, 2010:333).

In the past, the focus was on personal traits and values of leadership characteristics. This paradigm seems to have been eroded in recent years, thereby increasingly demanding leaders be introspective. Research has noted that the body of knowledge on leadership reflects the crucial distinction between who the leader is, and what the leader does. Thus, explicit leadership behaviour is required to perform effectively and widely across situations. Leader effectiveness reflects an ability to respond appropriately across different dynamic organisational requirements. To do so, leaders need to be able to display different approaches and styles of leadership (Zaccaro, 2007:9).

This research study will focus on the function of situational leadership in the management of small businesses, specifically among a sample selected from the membership of the Pietermaritzburg Chamber of Business. Thus, the concern of this research is to lead investigation small businesses and to analyse the role of situational leadership in small business management.

1.1 Background and Context

The word management refers to almost any type of administration from sports teams, labour unions and government institutions, to every business organisation. This management can be at a range of strategic and tactical business levels, and within different private and public ownership arrangements (Jacques, Garger & Thomas, 2007:5).

Jacques *et al.* (2007:5) have also considered the term leadership as being of a higher order or capacity than management. A leader is an individual, able to influence the attitude and opinions of others within the organisation. Hence, management can be distinguished from leadership by its functions, that is, those activities characterising the managerial roles, such as planning, organizing, staffing, directing and controlling (Zimmerer & Scarborough, 2008:597).

However, Kouzes and Posner (2007:14) have described leadership as a key issue in the managerial role. Leaders can create a vision of objectives, and then communicate this vision to others, so they are motivated to work with the manager to achieve that vision. Leadership skill seems to consist of the abilities to use power effectively and in a responsible manner, comprehend differing motivational forces at different times in different situations, inspire the workforce, and develop a climate conducive to the arousal of response and further motivation (South African Department of Education, 2008:42).

Situational leadership theory is considered by Kuada (2010:11) as a contingency theory because it highlights the best leadership styles for the given situations. Specifically, leaders are effective when selecting the correct leadership style for the current situation. This depends on the maturity of the workers and a readiness to take personal responsibility (Sumner-Armstrong *et al.*, 2008:844).

Greenberg (2011:496) has outlined three roles of situational leadership. They have suggested first, promptness of leaders in identifying the situation they have been found in; second, choose the appropriate behavioural style; and then third, be able

to implement this response. Situational leaders encounter constant changes, so they should regularly re-examine these changes, having in mind the follower needs, giving direction and necessary support.

To contextualize situational leadership in small business management, Bakotić (2008:214) has introduced the concept of a power culture. Bakotić has suggested that the boss or bosses are authoritarian leaders rather than managers. This leadership style is often applied in small business management in South Africa, and power plus both charisma and possibly professional expertise, is the foundation of leadership. The staff members just have to show loyalty, discipline, and specialised competence that is accommodating to the business. Status and position are relatively unimportant except for the authoritarian leader, but this position is virtually unattainable under South African conditions (Pearce, 2010:21).

It is reported by the South African Department of Trade and Industry (DTI, online, 31 May 2012) that in 2008 South African SMMEs have accounted for over 57% of employment. This SMME sector has increasingly been targeted firstly to stimulate economic growth generally, secondly for wealth distribution and more equitable growth attainment, and thirdly to address rising unemployment because the large corporation demand for labour does not increase in proportion to growth. Moreover, SMMEs, in particular micro enterprises, participate essentially in economic growth as they enable the population to meet basic needs for survival. If the SMME sector can be ameliorated through effective leadership, it will evolve beyond pure survival. It will evolve into small and medium enterprises, by creating employment and improving social conditions of many South Africans in urban and rural areas (Wang & Poutziouris, 2010:332).

Changing business contexts raise challenges, and leaders of South African organisations will find it necessary to confront these challenges. Leaders will be forced to change the strategic responses towards internal pressures, so the social responsibilities of the organisation will be brought to the fore. Popular expectations, legislation and regulatory pressure, as well as industry forces require companies to

be attentive to social commitments. Leaders carry the responsibilities of transforming organisations and contributing to national and social development. In South Africa there seems to be a strong need to gain an understanding of the critical role of the leader in transformational change (Larssona & Vinbergb, 2010:318).

Although literature on situational leadership is increasing, the role of situational leadership in small business management has until recently been largely ignored. However, the reality of business has engendered scholarly enquiries into the nexus between employees and small business leaders. Generally, business owners work intentionally to make profit. In recent years, especially in South Africa, public attention has been focused on the welfare of the community. Society expects all businesses, including small businesses to operate responsibly and to contribute positively to local development. The government considers business owners as trustees and expects them to protect the interests of suppliers, employees, customers and the general public. Leaders will confront situations such as female empowerment, environmental protection, employee competencies and commitment in the task areas, consumerism and mixed cultures (Muchiri & Cooksey, 2011:818).

1.2 Problem statement

The purpose of present research has been set to analyse the crucial role of situational leadership in the context of small business management. The current research seeks to answer the following questions:

(i)   Which reasons and context-specific obligations compel small business owners to apply situational leadership in management?

(ii)   How does the managerial ability of small business owners extend to diagnose confronted situations?

(iii)   How does the ability of small business owners extend to identify appropriate behavioural styles for personal leadership?

(iv)   How apt are small business owners in compromising or implementing the situational leadership model?

1.3 Research objectives

The major objective of this research study is to examine and to accurately evaluate the use of different situational leadership styles in the management of small businesses. This study seeks to review leader obligations and the evolution of these leadership styles in small business management.

Specifically, the detailed core objectives of the present research are numbered as follow:

a.   assess small business owners' understanding of what situational leadership is;

b.   assess whether small business owners are implementing situational leadership without understanding;

c.   describe the situational behaviour(s) adopted by small business leaders in different managerial situations;

d.   explore the situational needs for leaders to apply the most appropriate leadership style for the situation;

e.   determine responsibilities of leaders in either sustaining customary leadership or facilitating the application of the situational leadership styles;

f.   assess the impact of the situational leadership model in small business management;

g. test the ability of leaders to implement a coherent and extended situational leadership model according to the current management situation;

h. determine whether the non-application of situational leadership hinders effective leadership in small business management.

Therefore, it is important to review the concept of situational leadership and to evaluate its impact in small business management.

1.4 Introducing the Contingency theories of leadership and Situational leadership approach

The situational leadership approach concentrates on the situational implication in the leadership study. People with differing personalities and backgrounds have emerged as effective leaders in diverse managerial situations. The situational leadership approach has been considered part of leadership. Contingency theories of leadership have focused on the established connections between the relevant variables of situational leadership and behavioural leadership approaches. This has provided a contemporary research opportunity on leadership. The underlying basis of contingency theories of leadership is that there is more than one appropriate leadership style that corresponds to different managerial situations. The basis for theories of leadership which have been part of the present study are namely the Fiedler model, the Vroom and Jago revised decision model, the Path- Goal theory, the leader-member exchange theory and situational leadership theory of Hersey and Blanchard.

1.4.1 Fiedler Model

The Fiedler Model (Hur, 2008:361) is founded on group effectiveness and performance, and is dependent on the correct combination of the leader's style with subordinates' reaction, and the situational level of leader's direction and authority.

The Least Preferred Co-worker Questionnaire is an instrument realised by Fiedler that serves to gauge if the leader is task or relationship oriented, and creating the proper match with the leader behavioural orientation. Fiedler has assumed that the individual leadership styles are fixed. The Fiedler Model predicts leadership effectiveness as a function of leader personality measure and situational classification.

1.4.2   Leader-Participation Model

A leadership model called the Leader–Participation Model, was originally defined in 1973 by Yetton and Vroom and has since been enhanced on decision making actions. This has evolved over time and is currently known as the Quality and Acceptance of Leader Decision-Making (Leenhouts, online, 25 May 2012).

This model relates leader behaviour and follower participation to decision-making, recognising that routine and non-routine activities are parts of work structures and have various demands. This theory suggests that the leader should adjust his behaviour in order to reflect the task structures. As sequential rules have to be followed, this model is called normative. The process includes determining the desirable leadership style, and participation in decision making. This model is very complex and uses the decision tree, made of seven decision rules and five alternative leadership styles (Leenhouts, online, 25 May 2012).

1.4.3   Path-Goal theory

Robert House has elaborated the leadership model called the Path-Goal theory. This leadership model holds that the subordinates' performance is affected by the leader's ability to satisfy subordinate expectations. With this model, leadership behaviour is a motivating influence to the subordinates. Subordinate satisfaction need depends on a combination of effective subordinate performance and the

necessary direction, guidance, training and support provided by the leader (Leenhouts, online, 25 May 2012).

1.4.4   Leader–Member Exchange theory

The Leader–Member Exchange theory was initially formed by Graen in 1975. According to this theory, the leader establishes a particular relationship with a small group of subordinates forming the in-group, getting particular leader attention and receiving special privileges. The rest of subordinates will be found into the out-group, getting less leader's attention and time and few ideal rewards. The leadership controls and the relations between leader and subordinates are based on personal interactions (Yifeng & Tjosvold, 2008:146).

1.4.5   Hersey and Blanchard's Situational Leadership theory

Hersey and Blanchard have elaborated on a leadership theory (Bakotić, 2008:214) called Situational Leadership theory. This model is followed by many management development specialists and it has been used as a major training tool at such Fortune 500 companies as BankAmerica, Caterpillar, IBM, Mobil Oil, and Xerox and it has also been widely accepted in all the United States military services.

While the theory has experienced limited evaluation to test its validity, it has also shown wide acceptance and strong intuitive appeal. Situational leadership theory is one of the contingency theories, focusing on followers. Effective leadership is realised by combining the appropriate leadership style with the problem or task at hand, and the capacity and capabilities of staff (Papworth *et al*., 2009:594).

1.5   Situational Leadership Theory (SLT) of Blanchard and Hersey

Kenneth Blanchard is a management theorist, renowned for the One Minute Manager Series. In the late 1960s, with Hersey, he originally created the famous Situational Leadership Model (Chimaera Consulting, Online, 14 March 2010). This model is practically easy to understand, and generally works in most environments and for most managers. The model is an analysis of the leader's current situational needs and the adoption of the most appropriate leadership style.

In 2007, an SLT modified by Blanchard and Hersey has been published. In this version, it was suggested that four alternative definitions of optimal leadership styles and the corresponding follower developmental levels are necessary for effective leadership (Thompson & Vecchio, 2009:838).

These four combinations (Hersey, Martinko & Douglas, 2006:759) are:

(i)   S1 – Directing:

The enthusiastic beginner, it is a situation in which the subordinate is not skilled but he is highly committed. In this situation, the subordinate gets from the leader a directive style of leadership that is low supportive behaviour and high directive behaviour.

(ii)   S2 - Coaching:

The disillusioned learner characterised by being low in competency in combination with low in commitment. In this situation, the subordinate is able to benefit from the leadership a coaching style in which the leader provides a high supportive behaviour in combination with high directive behaviour.

(iii)   S3 - Supporting:

The competent but vigilant performer, this kind of subordinate is highly skilled but he is not committed. In this situation, the subordinate will get from the

leadership, a supporting leadership style, which is high supportive behaviour in combination with low directive behaviour provided by the leader.

(iv)   S4 - Delegating:

 The self-task achiever, highly skilled and very committed. In this situation, the subordinate is high in competency and high in commitment. The leadership style to use is a delegating leadership style. The leader provide low supportive behaviour and low directive behaviour.

The SLT model of Hersey and Blanchard is summarised in Figure 1.1 below:

Figure 1.1:   Situational Leadership Model of Hersey and Blanchard

Leadership Bahaviour

Supporting S3 Sharing ideas and facilitating in decision making	**Coaching** S2 Explaining decisions and providing opportunity for clarification
Delegating S4 Turning over responsibility for decisions and implementation	**Directing** S1 Providing specific instructions and closely supervising performance

High / Low — Supportive Behaviour (vertical axis)

Low / High — Directive Bahaviour (horizontal axis)

Source: Blanchard & Hersey, 2008:19

Even though Situational Leadership Theory is among well-known managerial leadership theories, yet it is the less well supported models. Many authors of business management books and journal articles have included SLT in leadership sections but rarely have critiqued the lack of practical experiences for SLT. The absence of empirical support for SLT has been noted in literature dedicated to leadership. However, SLT is less critically considered beyond the community of scholars actively studying leadership; the continued research on the principles of situational leadership theory has been attested by the revised version of SLT recently published (Thompson & Vecchio, 2009:837).

1.6   Appropriateness of Contextual Leadership

There is no special procedure or technique to assure success of leadership in all contexts (Mackay, 2006:71). To achieve organisational goals, leaders must be able to recognise patterns in one context, in order to appropriately apply these in another. The leadership role differs significantly if considering the qualities of the team individuals and the team as it operates to achieve organisational goals.

Furthermore, Mackay (2006:72) affirms that many managerial initiatives derived from management literature fail to produce expected results, because the need for competent context-appropriate leadership is missing. An example is the lack of consideration for specific team needs in different business program initiatives.

There are five critical factors influencing the situational context of organisational management (Conte & Novello, 2008:1003). These factors are industry configuration, technology, national public policy, international trading environment and social and cultural transformation.

This approach has been analytically convenient because it has been clearly associated with a deep level of inter-play between both leadership and the context of the managerial strategy.

An additional situational leadership theory has been suggested by Hersey (2009:2). In this theory a conceptual model called biased causal explanation for subordinate behaviours was developed to predict the leader's functionality outcomes and leader-member relationship quality. It has been realised that many conflict between leaders and subordinates are caused by biased ascriptions. The leader will unjustly victimise subordinates they consider guilty of negative behaviours.

The research done by Hersey *et al.*, noted that in the case of bias, subordinates found participating in undesirable situational behaviours, will hardly react to the situational factors. This kind of conflictive relation will negatively affect leader's behaviours and subordinate reactions (Hersey *et al.*, 2006:747).

Therefore, it is suggested that leaders should be conscious to reduce ambiguities in the workplace. In fact, leaders should explicitly and clearly describe each subordinate's responsibilities. Subordinates can then be held accountable for any further negative outcomes. Finally, leaders have to consider factors influencing subordinate behaviours, and the biases such as self-serving and actor-observing which can probably make leaders underestimate the importance of factors that cause subordinate behaviours and outcomes (Hersey *et al.*, 2006:747).

1.7 Research questions

The null hypothesis has been defined by McDaniel and Gates (2010: 522) as a doubtful, negative statement that the researcher has to prove wrong.

A hypothesis can be directional or non-directional. A directional hypothesis is a statement that one quantity is greater or less than another. A non-directional hypothesis would be a statement that one quantity is equal to another.

Hypotheses for the present research study have been formulated in Table 1.1 below:

Table 1.1 – Hypotheses

Null Hypothesis **$H1_0$**	Situational Leadership Model is not understood in small business management
Alternative Hypothesis **$H1_a$**	Situational Leadership Model is understood in small business management
Second Null Hypothesis **$H2_0$**	Situational Leadership Model is not applied in the small business management
Second Alternative Hypothesis **$H2_a$**	Situational Leadership Model is applied in small business management

1.8 Significance of the study

The purpose of this research study is to provide an empirical evaluation of the role played by situational leadership in small business management. The findings of this research can indicate the appropriateness and the positive impact the leadership model can have in small business management. In addition, the present study has provided necessary tools to small business owners, to guide the improvement and effectiveness of personal leadership.

Traditionally, leaders generally knew they were invested with formal authority. They were the kings, the generals and the CEOs. Within clear constraints, all orders have represented the authority of the entire organisation. Currently however, leaders recognise that their formal authority is not always particularly useful for organisational wellbeing. The major role of situational leadership is to move workers in the desired direction. This needs more investigation with regard to personal influence, diplomacy and skill in communicating, conflict resolution, and the incentive of motivation. Thus, post-modern leaders must be aware and predisposed to act and be able to recognise opportunities and threats, and be capable of

mustering organisational responses to these challenges. More than anything, they must be able to maintain the effectiveness of their leadership to achieve organisational goals in the face of risk, ambiguity and change. It is crucial for leaders to recognise the managerial situational context of the organisation (Pearce, 2010:21).

For the last fifteen years, the level of research related to small business development has increased significantly among universities, technikons and other research centres in South Africa (Adams & Gamage, 2008:215).

Conversely, the absence of practical orientation and policy relevance in this research has been noted, especially in the light of the needs and the low research capacity of this country. Although the small business sector in South Africa plays an important role in the economic and social development of the country, it has been significantly neglected. For this reason, it is necessary for researchers to confront the challenge.

Consequently, the gaining of techniques and business skills is a major key factor to small business success. However, literacy and behavioural leadership awareness are regarded as of particular importance in changing small businesses from survivalist activities to larger and well established businesses (Jacques *et al.*, 2007:5).

Research findings will firstly inspire small business owners and leaders to understand the managerial role in the contextual business situation, to ameliorate negative leader autonomy and follower experiences, as these often facilitate the pre diction of poor subordinate performance and behavioural reactions. Secondly, these findings will contribute to the SMME sector and provide essential tools to South African small business leaders to improve their situational leadership skills and production.

1.9 Summary

Effective research requires systematic planning and implementation. This chapter has presented the conceptual and theoretical argument of the role of situational leadership in small business entities. The meaning input of the SME sector has been highlighted. It has been argued that the performance of small businesses will positively affect South African economic and social conditions.

Despite other factors that are involved in the performance of SME sector, a lack of implementation of situational leadership styles has been identified as a crucial reason of the ineffectiveness of small business management.

The researcher has examined the key steps constituting a systematic approach to planning, implementation and completion of the research. In different aspects the effectiveness of situational leadership will be reviewed from different perspectives depending on the contextual situations and environmental factors. This chapter has presented an overview of motivation, research questions and objectives, and research problem and hypotheses of this study. The next chapter will be focused on the literature review of this research.

2.   Literature Review

2.1   Introduction

Chapter 1 has underlined the conceptual grounds for researching the role of situational leadership in small business management among Pietermaritzburg Chamber of Business members.

Although the literature on behavioural styles theory has been found on the empirical support, it is recognised that some aspects of the contextual role of situational leadership have not been analysed in previous research. Only a limited number of studies have focused on explaining situational leadership behaviour in general, and very few have examined the situational leadership role in small business management.

In the present chapter efforts have been deployed to reach agreement on the nature of leadership, and to define the term and report on the characteristics of an effective leader. Regardless of the fact that there is no globally common definition of the word leadership, the review has found that researchers and scholars, governments and business organisations have not come to propose an accepted definition. Instead diverse target designs of an effective leader that can be recorded as definitions of leadership have been suggested. Most of these definitions have been taken in consideration in view to conduct an empirical research.

Moreover, in this chapter, consideration has been given to the interaction between leaders and followers. The review focused on the effectiveness of leadership and contingency theories of leader effectiveness.

The investigation will show how leadership adapts to strategic behaviour, in order to match employee abilities to specific tasks or organisational goals. An attempt will be made to assess the application of different leadership styles in small business management among Pietermaritzburg Chamber of Business members. An understanding of these notions has been of crucial importance in evaluating the role of situational leadership in small business management in the region.

2.2   Nature of Leadership

2.2.1 Introduction

Leadership is one of the four fundamental management functions and one of the most researched as well as most controversial subjects in management. In order to achieve the predetermined business goals, a leader has to set certain activities in place and maintain them running. In the preceding chapter, the first two of the four fundamental management functions were mentioned, namely planning and organising. These two functions set the wheels of the management process in motion, but the process is by no means complete, since the plans formulated to achieve the goals must still become reality. Hence, the set management activities that are running have to be maintained if goals are to be accomplished. It is here that the third fundamental function of management comes into play, namely the initiative that management takes to set the organisation activities in motion. In leading, direction is given by the management to the organisation activities in order to deploy resources as effectively as possible (Cronje, 2006:173).

The present research has been based on the management of small businesses. The National Small Business Act (Peinke, 2011:17) defines a small business as a different business entity, that includes co-operative enterprises and non-governmental organisations, managed by one or more owners which, including its branches or subsidiaries. For an enterprise to be classified as a small business, the National Small Business Act (Peinke, 2011:17) has proposed three basic criteria:

- It must have a total of full time paid employees less than 50,

- The total annual turnover must be less than 2 million,

- total gross asset value (fixed propriety excluded) must be less than 2 million.

Nevertheless, the notion of leadership has been misunderstood for many years. Komives *et al.*, (2007:35) have brought up the myths and the truths about leadership.

The myths about leadership include:

➢ People are born leaders and not made;
➢ Leadership depends on hierarchical formal position and power;
➢ Person must possess charisma to be an effective leader;
➢ There are not different ways of exercising leadership;
➢ No one can be a leader and manager at the same time;
➢ The effectiveness of leadership depends only on common sense.

In contrary, Komives *et al.* (2007:35) have proposed truths about leadership that have been deduced from many years of experience, teaching and collective research as leaders.

It has been suggested the following:

➢ Leaders are made, not born;
➢ In the modern organisation leadership operates at all levels;
➢ It is not a priority to possess a charismatic personality before exercising leadership as there are many identified ways of leading an organisation or group;
➢ It is suggested that leadership and management processes must be distinguished;
➢ Leadership is a discipline that is teachable.

Therefore, it has been argued that the leadership process consists of directing others' behaviour towards the achievement of predetermined goals. This includes the responsibility to combine plans and formulating goals to be achieved. Alternatively, converting plans to reality (Komives *et al.*, 2007:35).

Leadership is a somewhat elusive concept and is difficult to define precisely. Several factors are implicated in the leadership process. There are factors such as motivating people, either as individuals or in groups, giving orders, influencing people, communicating with subordinates and managing conflicts. It is that element of management that injects energy into the business to activate employees to get

things moving and to keep them moving. Leadership also designates transmitting information to the followers, detailing the assignment, objectives and plans of the business, conferring tasks and giving orders, consulting with subordinates and overseeing their jobs, taking whatever steps are necessary to raise production, as well as disciplining staff and handling conflict. In its simplest form, it is the relationship between superior and subordinate (Cronje, 2006:173).

From the point of view of management, leadership may be defined as the influence and direction that the leader utilises towards subordinate behaviours in order for them to cheerfully strive to accomplish the objectives and goals of the business. Likewise, the exercise of leadership consists of influencing and directing the behaviour and actions of people in some particular direction. Thus, management has to understand the most important components of its leadership role. Leaders will find that they have groups as followers in the organisation.

Groups are the basis for much of the work that is done, and may consist of a task group, a functional group or an informal group. These groups include among others unions, the legal section, purchasing department, accountants, or sales persons, all of whom must be guided towards reaching their own and the organisational goals and objectives. In many cases, the leader will need to build teams to perform certain tasks. As such, the leader must also understand how groups and teams behave, and why individuals join groups. Leaders finally have to communicate their vision, plans, problems and expectancy to their subordinates and must listen to the ambitions and aspirations of followers (Cronje, 2006:173).

Due to the complexity and variability of its nature, many alternative ways can be utilised in analysing leadership. Therefore, it is helpful to build some framework that can be considered as procedure of leadership study.

It has been shown (Li *et al.*, 2009:470) that the easier approach to analyse managerial leadership is by its conceptual terms such as traits or qualities approach, the group or functional approach, or action-oriented leadership. Also, by defining leadership by behavioural category, leadership styles, contingency model,

situational approach and transformational, transitional leadership and inspirational leadership.

2.2.2   Definition of leadership

The understanding of the word leadership varies from one country to another and has been differently defined according to cultural norms and values, and the use of power. Consequently numerous definitions have been produced by researchers over many decades (Komives *et al.*, 2007:35). Historically, the word leadership appeared in the English language in the early 19[th]century, and it was used in the particular context of political influence, and fewer than a dozen formal definitions of leadership existed until 1929. In the 1980s researchers from different academic fields focused on defining leadership and produced many new definitions of leadership (Komives *et. al,* 2007:40).

An early definition of leadership suggested by Komives *et al.* (2007:102) has designated leadership as a process within a group in which one or more individuals have the pre-eminence to control the societal phenomena. This definition has described the leader as a person who controls and induces others to obey his or her command. Leadership has been defined by Conte and Novello (2008:1003) as a leader-follower relationship in which the leader influence the follower to affect real changes that reflect their mutual purposes.

Kanter (2011:116) has suggested that leadership is a process in which one person called leader influences other members of the group to attain the defined goals of the organisation or group. According to Erkutlu (2008:708) leadership is a process of social influence that determines the organisational or group objectives, encourages behaviour in achievement of these objectives and influences the group culture maintenance.

Alternatively, many other contemporary definitions of leadership have been produced and most of them have described leadership as processing interactional

relationships based on collective objectives. The common point of all the above definitions is the leader-followers interaction, in order to achieve collective goals. This interaction is usually based on the leader's influence on followers (Komives *et al.*, 2007:41).

In contemporary organisations, the study on leadership practice is influenced by an integrated framework of leadership definitions and theories that have emerged over time. Yet, the interdisciplinary nature of leadership study and practice has been extended by various academic fields such as anthropology, psychology, history, sociology, the arts, and philosophy. Although there is not one correct definition of leadership, this raises the question of what is the purpose of leadership, in deciding which definition best fits a given context or situation (Komives *et al.*, 2007:41).

In view of the above definitions, it is noticed that there has been many ways of defining leadership but most of these definitions emphasise the concept of influence (Komives *et al.*, 2007:41). In this study, the term leadership is considered as the process in which a person provides general direction and influences group or individuals to achieve collective goals. A leader will act unswervingly to convey direction and influence to the subordinates, this includes:

➢ Providing information;
➢ Solving conflicts;
➢ Motivating subordinates;
➢ Anticipating problems;
➢ Developing reciprocal respect between group members;
➢ Co-ordinating group activities and efforts.

Two types of leaders are noted, the first being the formal leader who is formally designated by the organisation, and the informal leader who provides leadership without such formal designation (Hitt, Miller & Colella, 2009:256).

Bennis (2009:198) has suggested that even though everyone may not be born with "the right stuff", everyone can at least strive to do "the right things", that is to do

what it takes to become a successful leader. Effective leadership is focused on "doing the right things" rather than "doing things right".

The right things, according to Bennis (2009:198) are:

➢ Conceiving and communicating the organisational vision;
➢ Communicating with all the organisation members and gaining their support;
➢ Persevering in the determined direction under any conditions;
➢ Creating the organisational culture;
➢ Obtaining the expected results.

From this leadership definition, leaders are defined as business owners or presidents, and business managers. Coaches, football captains, and basketball captains are leaders as well. Army drill sergeants are leaders. The person who organises a social gathering is also a leader. Otherwise, two aspects of practice of leadership have been identified; a leader is either a formal or informal leader, and leadership can be exercised at any hierarchical level of the organisation. Nevertheless, different positions in the organisation present different opportunities to exercise leadership behaviours. On the other hand, not all people in positions that call for leader behaviour, such as managerial positions, act as leaders. As an example, a manager who merely acts according to instructions but does not show directive and supportive behaviours to his subordinates, is not acting as a leader. (Bennis, 2009:198).

The research study conducted by Wang and Poutziouris (2010:332) has showed that during the last decades of the last century, hundreds of management texts explored the notion of leadership in business from every conceivable perspective. It was also shown that management science was enhanced by such great theories of leadership as Blake and Mouton's managerial grid, Blanchard's situational leadership, the notion of the servant-leaders and more. All have added considerably to the understanding of leadership in the business context, particularly in small business management.

2.2.3   Leadership styles

Leadership style can be defined as a behavioural manner and techniques to provide direction and motivate people in the group in view to implement predetermined plans. In this part of study, three main leadership styles are identified and discussed. These involve: "authoritarian or autocratic, participative or democratic and delegative or free reign" (Clarke, online, February 6, 2011).

The graphical representation below depicts the power style of both leader and employees. The shaded area in blue is indicative of the decision making process.

Figure: 2.1 - Leadership Power Styles

POWER STYLES

Autocratic	Participative	Free-rein
Leader	Leader	Leader
Employees	Employees	Employees
Leader	Whole group	Employees

EMPHASIS
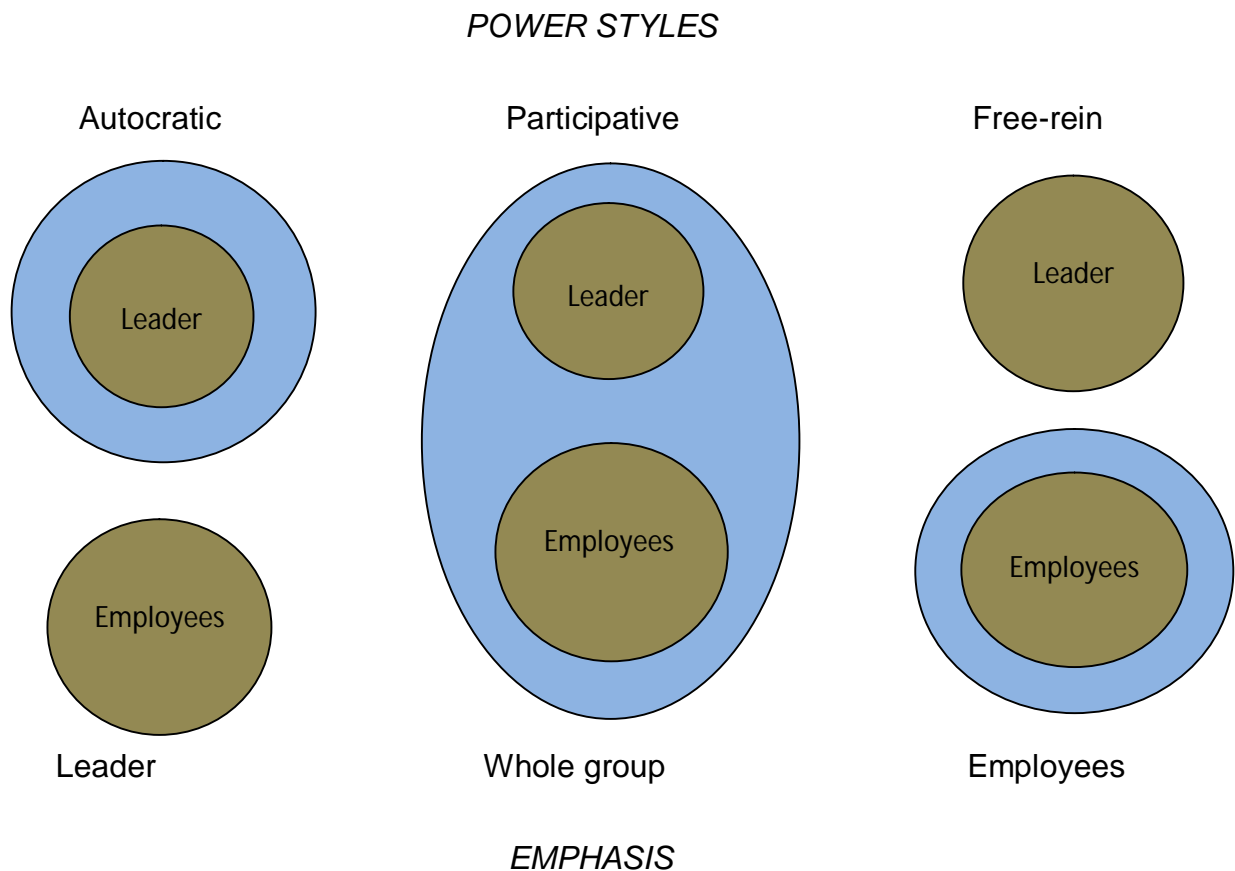
Source: Clarke, online, 6 February 2011

2.2.3.1　A leadership style according to Clark

Clarke (online, February 6, 2011) has described three main leadership styles:

> **Authoritarian also called Autocratic**

This style of leadership is more often used when the leader advises the employees on what to do, how to do it and when to do it. The leader does not consider seeking advices from the subordinates. This style is often used when the leader possesses all the necessary tools to solve the problem and subordinates are just motivated. Many researchers have identified this style as a means of expression of shouting, using inappropriate language, and leading by abuse of power and threats. This style is not only autocratic but to a certain extent, it is an abusive and unprofessional leadership style also called "bossing people around". According to Clarke (online, February 6, 2011), the authoritarian or autocratic style should generally be used only in exceptional occasions where for instance, the case needs to gain extra motivation and commitment from the leader. Otherwise, a participative style should be used.

> **Participative or democratic leadership style**

This kind of leadership style is characterised by inclusion by the leader, of more subordinates in the process of making decisions, explaining to them what to do and how to do it. Nevertheless, the final decision is made by the leader. It is noticed that by using this style, the leader does not show sign of weakness, instead it shows a sign of strength which subordinates will respect. Participative leadership style offers collective advantages as it involves subordinates in forming the team which in turn enables the leader to make better decisions, as there is a collaboration of ideas.

> **Delegative (free reign)**

In this style, leaders attain desired objectives by leaving subordinates or others free to make their own decision. Nevertheless, the final decision is made by the leader. This type of leadership is often used when subordinates are mature enough to

analyse the situation and to establish priorities of what to be done and how to do it. The leader cannot do everything, he needs to set priorities and delegate some tasks.

2.2.3.2 Leadership styles according to House and Mitchell

Four leadership styles have been described by House and Mitchel (Changing minds, online, 25 May 2012):

> **Supportive leadership**

In this leadership style, the leader takes account of the subordinates' needs and show concern for their social problems. The leader will create a sociable environment in the workplace. This will induce the leader to augment higher self-perception by the followers. Consequently, it will make the tasks more enjoyable. This effective leadership style is appropriate in conditions where the job is stressful, hazardous and boring.

> **Directive leadership style**

This type of leadership style is characterised by telling subordinates what to do and give them appropriate direction and guidance during the work. The leader will set agenda for an exact task to be done at a set time. The leader might increase the reward as it is needed by the follower and decrease role ambiguities when giving order. This type of style is the best to use when the task is complex and spontaneous and the subordinate inexperienced. In this style, the leader helps followers to develop a sense of security and self-control in the appropriate situation.

> **Participative leadership style**

This leadership style is characterised by the situation where the leader consults with his subordinates and takes their ideas into consideration when making important decisions and planning organisation activities.

➢ **Achievement-oriented leadership**

This type of leadership is related to the situation where the leader set challenged objectives for both work and self-improvement. The leader is expecting subordinates to show high standards. However, the leader will show faith in the abilities of his subordinates' to achieve success. This leadership style is useful when the task is complex. The leader's role will be to show be subordinates the way by helping him along a path, this is effective leadership. In this leadership style, it is assumed that the only right approach to achieve organisational goals is in the way that leaders perceive what his subordinates could not see. This approach identifies the leader as a "knowing person" and the subordinate as a "dependent person". Alternatively, it is predicted that the subordinate is reasonable so the choice and selection of the appropriate working methods will depend on the current situation. House and Mitchell also place much emphasis on democratic leadership.

2.2.4   Summary

This section has been an attempt to walk around the definition of leadership and view it from many perspectives. In the next section, explored consideration will be made on some important notions on a South African view of leadership and what leader effectiveness is, as well as organisational implications for small business management in South Africa will be reviewed.

2.3   South African view of leadership

Good management of businesses is crucial by an effective and responsible leadership that is consisted of ethical values of accountability, responsibility, transparency and fairness (King Committee on Corporate Governance, 2009:20).

The Constitution of South Africa has provided the Bill of Rights to bring about significant change of society's moral perception of business. To create a structure

that follows profit and neglects human rights is legally prohibited in South Africa. Businesses are socially bound with both rights and responsibilities, for instance, the Bill of Rights which provides them with the framework of their legal operating system and goes further than just financial considerations. According to the South African Bill of Rights, businesses must be driven by foundational principles and values of freedom and equality, and dignity when interacting with any stakeholder. In particular, the Bill of Rights provides important direction to companies for supporting their strategies and operations (Maduna, 2001:1).

However, it is widely expected and accepted that businesses contribute significantly in the national economy as well as in society by responding social, economic and environmental challenges. The understanding on the appropriate mixed approaches of voluntary business action and government regulation has been approved. While government is committed to encourage businesses to the benevolent actions, compliance is ensured as well with a minimum standard. The United Nations Global Compact (UNGC) is considered as the superior voluntary initiatives to line up strategies and operations of businesses with the accepted global principles on human and labour rights, anti-corruption and environmental responsibility (King Committee on Corporate Governance, 2009:23).

South African leaders are facing diverse challenges within the organisations; however, the most common challenge is that many South African corporations are actually over-managed and under-led. Therefore, owners of small businesses are challenged to apply a strong combined leadership and management styles and use ones to stabilise the others. While management is dealing with complexity, leadership is dealing with change. It is then increasingly important to consider changes for the effective business competition and endurance.

This process of democratisation of the workplace has been sustained by a combination of decentralisation of power and authority, flattening of hierarchy, disclosing of existing channels of communication and recreation of new ones. Thus, the leader's focal point will be no longer oriented on power but on achievement.

These notions require an important participation of both leader and subordinates and continuous consultation (Cronje, 2006:178).

In the same way, the research done by Kuada (2010:15), that has scrutinised the practice of management by African managers in Southern African countries state that African leaders unsuccessfully consider organisational goals with the higher significance that these goals merit, instead they continually seek for personal power and benefits. Usually, their positions are seen in the organisations as personal fiefdoms. African leaders are strongly focused in supremacy resulting in luck of organisational commitment of African employees. Therefore, many employees handle organisational properties with irresponsibility and indifference.

Further, Kuada (2010:15) has argued that post-independence leadership styles in both public and private organisations in Africa have yet remained dictatorial, autocratic, and ineffectual. African employees still have to be inspected instead of being expected that means directly supervised rather than motivated; while other societies advocate for and engage themselves in employee empowerment and support free thinking and creativeness that ensure organisational nimbleness.

Nevertheless, with the process of democratisation in South Africa, a Westernised approach, and possibly African approaches of leadership have been adopted. Organisations are looking forward to involve more people in their decision making process. In fact, elements of participative management subsist beneficially to a South African approach of management (Darley & Blankson, 2008:379).

2.4 Leader effectiveness

2.4.1 Introduction

Usually the leader has respectively been praised or blamed for the organisational performance or failure. A successful business or athletic team, for instance provide more credits to its president or coach, otherwise, they will be criticised if the business does not succeed or the team loses (Hitt *et.al*, 2009:256).

The analysis of leaders' personal traits or qualities has been a starting point of leadership research study in the early twentieth century. Nevertheless, this approach raised the problem of agreement about universal traits. This approach of leadership has provided researchers with less understanding of what an effective leader actually does. Another question raised by researchers was the analysis of leader's behaviour to discover what the most effective practice is. Obviously, the past research has proved that there is an increase in the task-unit productivity when focusing on people rather than production. However, more focus on direction and less focus on relationship has damaged worker satisfaction and loyalty (Erkutlu, 2008:708).

Moreover, precedent research and theorising have explicitly and implicitly raised a range of questions to be addressed about leadership. These include, what are effective leader qualities? What are effective leader behaviours? How do effective leader behaviours change across situations? How determined is the relationship between effective leader and followers? Answers to these questions will completely describe the larger portrait of organisational behaviour and effective leadership styles (Ames, 2009:120).

2.4.2   Conceptual view of leader effectiveness

Different writers have provided different views and definitions of the effectiveness of leadership. The major difference has been identified as a kind of result or outcome chosen from the criterion of effectiveness. These include diverse things such as group performance, survival, achievement of organisational goals, capacity to alleviate crises in the group, group preparedness as well as subordinate commitment to group, and subordinate satisfaction with the leader. The psychological well-being is important, as well as the leader's status for group maintenance and group members development (Erkutlu, 2008:708).

Most analysed definitions used in the present research have indicated that there are two sets of criteria that are implicated into leader effectiveness definitions. These include objective and subjective effectiveness. Subjective effectiveness is perceived by followers and often takes the type of ratings of leadership, subordinates' satisfaction and other psychological evaluations. Objective effectiveness is perceived by followers as hard outcomes like unit or group performance and survival, and turnover in the unit or group (Judge, Piccolo & Kosalka, 2009:863).

However, the successful organisational performance and goals achievement are the most common used measures of the effectiveness of leadership. In various cases, organisational performance and goals achievement are measured by such factors as sales increase, profit growth and margin, and marketing, investment return, and cost and productivity per output unit. In other cases, leaders' superiors, subordinates and peers help to measure subjective leader evaluation (Erkutlu, 2008:708).

Subsequently, these observations about successful organisational performance have brought forward some interrogation on how leader behavioural structuring could improve the performance of the group. The answer to this question suggests that leaders' behavioural structuring helps the organisation in the determination of objectives and paths to objectives achievement. Another answer to the same question is that leaders' behavioural structuring helps the organisation to describe and consent to the incorporation of subordinates' activities.

Finally, leaders' behavioural structures support the various activities of planning and coordination of subordinates' groups (Wang & Poutziouris, 2010:332). Regardless to the above suggestions, Wang and Poutziouris (2010:332) have argued that two components are indentified to characterise the impact of leader behavioural structuring on the organisational performance. First, leader behavioural structuring needs will depend on task performance conditions and follower readiness needs will depend on leader group part. Second, leaders' behavioural structuring brings forth certain conditions that confront the subordinates groups and surfacing leaders who are engaged in structuring activities.

Therefore, leader behavioural structuring impact on organisational performance will relay on the effectiveness of leader's behavioural structuring. Alternatively, it will be enough for leaders not to only set goals for the organisation but also to recognise the appropriate goals that will best conform to goal achievement having in mind the organisational performance. Similarly, implicit leadership theories might moderately connect effectiveness and emergence in fact that the more leaders' qualities closely match with stakeholder portfolio, for measuring effectiveness; the more leaders will be identified as effective. For instance, if a leader looks forward to be optimistic, positive and self-assured; as long as the leader possesses these qualities, he will be capable of interpreting his position through the leadership styles defined as being an effective leader. As connector of leader emergence and objective effectiveness, research in psychology has highlighted consequences of the varying trait according to the conditional changing environment. These will constitute serious threats of maintaining organisational load which are business context, organisational career threats and resources, for example economic and/or business conditions, food availability and social conditions, and their collective organisation (Judge *et al.*, 2009:864).

2.4.3   Traits characteristic of an effective leader

At one time, it was believed that certain persons were naturally gifted to be effective leaders, whereas others were born without leadership traits. The list of traits generated by this early research was substantial and that included personal physical appearance and personality characteristics such as height, self-esteem, dominance, intelligence and verbal fluency. Additional traits that were thought to characterise leaders are presented in the following Table (Hitt *et al.*, 2009:256).

Table 2.1: Traits associated with leadership:

Energy	Achievement driven	Initiative	Sense of humour
Appearance	Adaptability	Insight fullness	Tolerance for stress
Intelligence	Aggressiveness	Integrity	Interpersonal skill
Judgement	Enthusiasm	Persistence	Prestige
Verbal fluency	Extroversion	Self-confidence	Tact

According to Adair (2009:14), confidence is a simplest charisma that makes an individual to be a successful leader over others. This means if leader's confidence or power is great and strong enough it will motivate others to believe in the leader as strongly as they believe in themselves, possibly more so. It is accurate that an effective leader possesses other qualities in different levels such as compassion, although confidence is the most significant, the one extremely necessary qualification.

Therefore leadership has been dissected into 17 qualities:

- Ability to make decisions
- Humour
- Determination
- Physically fit
- Loyalty
- Calmness in crisis
- Ability to accept responsibility
- Initiative
- Enthusiasm

- Energy
- Sense of justice
- Example
- Pride in command
- Sense of duty
- Assurance (confidence)
- Human element
- Resolute courage

2.4.4   Behavioural leader effectiveness

The trait approach to leadership that has been reviewed in previous sections, focused on the appealing idea that various traits distinguish effective leaders from others. In short, it has been focused on who leaders are. Although this approach may be credible, it also makes sense to consider the idea that leaders may be distinctive with respect to the way they behave. In other words, focus can be supplemented on leadership traits with attention to leadership behaviour – that is, examining what leaders do (Hur, 2008: 360).

This leadership approach is appealing because it offers an optimistic view of the leadership process. The general question underlying the behaviour approach is quite simple: what do leaders do that makes them effective as leaders?

According to Hur (2008: 360), the key variable to describe the behaviour of leaders consists of the amount of influence leaders allow subordinates to have over the decisions that are made. As it will be seen, there are two ways of describing these behaviours:

1. The autocratic-delegation continuum model is a leadership approach that describes ways that leaders assign influence to followers. The delegating model is a leadership model that allows followers to make decisions for themselves.

2. The participative model is an approach to leadership in which the nature of the leaders influence on subordinates is described. It distinguishes between directive or permissive leadership and participative or autocratic leader. The former is related to the leaders' attitude towards his subordinate and the later is related to the subordinates' ability to participate in the decision making.

Personal leadership can be classified in three types according to the leader's emplacement when the first two types are combined (Hur, 2008:360):

1   Initiating structure or production oriented leadership is an action initiated by a leader to promote productivity or job performance. A leader who is primarily centred on this approach is described as job-oriented style.

2   Consideration or person-oriented leadership is an action by a leader that demonstrates concern with the welfare of subordinates and establishes positive relations with them. Leaders who focus primarily on this approach are often described as demonstrating a person-oriented style.

3   Developing successful leadership behaviour. The Grid training has been designed as a multi-step process developing two significant leadership qualities.

Despite the two ways of describing leadership behaviour as it has been seen in the above lines, it has been shown by Bennis (2009:200) that leader effectiveness can be condensed more precisely in terms of abilities. Four abilities are obvious to the level of each group members including: management of awareness, management of significance, management of confidence and management of personality.

1. Management of awareness

The first apparent quality in leaders is the ability to influence others to follow them because of their vision, as well as because they fluently communicate an extra centred commitment. Leaders manage awareness through a building of vision that can take others to a place where they have never been before.

2. Management of significance

Management of significance consists of making followers' dreams come true and align them with the leader, and is able to properly communicate his vision. Consequently, communication and alignment will jointly work.

3. Management of confidence

Management of confidence, this leader's ability consists essentially of trust that is the crucial component of all organisations. Trust is built with reliability, also called loyalty.

4. Management of personality

Management of personality, this ability consists of self-knowing. A leader must be able to know his skills and allocate them effectively. Management of personality is crucial and if not considered, the leader can harm his subordinates.

2.4.5   Role of situation in the process of leadership

Managerial situation has been defined by McLaurin (2006:98) as a variable of influence in which the need for association of traits and behaviour is defined and created towards leader's particular requirement to be successful. Therefore, the leadership process is characterised by the interaction between leader, follower and situation. The emergence of the leadership process is then performed by both leader and follower actions. The leadership process is identified as a close relationship between the leader and his subordinates in view of collective goal achievement.

McLaurin (2006:98) has further stated that possessing personality traits alone will not help a leader to effectively operate. In fact, the traits that a leader possesses must combine with followers' characteristics and organisational goals. With this precedent view of leadership process, it has been suggested that a leader in a particular situation is not necessary a leader in another one.

In fact, it is further advanced that many factors are actually involved in the process of effective leadership towards the determined situation. There are factors such as time constraints, work nature, and degree of autonomy. Leadership situations vary widely with some requiring the leaders to cajole, convince, and entreat their

subordinates, while others require leaders to rely on their authority and expertise and to act in a more directive manner. Consequently, situations influence the leadership strategies that will be effective and determine how power and influence flows in the relationship between the leader and subordinates (Torka, Schyns & Looise, 2010: 419).

Although leaders can influence the group performance, it has come to another interrogation of leadership which is how hard effective leaders push or fight. The criterion highlights the question of assertiveness and fighting (Ames, 2009:120).

To answer this question, scholars of leadership effectiveness and theories of contingency have brought out the notion of assertiveness. The findings noted from these research studies do not state that the temperate degree of assertiveness is not continuously shown by the effective leader; by the way this temperate degree of interpersonal assertiveness is not always an appropriate approach. In certain situations, conciliation and accommodation are evidently needed; and in other situations, strong resistance and competitiveness are confronted (Ames, 2009:117).

Nevertheless, it is obviously recognised that leaders with a temperate degree of assertiveness is probably displaying a greater level of situational appropriateness in their behavioural assertiveness. In contrary, leaders with a chronically unstable level of assertiveness display a very limited range of situational appropriateness in their behavioural assertiveness (Ames, 2009:120).

However, previous research studies have endeavoured to define components of effective leadership in the complexity of the situation. Therefore, it has been agreed that the understanding of leader effectiveness components is preceded by the multivariate approach to the efficacy of a leader. In order to adapt, satisfy and respond to dynamic situational demand, it has been exclusively suggested to a leader to enable greater level of leadership behaviours by extending rigorous efficacy beliefs (Hannah *et al.*, 2008:678).

Furthermore, Hannah *et al.* (2008:678) has found that the full range of leadership models has been used in combination with generalised efficacy to promote

adaptable performance. This leadership model describes effective leader as capable of altering his leadership style from transformational or transactional, having in mind to respond to a dynamic situational demand. In case of a situation that is constant and understandable, transactional leadership is best for effective performance. However, when in a situation where new rules have been established and situational components are undetermined, a transformational leadership model seems to be the best.

It is held (Hannah *et al.*, 2008:678) that certain leaders perceive themselves as capable to operate across both transactional and transformational leadership as situational demand is called for. This model is supported by a full range model. Similarly, certain leaders seem to be very limited in their efficacy, as their repertoire is limited to either higher or lower leader efficacy. Concerning the association between leader efficacy and full range model, it is proposed that the effective leader should be capable of choosing these styles according to the situation. Nevertheless, the leader's ability to choose an appropriate leadership style in the changing time situation is increased by the full range model.

Alternatively, it was found that (Norman, Avolio & Luthans, 2010: 351) positive psychological ability, also called leadership positivity, has been defined by utilising 4 factors in combination with positive psychological resource and authentic leadership. The four factors involve hope, optimism, resiliency, and efficiency.

1. **Hope:**

"Hope is defined as a positive motivational state that is based on an interactively derived sense of success."

2. **Resiliency:**

"Resiliency represents coping and adaptation in the face of significant adversity or risk, and has been adapted to the workplace as the positive psychological capacity to rebound, to bounce back from adversity, uncertainty, conflict, failure, or even positive change, progress and increased responsibility."

3. Optimism:

"Optimism is an internal, relatively stable and global attribution regarding positive events like goal attainment, and an external, relatively unstable, and specific cause for negative events such as not meeting a deadline. Realistic optimism has been associated with having a positive future outlook, as well as making positive attributions regarding events that may be perceived by less optimistic individuals as inhibiting their motivation or performance."

4. Efficiency:

Efficiency is the conviction that a leader has to execute required activities related to organisational success in dealing with prospective situations. When applying in the workplace, efficiency is defined as a belief or confidence that subordinates have towards their capability to produce necessary motivation and cognitive resources or needed action in executing successfully a specific job within a determined context.

Norman *et al.* (2010:351) and his colleagues have proved that by joining these four self- encouraging psychological abilities, the leader will conceptually and empirically display a higher range and core construct of effective leadership. These four abilities will obviously constitute a leader's psychological resources. The core construct is a leader's developmental positive psychological state which involves leader's ability to have confidence in taking and putting in the essential effort to succeed in the challenged situation and to optimist concerning actual and future success. Additionally, these leader abilities will enable a leader to persevere towards goal achievement, and if important, to redirect goal paths in order to succeed. In the case that the leader is challenged by problems and adversity, it is necessary to sustain, bounce back or beyond to achieve success.

2.4.6　Leader effectiveness and paradoxes

As noted in the previous section, in most of the circumstance, socially desirable personality qualities are obviously to have great value for an effective and emerge leader. Yet the same qualities can be non productive in certain situations where the followers do not perceive these qualities as favourable for the organisational survival and performance. Albeit generally appropriate for effective leadership, these behavioural qualities bring with them paradoxical convenience as well. A similar phenomenon can also be observed for socially undesirable traits in such conditions as these qualities may generally compromise the effectiveness of leadership yet they can improve organisational survival and performance in others (Judge *et al*., 2009:864).

Beside contexts where effective leader qualities depend on the situations, it also appear that countervailing results of brilliant and dull qualities are based on the amount of leader's qualities disposition, whereby moderate level of brilliant and dull seen desirable, attractive and functional for effective leadership and organisational performance. However, extraversion extreme cases, characterised by taking risk and adventure self-serving pursuit that may threaten the organisational sustainability and survival.

Therefore, traits of emerging leader and effective leadership will be converged to four probable implications:

1) socially desirable qualities that, in most situations, have positive implications;

2) socially undesirable qualities that, in most situations, have negative implications;

3) socially desirable qualities that, in particular situations have negative implications; and

4) socially undesirable qualities that in particular situations, have positive implications.

Additionally, some recent case studies (Larson, online, 28 May 2012) have identified four paradoxes that must be understood, accepted and balanced by the leader:

1. Embrace personal differences and organisational goal and identity,

2. Foster support and disagreement among organisation members;

3. Focus on development, performance and learning, and

4. Balance the leaders' authority and discretion, and group members' autonomy.

Furthermore, case studies (Prepare International, online, 28 May 2012) have shown that 11 other paradoxes of leadership are to be considered by leaders for effective leadership:

a) build a close relationship with subordinates..... and keep distance;

b) lead ... and hold oneself in the background;

c) trust the subordinates ... keep an eye on what is happening;

d) be tolerant ... and know how you want things to be done;

e) keep to the goals ... and be flexible with your schedule;

f) plan his own time ... and be flexible with your schedule;

g) freely express his own opinions ... and be diplomatic;

h) be a visionary.... and keep his feet on the ground;

i) try to win consensus ... and cut through;

j) be dynamic ... and be reflective;

k) be sure of himself ... and be humble.

Subsequently, some case studies (Murray, online, 28 May 2012) have found that generic paradoxes which are particularly relevant in the context of organisational design are identified as follow:

1. Differentiating and integration;
2. Change and stability;
3. Uniqueness and uniformity
4. Complexity and order;
5. Individuality and collectivism;
6. Freedom and security.

Successful leaders are able to mentally accommodate apparently opposing constructs simultaneously. This does not imply the inability to take decisions. It is rather a mental flexibility which enables them to understand the complexity of the systemic context in which they operate.

2.4.7   Summary

This section has been an attempt to walk around the analysis of leaders' personal traits or qualities and paradoxes, and leader's behaviour. Situational concepts have been as well addressed. In the next section, contingency theories of leader effectiveness will be meticulously explored.

2.5   Contingency theories of leader effectiveness

2.5.1   Introduction

Originally elaborated in the 1960s, researchers have currently developed models in which they have tried to conceptualise and describe existing relation that a leader has with a situation. These theories are identified as an effective leadership contingency approach.

These models are grouped in two categories. The leadership effectiveness contingency model and the cognition of theory resource that is focused on the internal state and traits of the leader, and normative decision-making model, for instance, the path goal theory and the situational leadership theory that is focused on the leader's perceived behaviours (Li *et al.*, 2009:471).

In the case of this present study, consideration has been taken to leadership effectiveness contingency models. These theories classify leaders into two categories: the job oriented leader and the relationship oriented leader.

However, the contingency theories determine whether the leader performs effectively in higher, medium or lower situational control.

More specifically, in the contingency model, it is predicted that leaders with extra relationship-oriented qualities have supplementary, effective and moderate control of the situation and leaders with extra task-oriented qualities have supplementary and effective control in high and low situational control. On the basis of these leader qualities and situational control, a leader is considered matched and predicted to perform effectively, or alternatively unmatched and predicted to perform less effectively. In leadership effectiveness, contingency models have been initially identified as group performance. In response to criticisms regarding the model's lack of inclusion of other indices of effectiveness, it has been found that the model could also predict team satisfaction (Li *et al.*, 2009:471).

The situational approach concentrates on the situational implication in the leadership study. People with differing personalities and backgrounds have emerged as effective leaders in diverse managerial situations. Despite the situational approach limitations, situational factors are considered in leadership characteristics. Contemporary approaches of leadership study stipulate that contingency theories focus on the relations between the factors that are involved in leadership behavioural prototype and leadership situations. Contingency theories of effective leadership are based on the beliefs that there is more than one appropriate leadership styles that can be aligned to different situations (Li *et al.*, 2009:471).

The main contingency models of effective leadership comprise (Li *et al*., 2009:471):

- Fiedler model
- Leader-participation model
- Path-goal theory
- Leader-Member Exchange theory
- Situational leadership theory

2.5.2   Fiedler Model

Fiedler's research has essentially initiated the situational contingency age since 1960. Presently researchers are focused on investigating contingency areas of leadership effectiveness that is one of the most promising streams. Fiedler's theoretical and empirical work on his contingency theory has brought much understanding and clarity in the domain of leadership effectiveness. Fiedler's theory suggests that organisational effectiveness relatively dependents on the appropriateness of the combination between leader style and situational demands (leadership-with-you, online, 30 May 2012).

Fiedler's theory is based on the relationship among three positional power functions such as the nature of follower job, the nature of the inter-individual relationship and leader-subordinate relationship. Fiedler's research has been on top in the study of the contingency theories, which transform and influence leadership styles and behaviour. While the horizon is growing, it is important that those factors upon which successful and effective leadership are contingent be investigated further through empirical studies (Sac business, online, 30 May 2012).

Fiedler's theory suggests that organisational effectiveness is related to appropriateness of fitting between leader style and situational requirements. Distinctively, Fielder has identified situational control as the degree of situation in which the leader determines activities, outcomes and decisions of his or her group. The measurement instrument that Fielder has used to evaluate personal leadership

style is called Least Preferred Co-worker (LPC). Respondents to that instrument are requested to identify co-worker with whom he/she has being friendly working. Fielder has considered these task and relationship motivations as qualities that lead the leader to display either directive or nondirective behaviour in dependence on the leader's characteristics such as higher, medium or lower situational control as identified below (Antoine, online, 30 May 2012).

The LPC uses a series of adjectives such as listed in the sample in Figure 2.1 below:

Figure 2.2 – Preferred Co-worker Scale

Unfriendly 1 2 3 4 5 6 7 8 Friendly

Uncooperative 1 2 3 4 5 6 7 8 Cooperative

Hostile 1 2 3 4 5 6 7 8 Supportive

.... 1 2 3 4 5 6 7 8 ....

Guarded 1 2 3 4 5 6 7 8 Open

Source: Antoine, online, 30 May 2012

Alternatively, a job-motivated leader has a propensity to be non-directive in high situational control and a relational-motivated leader has propensity to be directive in low situational control (Sac business, online, 30 May 2012).

Figure 2.3 – Table of prediction from Fiedler's contingency theory of leadership

	High-control Situation			Moderate-control Situation			Low-control Situation	
Leader-member relations	Good			Good	Poor		Poor	
Task structure	High		Low	Low	High		Low	
Position power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
	I	II	III	IV	V	VI	VII	VIII

Task-motivated leader

Relationship-motivated leader
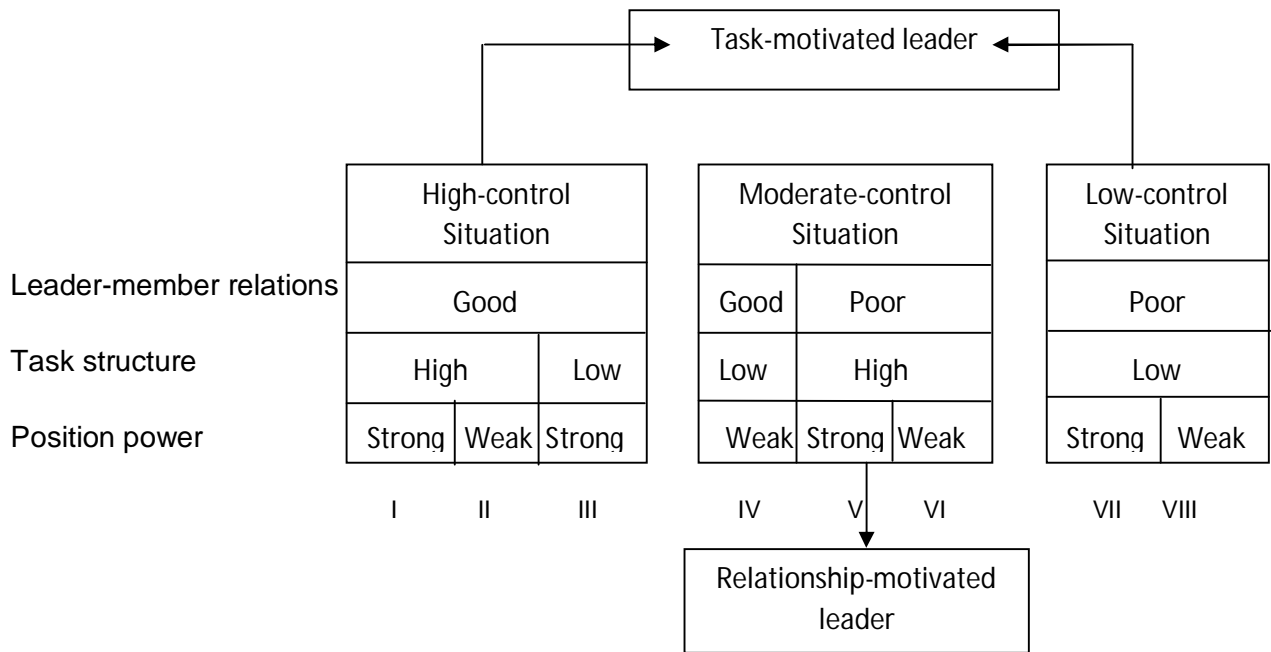
Source: Sac business, online, 30 May 2012

Figure 2.3 has shown that the task-oriented leader has superior organisational effectiveness with higher and lower situational control, but relationship-oriented leader will have greater organisational effectiveness with moderate situational control.

Figure 2.3 has shown as well that Fiedler has measured higher, medium and lower situational control in connection to the three components ranged accordingly as follow:

- Leader-member relationship (better/poorer): Membership sustained for the leader;
- Job structure (higher/lower): Explain job goals, process, framework in the group;
- Position power (stronger/weaker): the leader's duty is to supervise and remunerate or punish.

2.5.3　Leader-Participation model

A leader-participation model or theory has been found by Vroom and Yetton. According to Mullins (Minds tools, online, 30 May 2012), Vroom and Yetton's analysis are based on dual approach of quality and acceptance of leader's decision.

1. Quality or rationality of Leader's decision:

It is the influence that leader's decision will have on the group performance.

2. Acceptance of leader's decision:

It is related to the responsibility and excitement of subordinates to implement the decision and required time to allocate to that decision.

Leader-Participation model has suggested five major management decision styles (A1 – 5) put in three groups (Autocratic, Consultative and Group) (Minds tools, online, 30 May 2012):

G1: Autocratic:

A1: In this style, the leader resolves the problem and makes decision by himself in using available actual information.

A2: In this style, the leader gets information from subordinates but decides on solution alone.

G2. Consultative:

C1: In this style, the leader individually dispenses the difficulties to the relevant followers, then decides according or not to followers' view.

C2: in this style the leader shares the problem with subordinates in general, then decides according or not to followers' view.

G3: Group:

This style suggests that the leader shares the problem generally with followers, he steps in as president instead of supporter and collectively they will evaluate the problem, and attempt to generate consensually one solution.

It has been shown by Mullins (Changing minds, online, 30 May 2012) that the leader–participation model suggests seven principles to assist the leader to discover the right style for a determined situation. The first three sustain the decision quality and the last four sustain the acceptance of decision.

a) There is a quality required to the solution to be more reasonable than another;

b) There is enough information to make a higher-quality decision;

c) The problem has to be structured;

d) Subordinates critically accept the decisions for an effective implementation;

e) If a leader has to make a decision by himself he must make sure that the decision will be accepted by subordinates;

f) Subordinates share the organisational goals to be achieved in resolving the problem;

g) There is conflict among subordinates in preferred solution.

Based partly on several critiques of the theory, the leader–participation theory has gone through positive revision. As shown by Robbins (online, 30 May 2012), the revised version of leader-participation model of Vroom and Jago has kept the five main decision-making styles from the original version but has incorporated a larger number of contingency variables, now being twelve (12). The new leadership model suggests that the five decision styles are effective in the specified situations.

The contingency components relay to:

➢ Quality requirement;   ➢ Commitment requirement;

- ➢ Leader information;
- ➢ Subordinate information;
- ➢ Problem structure;
- ➢ Time constraint;
- ➢ Commitment probability;
- ➢ Geographical dispersion;
- ➢ Goal congruence;
- ➢ Motivation time; and
- ➢ Subordinate conflict;
- ➢ Motivation development.

Additionally, in the leader-participation revised model, the use of decision trees has been suggested as well. Leader participation has enlarged four decision trees related to common categories of managerial problems (Robbins, online, 30 May 2012):

- ➢ Personal problems related to time constraints;

- ➢ Personal problems related to the leader's desire to develop a subordinates' decision-making capacity;

- ➢ Collective problems related to the leader's desire to develop subordinates' decision-making abilities; and

- ➢ Collective problem related to time-driven.

2.5.4 Path-Goal theory

The path goal model has been originally developed in 1971 by House and it has been reviewed by House and his colleague Mitchell in 1974. Presently, researchers have developed the path-goal leadership theory on the expectation motivation theory in which leader behavioural attitudes could be anticipated from the level that the task or behaviour seems to be leading the diverse results and the evaluation of these results. It is further suggested that the path-goal leadership theory holds that subordinates' performance is related to the level degree leader's expected satisfactions (McLaurin 2006:99).

Also, path-goal leadership theory has stated that effective leadership is viewed by subordinates as a motivational influence to the level degree of the contentment of their wants depending on the performance of effectiveness, and that the necessary guidance, direction, support and training, which should be lacking is therefore provided (Changing minds, online, 25 May 2012).

The original theory of path-goal asserts that the influential role of the leader is described as to specially reward subordinates who have worked for organisational goal achievement and make these remunerations easier by determining these rewards, decreasing pitfalls, and roadblocks and raise occasion for personal satisfaction channels (McLaurin, 2006:99).

Path-goal leadership theory has got into it complexity through its new version. The later version involves four specific leader behaviours such as direction, support, participation, achievement-orientation, and three followers' attitudes such as job satisfaction, leader's acceptance and expectation of rewards associated with effort and performance.

1. Directive leader

Directive leadership style holds that directions and instructions are provided by the leader in case the job is complex and unstructured and this augments employees' motivation and satisfaction.

2. Supportive leader

A supportive leadership style suggests the leader displays concern towards his subordinates and treats them at the same level when the task is unclear, boring and stressful, thus the leader will remove the blocks to employees' satisfaction.

3. Participative leader

A participative leadership style is described as a style in which the leader assists subordinates by explicating them different tasks, consulting them and considering their opinions and suggestion prior to make decisions.

4.   Achievement-oriented leader

This leadership style states that an achievement-oriented leader should set exigent goals for subordinates and looks forward to see them perform to their maximum in order to increase their self-confidence and satisfaction (McLaurin, 2006:99).

Further to this, (Vecchio, Justin & Pearce, 2008:71) have argued that the current revision of the original path-goal theory has developed various propositions that are purposed to both clarify and enlarge the theory and thereby revive research on the theory. For special interest, it is proposed that there is a link between aspects of path-goal theory and transformational leadership aspects. Specifically, path-goal theory proposes that transformational leadership is a dependence on contingent rewards to encourage subordinate performance. This presentation has been exercised when leader uses exterior rewards in order to influence. However, by avoiding using external reward factors that are contingent on subordinates' performance, the leader will approve the impact of value based leadership, in other words transformational leadership (Vecchio *et al.*, 2008:71).

The path-goal theory suggests that the same leader is able to practice different kinds of leadership behaviour (style) at various times and various situations. In utilising these situational leadership behaviours, the leader endeavours to affect followers' perception and motivation, and flatten the pathway to their goals (McLaurin, 2006:99).

Figure 2.4: Representation of the path-goal theory of leadership

Source: McLaurin, 2006:99
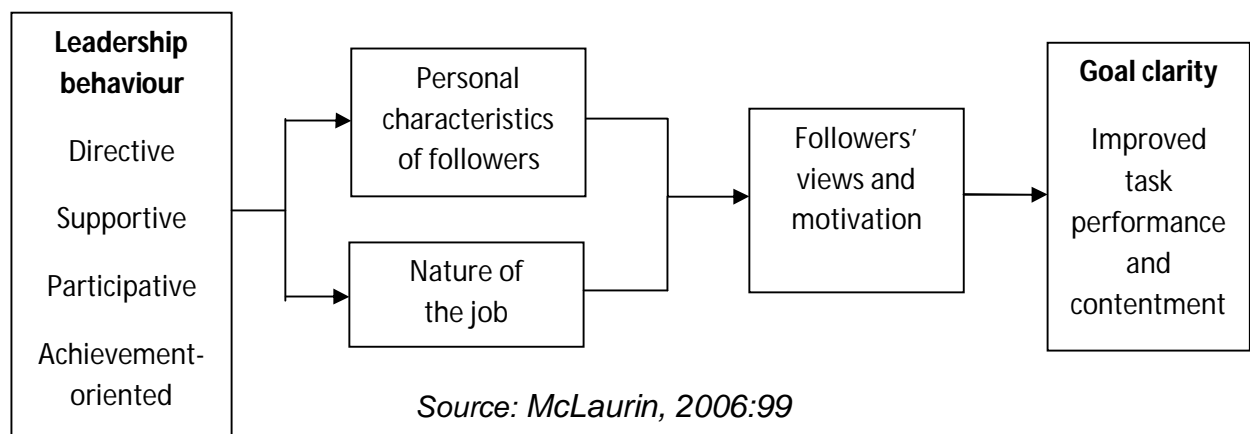
Leadership behaviour has been identified by two major situational components such as subordinates' individual characteristics and task quality (McLaurin, 2006:99):

- Subordinate personal characteristics

The subordinates' personal characteristics establish how followers respond to leader's behaviour. It is also the level degree in which the subordinates perceive leader's behaviour as an instant or future source of required rewards.

- Task nature

The task nature is related to the level in which the task is measured as routine and structured, or non-routine and unstructured (McLaurin, 2006:99).

2.5.5   Leader–Member Exchange theory

Leader-Member Exchange (LMX) theory was originally presented as the Vertical Dyad Linkage (VDL) Model in 1975 by Graen and Cashman and later on by Dansereau, Graen and Haga. The VDL model was based on the reciprocal influence process within vertical dyads comprised of a leader and a follower. However, presently renamed Leader-Member Exchange theory, it is introduced as a challenge to the contemporary leadership literature which is based on the assumption that leaders express a single consistent style of leadership to all subordinates (Torka *et al.*, 2010:420).

A core principle of the LMX theory speculates that each leader establishes an exchange relationship with each subordinate as the parties create their roles in the relationship. Factors that influence these relationships include personal compatibility, and the follower's capacities and performance reliability (Torka *et al.*, 2010:420).

According to Mouriño-Ruiz (2010:37), leader–member exchange theory, also called leader–employee relationships, stands on the premise that leader differentiates on

how he supervises his followers and with some followers the leader cultivates a closer, more confidential relationship, and in return, expects better performance. This behaviour has become a self-achievement prophesy and therefore, attain what has been expected.

Alternatively, it has been suggested that leader-member exchange theory basically supports the theory in which the relationship between a leader and his followers whether, negative or positive, affect diverse factors of subordinate work experience, this includes performance, communication, and job satisfaction. Another view of leader-member exchange theory is that a leader cultivates a personal relationship with every one of the subordinates and the two will determine the subordinate function. In the simplest way, LMX is identified as the exchanging quality between a leader and his subordinates. This relationship exchange affects leader's expectation and behaviour together with diverse subordinates' components (Mouriño-Ruiz, 2010:37).

LMX theory has been found on the concepts of social relationship exchange, reciprocity and equity. The leader and the subordinate each exchange different qualities to the dyadic relationship. Subordinate behaviour, that leads to advancement of the leader, results in the leader providing benefits to the follower (Torka *et al.*, 2010:420).

Leader-member exchange theory consists of interconnected dimensions such as trust, respect and mutual obligation. The theory fundamentally states that relationship between the leader and his subordinates can predict outcomes at individual, group and organisational level. The leader has the responsibility to attain result through his subordinates. This is significant because a motivating and committing workforce provides the extra value to the organisational human capital (Mouriño-Ruiz, 2010:37).

The authors stated that in virtually all situations, leaders select some subordinates as more trusted in-group members and other subordinates as out-group members. The leader chooses which employees will be either in the in-group, the out-group, or

a middle group based upon factors such as perceived levels of competence, trust, or motivation toward increased responsibilities. Later studies proposed that the basis for differentiation might, in some cases, be less business-oriented and more relationship-oriented. Factors such as demographic similarities, comfort, and compatibility have also been mentioned as potential causes for differentiation (Torka *et al.*, 2010:422).

2.5.6   Hersey and Blanchard's Situational Leadership theory

Situational leadership theory is based on the premise that an effective leader adjusts his behavioural style to match with the development level of the subordinates that he is leading. Situational leadership describes four situations represented by four combinations of leader's supportive and directive behaviours (Blanchard, 2008:19):

(i)   Directive leader's behaviour

Directive behaviour is described as a degree to which a leader exercises single way communication, determining subordinates' role, telling them what, where and how to do it. Afterwards, the leader supervises performance. Directive behaviour can be summarised in three words: structure, control and supervision.

(ii)   Supportive leader's behaviour

Supportive leader's behaviour is the level degree in which the leader engages in dual way communication with the subordinates, providing support and motivation, listening, facilitating inter-exchange of ideas and involving subordinates in decision-making. Supportive leadership can be summarised in three words: praise, listen and facilitation.

The level degree of support and direction that the leader presents to the subordinates depends on their developmental level for job achievement.

There are four subordinates' developmental levels also called situations (Hersey, 2009):

1. **Directing:**

Directing is a situational leadership style characterised by single way communication between leader and followers. In this style, the leader determine the job, display how, who, what, when, where, and how to do it. Guiding or telling, informing is as well an example of how S1 might come across to a subordinate who is low in readiness. This expresses a helping relationship, except when the subordinate is reluctant to perform. This exception calls for outcomes of non-performance and turn out to be part of the unfreezing process.

2. **Coaching:**

High task and High relationship, S2 also called selling, in this style the subordinate profits of dual-way communication and socio-emotional assistance in view to increase the "buy-in to decisions made". The leader will be focused on training and counselling to augment task performance.

3. **Supporting:**

Supporting is characterised by higher relationship and lower task. Directing is also called participative. In this style the leader, subordinates and the leader benefit of dual-way communication and pre-eminence of decision-making authority, facilitating behaviour boost the subordinate's willingness and confidence. Subordinates are already demonstrating the capability to attain the task. Effective exercise of S3 is characterised by support and encouragement. Supporting instils ownership in the decision-making procedure.

4.   Delegating:

This style is described as the degree in which the leader let subordinates "run their-own-show". The leader is able to delegate a task, as subordinates display ability and willingness to complete the task at hand. A leader uses a style S4 to spend extra time in monitoring progress as the subordinates get the job done. There is more than one way to influence behaviour that might be more or less effectiveness, depending on the performance and readiness of the subordinate.

2.6   Situational leadership theory (SLT) of Paul Blanchard and Kenneth Hersey

2.6.1   Introduction

In diverse level of organisational management, effective leadership is regarded as a key factor of the success (Marcus, Curt & Asa, 2007:68).

It has therefore been suggested that the most crucial organisational attainment predictors is effective leadership, in contrary, ineffective leadership is often regarded as predictor of organisational failure. In a small business management environment, effective leadership plays a significant role in promoting, establishing and maintaining a better relationship between organisational members which is repeatedly stressed in the literature. There is extra support in the literature which demonstrates that effective leadership can affect work-related stress in psychosocial workplace.

A leader, who allows subordinates to contribute in decision-making and gives confidence to a two-way communication process, is likely to generate a favourable climate among staff, which is characterised by fewer interpersonal divergence and resentment, and less non-cooperative relationships. Assigning tasks to subordinates, specifying the procedures and structuring expectations have also been shown to derive from employee's occupational level. Alternatively, the

effective leadership could augment stress if it is over-focused on control-oriented and structuring. The leadership who constantly confers subordinates with challenging instructions generates obvious physiological symptoms of stress among the staff (Marcus *et al.*, 2007:68).

It is thus crucial for all organisational leaders to recognise the role played by effective leadership and that they might be able to discover their leadership styles and identify the most effective leadership for their businesses.

The role played by effective leadership and of effective leadership styles might be even more important in small business management because of its managerial environment. In such a small business, the role of leadership and leadership style ought to be more significant, in view of the fact that the work operation is performed in the close workplace environment (Marcus *et al.*, 2007:68).

2.6.2   Original version of Situational Leadership Theory of Hersey and Blanchard

Hersey and Blanchard's situational theory has been originally developed in 1969 from the research done at Ohio State that has used similar terminology to instigate configuration about behavioural, task, relationship, and consideration. Actually, this model has been widely applied even in the business environment (McLaurin, 2006:101).

However, Hersey and Blanchard have found their situational leadership theory on the earlier research studies of leader behaviour. They identified four behavioural leaderships: telling, selling, participating, and delegating, which are evaluated by the LEAD (leadership, effectiveness, and adaptability, description) instrument. The theory envisages that the degree to which these behaviours are effective is obviously depending on the subordinate task maturity and subordinate psychological development. Subordinate task maturity is evaluated by using such

factors as ability, education, and experience, while subordinate psychological development is evaluated by using such factors as self-esteem, willingness, and motivation (Li *et al*., 2009:471).

It is further proposed that effective leadership style has been defined as a behavioural prototype of attitudes, philosophy, feelings, belief, and assumptions concerning leadership that influence the subordinate's behaviour (Li *et al*., 2009:471).

Therefore, situational leadership theory of Hersey and Blanchard states that many appropriate effective leadership styles exist and that the leader can use to influence subordinates' behaviours. The leader has to act according to the situation in view, in order to implement a required task and behavioural relationship. This leader's role is based on follower competence and commitment.

Alternatively, because of varying follower readiness, leader's task and behavioural relationship should change as well in order to fit into the determined level.

Consequently, the leader effectiveness on follower task performance and satisfaction will be clarified (McLaurin, 2006:101).

Hersey has determined four major situational leadership styles:

- telling: higher task and low relationship,

- selling: higher task and higher relationship,

- participating: lower task and higher relationship,

- delegating: lower task and lower relationship.

The conceptual basis of these situations stands on the fact that the more follower's developmental level increases, the more leader's effective behaviour engages less instruction and less supportive relationship (McLaurin, 2006:102).

Nevertheless, leader effectiveness is optimised by corresponding leader's behaviour with follower's readiness. Therefore subordinate's levels, represented by

R1, R2, R3 and R4 would match better to leader's style represented by S1 – 4. As follower develops, the SLT suggests that he moves from the lower level of readiness to higher level, and the corresponded effective leader's style vary respectively (Papworth *et al.*, 2009:594).

Figure 2.5: Hersey and Blanchard model of Situational leadership original version

Follower Readiness

R4	R3	R2	R1
Able and willing or Confident	Able but unwilling or Insecure	Unable but willing or Confident	Unable and unwilling or Insecure
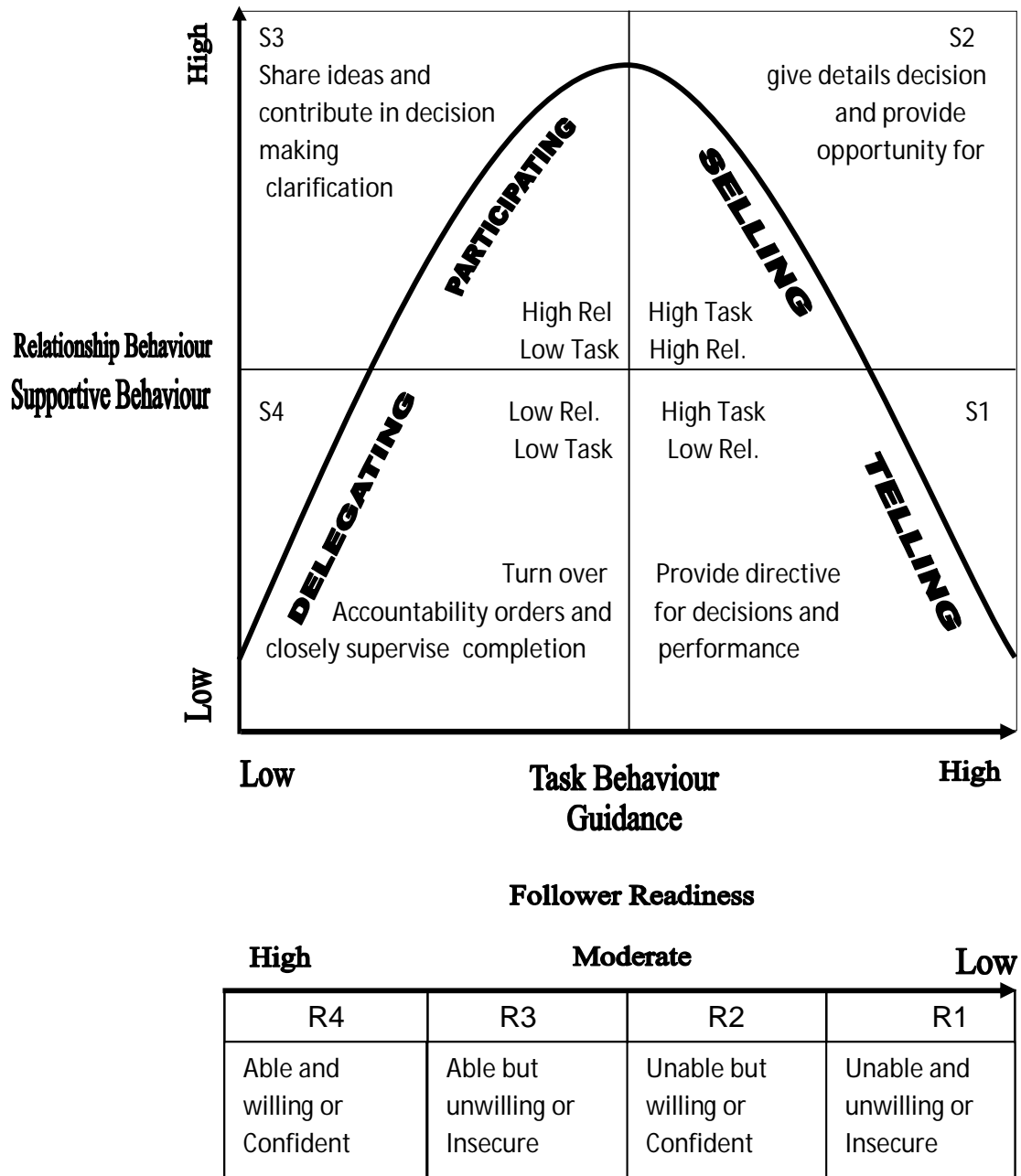
Source: McLaurin, 2006:103

2.6.3   Revision of Situational Leadership Theory

Historically, Situational leadership theory has gone through a number of changes since its inception in 1969; which changes referred to as revision that have then improved the model. Eventually, in 1985, Hersey and his colleagues have developed the new version of situational leadership theory. It has been noticed some changes such as the maturity levels of followers has been relabelled as developmental levels and both factors of maturity and developmental have been relabelled as commitment and competence instead of initial designation of willingness and ability (McLaurin, 2006:102).

An additional exciting difference has been made in appellation of four situations or styles. In fact, telling, selling, participating, and delegating have been relabelled directing, coaching, supporting and delegating. Likewise, both behaviours that have been initially known as task behaviour and relationship behaviour have been now identified as directive and supportive behaviours (McLaurin, 2006:102).

Even though the changes in these styles have been produced to improve the theory, McLaurin (2006:102) argued that Hersey and Blanchard have obviously produced only the theoretical description for the relationship between key components in the more ambiguous model. Critiquing the theory, McLaurin (2006:102) has further suggested that the authors of SLT have offered no clear reasons for relabeling the components in the model. The new appellation describing categories of leader behaviours such as directing and supportive, also the four situations such as directing, coaching, supporting and delegating have deliberated a non-significant choice of expressions. McLaurin has hypothesised that Hersey and his colleagues have adopted for an emotional and disinterested terminology.

Figure 2.6: Hersey & Blanchard revised model of Situational Leadership revised version

Style of Leader

Supportive Behaviour (vertical axis, High to Low)

Directive Behaviour (horizontal axis, Low to High)

	High Directive Low Supportive
High Supportive Low Directive (S3)	**Coaching** (S2)
Supporting	
Delegating (S4)	**Directing** (S1)
Low Supportive Low Directive	**High Directive Low Supportive**

Developed ← | High .... Moderate .... Low | **Developing**

| D4 | D3 | D2 | D1 |

Development Level of follower(s)

Source: Chimaera Consulting, online, 14 March 2010

It is further suggested by Papworth *et al.* (2008:594) that three measurements describe Hersey and Blanchard's SLT. Both measurements are related to leader's styles that are (R) relationship behaviours and (T) task behaviours.

All these measurements are drowning on to generate four categorical situations (S1 – 4):

- Guiding or telling or directing identified by lower relationship and higher task;
- Explaining, selling, or persuading, identified by higher relationship and higher task;
- Encouraging, participating or problem-solving includes higher relationship and lower task;
- Observing, delegating or monitoring, that is lower relationship and lower task.

2.6.4   Telling

Telling or Guiding, or Directing is a contextual managerial situation in which a follower lacks ability and lacks commitment or competence. According to Hersey, (2009:2), Telling determines a situational leadership style that is high in task and low in relationship, and has to be exercised to the leader-follower interactions where the follower is in need for help, as it is the case of new workers within the organisation needing direction and special attention from the leader. The follower at this level has very limited or no knowledge of the task requirements therefore is depending on a high direction of the leader to assist in learning the organisational structures; and the follower displays the lowest maturity level.

Furthermore, Blanchard (2008:19) has suggested that Directing is situational leadership style that is the High-directive and low-supportive leader's behaviour. In this style, the roles of subordinates are defined by the leader who tells them what, how, when, and where to do diverse tasks. The leader will instigate problem–solving and decision-making, he will announce solutions and decisions to be taken in consideration, and will supervise implementation. In addition, the leader assigns

time-lines, and closely supervises subordinates when they are inexperienced or incompetent to complete the task, even when committed. Poor results request leader to be focused on the development of his group members' performance, trust and motivation. Improvement of this style request that leader should be more specific towards what each team member's task is, and towards the standard of what a "good job" looks like.

Telling style matches with lower follower's readiness. The given direction in this style determines the subordinate role when he is unable and unwilling to take own responsibilities. In this stage any uncertainty regarding the task that must be achieved is excluded.

2.6.5   Selling

Selling, also called explaining, persuading or coaching. Selling is a situational leadership style in which the followers lack ability but are encouraged or convinced. It is suggested by Hersey (2009:2) that Selling displays an effective leadership style that is high in task and high in relationship and is applied to those subordinates who are getting use of their task requirements and are in deep communication with the leader, profiting abilities yet needing special assistance for developing personal competencies.

In addition, Blanchard (2008:19) has suggested that Coaching is a style that describes higher directive and high supportive behaviour; the leader is still providing direction but hearing the subordinate reactions, opinions and propositions, as well. He augments the dual-way communication but also upholds pre-eminence of decision-making. Coaching fits the best for "low-to-moderate" developmental level; followers who have abilities but lacking commitment to take responsibilities, they profit of directive and supportive leader's behaviours.

Thus, because subordinates lack competence, coaching style fits the best, nevertheless, the leader will provide supportive behaviour to build trust and

enthusiasm of the subordinate. Coaching is the most effective style. Coach is the leader who both direct and support their followers. While keeping responsibility for decision-making with the leader, this style builds trust and encouragement in followers' attitudes. The improvement of this style requests that the leader should operate with competent followers to fulfil organisational goal and monitor performance.

Selling style fits the best for "low-to-moderate" subordinates' developmental level. This style offers both directive and supportive behaviour to incapable but committed subordinates; it includes joining directive relationship with clarification and reinforcement or instructions in view to sustain enthusiasm.

2.6.6   Participating

Participating, supporting, encouraging, or problem-solving is a situational leadership style where subordinates have competence but are not commitment to utilise it through. Hersey (2009:2) has suggested that Participating displays an effective leadership style that is described as low in job achievement and high in confidence. It has being applicable to the subordinates who have cultivated into becoming technically competent, knowing the outcomes required of them, hence, still needing the special leader's coaching instructions to confirm whether the processes and task fulfilment are on the expected paths.

Alternatively, Blanchard (2008:19) has suggested that Supporting is High-supportive and low-directive situational leadership behaviour. In this style, leader's function is to offer acknowledgement and to actively pay attention and encourage problem-solving and decision-making. As capability rises, most subordinates' question whether they can execute the job on themselves; here a supporting style is best recommended. Subordinates necessitate being head and motivated. Supporting is appropriate for "moderate-to-high" development level. These subordinates are capable but have unstable willingness toward the job achievement. In this style, the

leader has to apply dual-way communication and starting to listen to subordinates' views in order to motivate them to use their competences. Leader facilitates, listens and transfers the pre-eminence of daily "decision-making" and "problem-solving" to group members. Leader provides support and motivation to subordinates when they lack trust or motivation for a given job.

The improvement of this style suggests that the leader should ask more questions, admire performance, or encourage his group members to resolve their personal problems. Participating style fits the best for "moderate-to-higher" subordinates' developmental level. Capable but uncommitted subordinates profit of leader's supportive leadership behaviour in order to augment their confidence, by allowing them to participate in decision-making. Participating style improves the aspiration to achieve the task.

2.6.7   Delegating

Delegating, observing or monitoring is a situational leadership style where subordinates are able and committed to achieve the determined task.

Hersey (2009:3) has suggested that Delegating displays an effective leadership style that is low in job achievement and low in confidence, reflecting the case wherein subordinates are fully matured. Alternatively, the subordinates are fully developed, equipped, and able to achieve the task. In this style, followers require, and often desire only minimal input from the leader to be an effective follower; and the subordinates reflect the highest level of maturity.

Moreover, Blanchard (2008:19) has suggested that delegating style is described as Low-supportive and low-directive situational behaviour. In this situation, a leader allows subordinates greater independence, since they have the skills, willingness and trust to complete the task. Subordinates at this stage are capable and confident to perform the organisational goals. Consequently, a "low-profile" delegating

behaviour in which the leader provides less direction and support is probably to be best and effective situational style.

Although leader might still determine the problem, he delegates the accountability for executing plans to experienced subordinates. They are allowed to "run the show" and participate on how, when, and where jobs are to be achieved. In this situation the role of the leader will be to empower mature and confident group members to run their personal performance collaboratively set objectives and then assign day-to-day decision-making to mature group members. The improvement of this style request that the leader should ask his group members to tell him what resources they need in order to excel and then protect these resources.

Delegating leadership style best fits for higher developmental level subordinates; suggesting that the leader provides less directive and supportive behaviour, it permits capable and committed subordinates to be accountable for what it needed to be done.

2.6.8   Critique of Situational Leadership Theory of Blanchard and Hersey

According to McLaurin (2006:102), situational leadership theory has been initially founded in 1966 and from that time numerous researches have been conducted to extend the sustainability of the theory. For this reason, it has been significant to analyse its understanding and application in the actual business world in general and particularly in small business management.

In 1998, Cairns, Hollenback, Preziosi, and Snow have conducted research study toward 151 officials selected among service and manufacturing businesses of large 100 companies, therefore the results have shown very little sustain for situational leadership theory. Nevertheless, findings of the research have made only modest supporters of the theory, recommending future research in the domain. SLT has suggested that at the lower levels of subordinates' competence, leader's directive

behaviour impacts positively on follower's satisfaction and performance. The findings results of the Cairns, Hollenback, Preziosi and Snow has also shown modest sustain for the theory (McLaurin 2006:102).

Situational leadership theory has been criticised for developing through several modifications without any practical foundation, for showing internal instability that is the fact that two opposite SLT models have been concurrently promulgated. This associated with little notional foundation and less strong practical sustain. A literature research has revealed that only little amount of publications and research studies have investigated the theory (Papworth *et al.*, 2009:594).

Previous situational leadership theory has been investigated by utilising high school teachers. A limited support of SLT has been shown to the matched situations, for instance, the synchronisation of leader and subordinates according to the theory. This has assumed to display a higher level of achievement ranges, and regarding the relationship as excellence and reported greater supervisor satisfaction. These findings have been particularly connected to the lower level developmental subordinates' group and when extended to a larger sample, researchers could not find considerable differences towards leader's contentment, between matched and mismatched situations.

Many other researchers have explored the theory among university workers. Their findings have not succeeded to sustain the model for both within and across-task perception, even though studies proposed that supervision observing and considerations should impact positively on lower developmental level subordinates, and contemplation for higher developmental level subordinates. Their results have been contrary to the ones envisaged by the theory in the sense that findings have been most strong in the higher developmental level of a group, but in the opposed direction to the one envisaged (Papworth, 2008:594).

Moreover, SLT has sustained that with higher developmental subordinates, the effective leadership is more directive to subordinates as they are capable to achieve the tasks predetermined, resultant in higher contentment and performance. This

findings have not received support from the 1998 Cairns, Hollenback, Preziosi, and Snow's research, which has stated that SLT appears to be unable to predict for "high-maturity employee" and has proposed that "leadership still matters for individuals at this high degree of follower readiness" (McLaurin, 2006:103).

Nonetheless, a different research study conducted in 2004 has provided support to McLaurins' 2006 research. The findings of this research have not sustained SLT predictions, by this means it has been suggested that the job achievement is not impacted by the level of combination between situational leadership style and subordinates' development levels. Nevertheless, SLT has been partly supported in the sense that the higher the leader's behaviour reaches, the more effective is the impact of the leader, but this has not predicted task efficiency.

Likewise, whether the situational leadership style and subordinate developmental level have matched or not, it had not impact on follower's contentment and task efficient.

However, the higher the leader's leadership reaches, the higher the follower commitment to achieve the job and maximise the contentment. The higher will be follower's commitment, the higher will be the job contentment and efficiency (McLaurin, 2006:103).

In addition, various simultaneous researches such as by Hambleton and Gumpert have highly sustained the situational leadership model. Vechio, for instance have being supporting SLT to the point that the theory embraces only certain sort of job structures. Hence, the responses to SLT have been largely mixed (McLaurin, 2006:103).

Conclusively, Blanchard (2008:19) has suggested that the appropriate style is principally a function of the level of task difficulty and the developmental level of the follower who is doing the job. Development level is the degree of capability and willingness in which a follower has to achieve the job without leader's supervision. Competence is related knowledge and abilities which could be obtained from training, education or/and experience.

Commitment refers to an association of trust or self- assuredness with motivation or interest and enthusiasm. The factor that prompts a transformation in style is performance. Improvements in performance change the leadership style. Effective leader adapts his style to fit development levels and convene changing demands. Along the time, subordinates and teams develop their own prototypes of behaviour and channels of operating; these constitute the rules, traditions, customs, and more of the culture. A leader might utilise one situational leadership style for a group of subordinates and a changed leadership style when dealing with one-on-one, because subordinates might be at diverse of developmental levels. Moving forward or backward in styles makes situational leadership theory a dynamic developmental model.

2.7 Summary

Due to the possibility that a situational leadership and appropriate leadership style can ameliorate in the performance improvement and productivity of the SME sector, the literature review in this chapter focused on examining the situational leadership role in small business management.

An attempt has been made to reach consensus on the nature of leadership, and to define the term and resort the characteristics of an effective leader. Regardless of the fact that there is no globally common definition of the word leadership, the review has found that researchers and scholars, governments and business organisations have not come to propose an accepted definition, instead diverse target designs of an effective leader classified as definitions of leadership have been suggested. Most of these definitions have been taken in consideration in view to conduct empirical research.

It was found in this chapter that management has to understand the most important components of its leadership role. Leader will discover that he/she has groups as followers in the organisation. Groups are the basis for much of the work that is

done. Hence, because of the complexity and variability of its nature, leadership has been analysed under many alternative approaches.

Therefore, it has been helpful to build a certain framework in which different approaches to study the subject has been considered. One of these approaches such as to explore managerial leadership, by using a quality or trait approach, or organisational approach that includes to analyse leader effective leadership as categorical behaviours, styles of effective leadership and situational leadership approach and contingency theories.

Moreover, in this chapter, consideration has been given in to the interaction between leaders and followers. The review focused on the effectiveness of leadership and contingency theories of leader effectiveness. The investigation will show how leadership adapts to strategic behaviour, in order to match employee abilities to specific tasks or organisational goals.

An attempt will be made to assess the application of different leadership styles in small business management among Pietermaritzburg Chamber of Business members. The review also indicated, however, that South African leaders are facing a big challenge that is within the organisations. It has been clearly reviewed that many South African corporations are actually over-managed and under-let. Thus, the real challenge has been identified as to combine strong leadership and strong management, utilise one to balance the other.

While management deals with complexity, leadership deals with change. Main changes are significantly crucial for survival and complete effectiveness of businesses. This combination induces a real democratisation of the workplace with a simultaneous devolution of power and authority, the flattening of the hierarchy, the opening up of existing communication canals and the rebuilt of new ones. The leadership practice will thus no longer focus on supremacy instead on goals achievement. This involves the consequential participation of all players as well as continuous consultation (Cronje, 2006:178).

An understanding of these notions has been of crucial importance in evaluating the role of situational leadership in small business management of small businesses in the region. The theoretical aspects related to the role of situational leadership in small business management, as dealt with in the literature review has been empirically evaluated. Based on the analysis of the findings, the understanding and application of situational leadership styles have been assessed in the South African small business context.

3. Research Methodology

3.1 Introduction

The preceding chapter has indicated how leaders have been studied in isolation from the attributes that can make a great leader (Rath & Conchie, 2008:79). Leaders are defined as individuals within an organisation, able to influence the attitude and opinions of others. While leader opinions may be interesting to study, this might not be the right unit of measurement for understanding why a person follows one leader and ignores another (Vroom & Jago, 2007:17).

The process of influence is obviously involved in all aspects of leadership definition. Different authors share the view that by defining leadership, the process of influence is consequently implicated. The common point for every leader is one or more followers. There is no leader without followers and a person is called leader if only his actions can modify the behaviour of another person called a follower in a direction selected by the first person (Vroom & Jago, 2007:17).

The literature review has highlighted different contingency theories and situational leadership styles. These styles can be utilised by the leaders in small business management to improve the effectiveness of the management in the sector. Therefore, many problems and difficulties that have been mentioned in the literature review will be obviously solved. It is important to conduct empirical research on leader–follower interactions using small business management as the foundation and to critically seek to understand follower needs and expectations. This research project is based on the validity test of the Hersey and Blanchard SLT. This test will predict the SLT factor that leader behaviour interacts on, with follower experience to predict follower performance and attitudinal reactions.

In this chapter, a methodology has been designed to carry out the use of different situational leadership styles, an analysis of leader obligations and the application of these leadership styles in small business management among Pietermaritzburg Chamber of Business members. Additionally, this chapter has highlighted the

question statement, objectives and hypotheses of the present research, and the designed research methodology to meet these objectives. The universum, the instrument used for data collection, the data collection and data analysis methods have been all delineated in this chapter. Ethical clearance has been vital before conducting this research study and this has been discussed as well in this chapter.

3.2 Nature of the research

To increase the body of knowledge, research studies have been systematically done in such a way as to discover the effects and reasons of certain realities within the field of study. Therefore, it follows that business and management research is systematically conducted to find out about business and management.

This definition highlights two expressions, "systematic research" and "to find out". Systematic research is a research study that is based on logical relationships rather than beliefs. In this part of the study, the researcher has explained the methods utilised to collect the data. He has argued the meaningful of the results obtained and explained any limitations that have been associated with them. "Finding out" has been suggested as a multiplicity of possible reasons for this research. These include understanding, describing, criticising, analysing and explaining (Saunders, Lewis & Thornhill, 2007:2).

According to Olsen (2012:3), a research study can be defined as an effort to expand knowledge in a particular field of study. The revision of research methods provides the necessary information and tools that will be used to solve the problems and meet the decision-making environment challenges as fast as possible.

Research methods provide ideas, instruments and models that demonstrate how to conduct sound research (Blumberg, Cooper, & Schindler, 2008:4).

This study has attempted to expand the body of knowledge surrounding the role of situational leadership and the impact that it could have on the management of small

business among Pietermaritzburg Chamber of Business members. This study has reviewed the secondary data sources and has created primary data as well by utilising an e-mailed questionnaire. This research study has used quantitative research design.

It has been further argued (Olsen, 2012:3) that in human behavioural research, the positivist approach has to be limited to what a person can observe and measure objectively and independently of individual feelings and opinions. This approach is also known as the quantitative approach.

The questionnaire has been used to conduct a quantitative causal research study on the role of situational leadership in small business management by utilising descriptive, analytic, causal and evaluative questions (Gillham, 2007:81).

The research problem and objectives are detailed in the following section. It is imperative to clearly formulate the research problem statement and objectives of the research study, prior to designing the questionnaire. Failure to do so will result in failure of the instrument, and this in turn will lead to failure of the study. Wherever possible, the questionnaire has used methods intended to reduce interpretive errors by respondents. The questions have also assessed whether a business falls outside of the SME criteria according to the National Small Business Act (Peinke, 2011:17), leading to the exclusion of this data from the study.

3.3 Research problem

The purpose of the present research has been set to analyse the crucial role of situational leadership in the context of small business management. The current research seeks to answer the following questions:

(i)   What reasons and context-specific obligations compel small business owners to apply situational leadership in management?

(ii) How does the managerial ability of small business owners extend to diagnose confronted situations?

(iii) How does the ability of small business owners extend to identify appropriate behavioural styles for personal leadership?

(iv) How apt are small business owners in compromising or implementing the situational leadership model?

3.4 Research Objectives

The major objective of this research study is to examine and to accurately evaluate the use of different situational leadership styles in the management of small businesses. This study seeks to review leader obligations and the evolution of these leadership styles in small business management.

Specifically, the study detailed core objectives as follows:

a. assess small business owners' understanding of what situational leadership is;

b. assess whether small business owners' are implementing situational leadership without understanding;

c. describe the situational behaviour(s) adopted by small business leaders in different managerial situations;

d. explore the situational needs for leaders to apply the most appropriate leadership style for the situation;

e. determine responsibilities of leaders in either sustaining customary leadership or facilitating the application of the situational leadership styles;

f. assess the impact of the situational leadership model in small business management;

g. test the ability of leaders to implement a coherent and extended situational leadership model according to the current management situation;

h. determine whether the non-application of situational leadership hinders effective leadership in small business management.

3.5   Hypothesis

Behavioural and management research depends heavily on the null hypothesis (Bergh & Ketchen, 2009:30). The null hypothesis has been defined by McDaniel and Gates (2009:522) as a doubtful, negative statement that the researcher has to prove wrong. A hypothesis can be directional or non-directional. A directional hypothesis is a statement that one quantity is greater or less than another. A non-directional hypothesis would be a statement that one quantity is equal to another.

In this study, two hypotheses have been used as opposed to propositions, as a hypothesis is testable. This assists in validating the quality of this research study, thereby making a real contribution to the current body of knowledge within this field of research, which is the key purpose of this study.

Hypotheses for the present research study have been formulated in Table 1.1 below:

Table 3.1 – Hypotheses of the Study

Null Hypothesis **H1$_0$**	Situational Leadership Model is not understood in small business management
Alternative Hypothesis **H1$_a$**	Situational Leadership Model is understood in small business management
Second Null Hypothesis **H2$_0$**	Situational Leadership Model is not applied in small business management
Second Alternative Hypothesis **H2$_a$**	Situational Leadership Model is applied in small business management

3.6 Sample selection

3.6.1 Sample frame

The targeted population in the current study has been identified from business owners in different small businesses located in the Pietermaritzburg region of the KwaZulu–Natal Province. The body to consider are the constituent members of the Pietermaritzburg Chamber of Business (PCB).

The Pietermaritzburg Chamber of Business (PCB) was established in August 2002. This was a merger of three former business organisations, the Pietermaritzburg Sakekamer, the Midlands Black Business Chamber and the Pietermaritzburg Chamber of Commerce and Industries. The new chamber of commerce and industry has agreed to forego the independent previous identities. After the unification, the Pietermaritzburg Chamber Business has received the recognition of the local and provincial governments as the representative of the business community in Pietermaritzburg.

The PCB is affiliated to the South African Chamber of Commerce and Industry (SACCI) and from this membership affiliation to this national chamber; PCB has become a member of the International Chambers of Commerce (ICC) and the World Chambers Federation (WCF). The PCB is registered as a Non-profit Organisation (027-519-NPO) and as a company in terms of Section 21 of the Companies Act (2002/026810/08).

The PCB membership is made of over 800 companies that places the Chamber as the fourth-largest chamber of commerce in South Africa. Obviously, the PCB has arisen as a united business organisation and has the benefit of wide credibility and full confidence from government at all levels. The PCB actively operates at the national level of organised business that is fully committed to the national and provincial unity of business.

Albeit that the demographics of the body do not reflect the national population demographics, the possibility exists that they do more closely reflect the demographics of the formal business population, albeit that this cannot be measured or verified. This universum was therefore deemed best suited to this research study (PCB, online, 7 July 2011).

This study will however not consider the complete province of KwaZulu-Natal, but rather the city of Pietermaritzburg. With a universum of 832 SME members specifically within Pietermaritzburg areas, our study area, it is a large enough universum to provide useful information that can be statistically analysed.

The Pietermaritzburg Chamber of Business database has its own limitations. Cognisance will be taken of these limitations when finalising the assessment of the primary data collected. The list of small business members of PCB has been obtained from the PCB office. This organisation has assisted the researcher with lists of small businesses located in Pietermaritzburg, and from this population, lists of interested businesses were selected for data collection.

3.6.2   Sample Size

Sampling can be defined as the deliberate choice of a number of people providing the researcher with data to extrapolate conclusions about a larger group. To draw a sample, the researcher has to know population size, and how this total was formulated from the various subgroups of interest (Shiu, Hair, Bush & Ortinau, 2009:449).

The sample for the present research has been identified from within the Pietermaritzburg Chamber of Business (PCB) members. A random sample has been drawn from the small businesses within the membership, using standard sampling techniques and methodologies. The population consists of small and medium sized businesses in the formal sector which are members of the Pietermaritzburg Chamber of Business.

The Pietermaritzburg Chamber of Business database includes approximately 832 businesses. From the universum, the government companies, non-government organisations, schools and honorary members of PCB have been excluded. That brings the population to 678. The survey sample will cover the number of small businesses calculated as a random sample for the PCB, calculated at a 95 percent level of certainty at a confidence level of 5 percent. The sample size is equivalent to 252. The questionnaire has been finalised and e-mailed to the random sample selected from the Pietermaritzburg Chamber of Business, small businesses population.

The following formula will detail the sampling calculation.

Sampling size formula: $n = N/[1 + (N(e)^2)]$

N = population; e = precision = 5%; Confidence level = 95%; P = 5

	Database	Large	N	$e = 0.05$	n
PCB	832	154	678	0.05	252

An arbitrary sample of five small businesses has been selected from outside the sample frame to test the validity of the questionnaire and find out whether the questionnaire has functioned as expected. These results from this test have not been included in the group.

3.7 Data Collection Methods

Data collection can range from small enterprises at one end to a big multinational corporation on the other. The selected method for this research has largely determined how the data have been collected (Blumberg *et al.*, 2008:74).

However, quantitative research is a distinctive research strategy. It involves the collecting of numeric data and exhibits the relationship view between theoretical text and research. Additionally, quantitative research particularly deduces a natural science approach and positivism partiality and has an objectivist social conception of reality (Bryman & Bell, 2007:154).

To collect primary data for this present research study, a quantitative research design has been used. The self-completion questionnaire is sometimes referred to as a self-administered questionnaire. With a self-completion questionnaire, respondents answer questions by completing the questionnaire themselves. As a method, the self-completion questionnaire can come in several forms. Probably the

most prominent of these forms is the mail or postal questionnaire, whereby, as its name implies, a questionnaire is sent through the post to the respondent.

Then later, following completion of the questionnaire, the respondent is usually asked to return it by post. The cheapness of the self-completion questionnaire is especially advantageous if you have a sample that is geographically widely dispersed (Bryman & Bell, 2007:240).

A self-completion questionnaire was used in this research for data collection. Data collection has been informed by self-completion surveys. The researcher has used questionnaires consisting of a predetermined batch of questions designed to capture data from respondents. The self-administering questionnaires were used instead of face-to-face interviews due to time constraints. Self-administering questionnaires has allowed respondents to answer questions at leisure. Primary data has been collected from business owners in different small businesses located in the Pietermaritzburg areas of the KwaZulu–Natal Province.

The data collection procedure has been completed by faxing and e-mailing questionnaires to the different companies selected for study purposes. Those without access to faxes and the Internet have been given the questionnaires physically by the researcher.

Pre-testing of questions was done to make certain that the respondents had understood the questionnaire and had furnished the right responses. Pretesting has ensured relevance, effectiveness and clarity of the questionnaire. Two weeks after the mailing date, non-respondents have been contacted telephonically and were personally requested to respond. The reason for using an e-mail survey is to take advantage of the ease of access to contact huge numbers of respondents in less time. It is also the preferred method for collecting data from a large universum which is also geographically dispersed.

3.8 Questionnaire design

A questionnaire must be planned or designed to fulfil a definite research objective. The questionnaire is characterised as a set of questions dealing with the same topic and given to a specific group of individuals for the purpose of collecting data on a problem under research (Shiu *et al.*, 2009:328).

However, data collection is the basic function of the questionnaire. As the research respondent's participation is absolutely voluntary, it is imperative that respondents' interest is engaged, and their co-operation encouraged. The reaction elicited should reflect reality as accurately as possible. The questionnaire is crucial to the achievement of this research study that the questionnaire extracts the accurate information from the respondents, however, if the quality is irrespective of the statistical analyses, the results will be of no use, and will not add to the body of knowledge (Shiu *et al.*, 2009:328).

For this research, the questionnaire has allowed the respondent to provide the primary data, in the simplest and most accurate manner possible. The questionnaire should consist of a number of uniform preset/matrix questions designed to collect the information required. Respondents find it easier and faster to answer questions in this fashion. The questionnaire was developed in English and subjected to scrutiny and correction by the promoter of this study (Olsen, 2012:119).

Questionnaires succeed as their success is planned. When developing a questionnaire the researcher must make certain that the specific results he has theoretically in mind and reflected in certain concepts used in the questionnaire can/will be obtained by means of certain operations and conditions prevalent and appropriate for the questionnaire to operate. This means that the researcher must ensure that the instrument will meet the research needs (Olsen, 2012:119).

The questionnaire was designed specifically to try to reduce interpretation errors by ensuring that most of the questions have used a nominal system, in a bid to further

reduce errors through misinterpretation during the completion of the questionnaire by the respondents.

All data capturing was checked twice to ensure that no errors were made during the data capturing process. The data set has provided data for the analysis of the core problem related to the role of situational leadership in South African small business management, and the application of different leadership styles appropriate to the situations. This data set provides the relevant primary data for analysis of the hypotheses defined in this research study.

The questionnaire, as shown in Appendix 6, has been divided into three sections:

Section A sought to determine demographic information on the business owners, such as gender, qualification, experience and number of years and employees of the business. These demographics give greater insight into the respondents.

Section B tried to discover the perceptions of business owners regarding situational leadership and the application of situational leadership styles by the business owners. It, as well, sought to determine the impact of situational leadership in small business management.

The questions are discussed below:

Section A:

Question One

Gender plays a vital role in the research, and the purpose is to establish if different gender groups display different self-perception situational leadership styles.

Question Two

This question gives a general idea of the perception of respondents towards those leaders with a university degree in terms of leadership style. It links up to one of the main criteria to be investigated. In essence, if one has a university degree does the

self-perception of situational leadership style differ from those leaders with no university degree? This question merely subjects stereotyped thought to scrutiny.

Question Three

This gives an insight into the respondent's field of study. It gives a clear understanding of the qualification of respondents bearing in mind that the field of study provides different thoughtful of leadership notions. Various fields such as agriculture, business management, human resources management, display different perception of situational leadership as well.

Question Four and Five

These questions are related to work experience and aimed to identify if cohesion exists between self-perception situational leadership styles and different levels of work experience.

Question Six to Question Eight

Leadership experience differs from work experience. The intention in these questions is to compare respondents with longer leadership experience, with recent leaders to test if any similarities exist in terms of self-perception of situational leadership styles.

Question Nine and Ten

Number of subordinates is a key for an effective management. These questions check to see how many subordinates are directly influenced by the respondent's situational leadership styles.

Section B

Question 1 to Question 3

These questions are related to the respondent's understanding of situational leadership model. The researcher also endeavoured to gauge the leader's

knowledge of situational leadership styles and assess the level of the ability of small business owners to identify appropriate behavioural styles for personal leadership.

Question 4 to Question 7

These questions served to assess the application of situational leadership models in SME owners' managerial strategies. Information sought in these questions included the manager/owner's behavioural strategy towards each one of his/her subordinates, appropriate to the situations and according to their ability and commitment to work. These questions also aim to assess the impact of situational leadership in small business management. These questions have been included to assess the extent of the managerial aptitude of small business owners, respondents, in compromising or implementing the situational leadership model in the personal managerial strategy.

3.9   Ethical clearance

The ethical clearance has been applied and granted before designing and conducting this research study. The ethical clearance process followed by the researcher is presented as follow:

The researcher has requested ethical clearance from the University of KwaZulu-Natal and questionnaires have been distributed under the conditions of written permission from the University of KwaZulu-Natal Research Office, as well as for the letter of informed consent that was signed by respondents. The respondents have been asked to read and fill in a consent form before starting to answer the questionnaire and they have been authorised to withdraw their participation at any time if they wish to do so. Throughout the present research no name of the respondents nor of their organisations have been mentioned. Respondents have been requested first to fill in an informed consent document in which it is evidently stated that their personal details would be kept confidential. It is ensured that the

data collected through the survey of this research would not be utilised for any purposes other than this present research study. (See Appendix 3 for the informed consent document, the letter for Informed consent to respondents and a letter from the Director of Pietermaritzburg Chamber of Business can be found in Appendix 4).

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3.10   Data Analysis

3.10.1 Introduction

Analysing data is the process of turning data into information. Information is the data in a form used for explanation, or for decision making (Wiid & Diggines, 2009:239). The researcher has analysed the research problem and research objectives in the context of the primary data collected. These data have been analysed and interpreted to inform the findings, recommendations and suggestions for further research. Data has been presented in the form of tables, graphs, diagrams and percentages as appropriate. Additionally, the researcher has used the Statistical Package for the Social Sciences (SPSS) version 17 to analyse the coded responses from the structured questionnaires. The raw data produced from the questionnaires were processed to exact a meaning. This therefore equipped the researcher to generalise and make inferences. The analysis was done through descriptive and inferential statistics.

3.10.2   Validity and Reliability

According to Hair, Black, Babin and Anderson (2010:7) the researcher's goal of reducing measurement error can follow several paths. In assessing the degree of measurement error present in any measure, the researcher must address two important characteristics of a measure:

- Validity is related to the test measures that the researcher actually wishes to measure. Validity is the level to which the researcher measures the accuracy of representations compared to what it is supposed to be. Ensuring validity starts with a thorough understanding of what is to be measured and then ensuring the measurement is correct. However accuracy does not assure validity. The survey population of small business owners who are PCB members was small (Hair *et al.* 2010:7).

- Reliability is related to the accuracy and precision of a measurement process. If the validity is assured, the researcher must still consider the reliability of the measurements. Reliability is the level in which the researcher measures the true value of the observed variable and it is error free, thus, it is the opposite of measurement error. It was easier to assess the accuracy of the survey instrument and the process undertaken to collect the data (Hair *et al.* 2010:7).

The questionnaire was built in a short and succinct manner to prevent misinterpretation and any ambiguity. The language was simple and easy to understand. In order to ensure validity, questions were adjusted on the basis of responses and comments received from the pre-test. An effort was made to ensure that the questions asked were closely related to the study objectives.

Basic summary statistical analyses have been completed on the primary data, including cross tabulations, means and standard deviations, where applicable. ANOVA testing has also been completed on relevant variables, if appropriate, to assess what the variances are. This has allowed for the review of the primary data in a variety of different methodologies in order to see what data is statistically significant within the primary data.

3.10.3   Descriptive statistics

The researcher has used descriptive statistics in this study to explain the basic data features. They have supplied the researcher with simple summaries about the sample and the measures. Collectively, with graphics analysis, they make the basis of quantitative data analysis (Hair, Walfinbarger, Ortinau & Bush, 2008:235).

3.10.4   Correlation

This test determines the relationship significance between two continuous groups of variables. It analyses the correlation coefficient and presents a hypothesis test to evaluate whether the correlation coefficient is significantly different from zero (Brandimarte, 2011:366). Bivariate correlations were used to display descriptive statistics for each variable. Pearson's Correlations were used, values-significance levels were gauged for data (0, 01) – two tailed tests were used to indicate direction of relationship and strength of relativity.

3.10.5   Frequencies

A frequency count across all variables of the questionnaire was done to investigate the relationships between variables such as gender, age of business, educational qualification and length of experience in respect to the perceptions of understanding and application levels of situational leadership in small business management.

3.10.6   Cross Tabulation and Chi-Square tests

After examining the distribution of each of the variables, the researcher's next task is to analyse relationships among the variables. The tools to be used include correlation and regression, or derivatives such as the analysis of variance, t-test, and contingency table also called cross tabulation analysis (Hanagal, 2009:5.7).

A cross tabulation is a combined case frequency distribution based on two or more variables grouped categorically (Burns & Bush, 2012:339). Therefore, contingency table analysis is a distribution of cases with their values on two or more variables. A cross tabulation is one of the more commonly analytic methods used in social sciences. In the present study, the combined frequency distribution has been analysed with the chi-square statistic test (Israel, 2008:19).

In fact, the chi-square test of statistical significance has been initially developed by Karl Pearson, assuming that both variables are measured at the nominal level. Chi-square has been usually used with tables that have variables measured at a higher level; however, the chi-square statistic has been calculated while the variables were measured only at the nominal level. The information regarding distance between categories is ignored (Hanagal, 2009:5.5).

3.10.7   Hypothesis testing

The hypothesis testing determines what the area of acceptance is for the hypothesis being tested. Care has been taken to avoid mistakes in testing. The significance level has been pre-decided in order to calculate the area of acceptance, and, for the purpose of this study, a significance level of 0.05 has been used (Brandimarte, 2011:402).

3.11   Summary

In this Chapter the researcher has explained the procedure that was followed when conducting the survey and presented the research design and fieldwork employed to obtain the necessary data. In addition, the researcher has discussed the preparation for the quantitative nature of the study as well as the ethical issues addressed in order to conduct research. The researcher has given a detailed description of the questionnaire as the research instrument used in this study. The researcher presented the detailed procedure of data analysis. The researcher also discussed the administration of the questionnaire.

4. Findings

4.1 Introduction

In Chapter 3, the planned research methodology for this study was detailed. The collected primary data has been analysed and the findings are presented in this chapter. The first section provides graphical and descriptive statistics related to the primary data. SPSS (Version 17) was used to calculate graphs and frequency tables and an overview of the respondents' perceptions on situational leadership model has been present.

Descriptive statistics have served the purpose of describing and summarising observations, the tables being useful in enabling the researcher forming impressions about the distribution of the data. Furthermore, such statistics have indicated how many times a particular response appears on the completed questionnaires and provide the percentages that show the number of responses to a certain question in relation to the total number of responses.

Validity and reliability testing of the data assessed the integrity of the primary data (McDaniel & Gates, 2010:251). For the questions that had the same scales, Cronbach's Alpha has been calculated. To deduce a good internal consistency and reliability amongst the questions, a value of at least 0.7 is considered.

The hypotheses are tested using the one sample Cross-Tabulation and the chi-square tests. Furthermore the results of the hypothesis tests have also been confirmed by the descriptive and graphical statistics.

The questionnaire used to collect the data was divided into two sections.

Section one sought to determine demographical information of the business, such as gender, educational qualification, and number of years the business has been running. This information was asked in order to provide variables that would give the required research results.

Section two dealt with the level of understanding and application of situational leadership styles according to current situation.

4.2   Statement of results

Various descriptive demographic statistics are described to make up the sample group. This data is summarised at the end of the graphics displayed below. The statistical analysis is broken up into two sections namely the descriptive statistics followed up by the inferential statistics. The descriptive statistics for the demographics are illustrated below in graphic form. The percentages reflected in the graphs below are percentages of those that answered the question and exclude the missing values.

Section A: Demographic and Characteristics of Business

Question 1: Gender

The gender of respondents was captured in Question 1 and the responses are shown in graphical format in Graph 4.1 below:

Graph 4.1 – Gender of respondents
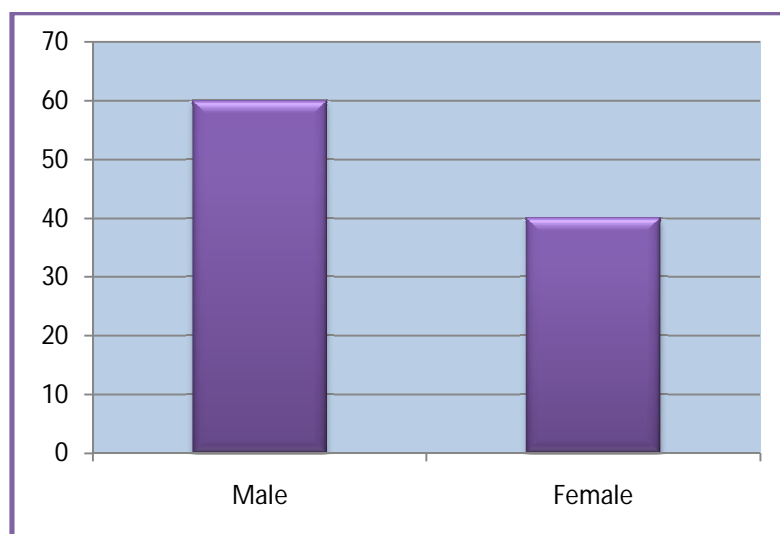
As the graph reveals, all respondents indicated their gender in the survey, of the 20 respondents 40% were females and 60% were males.

Question 2: Highest level of qualification completed

This question assesses the educational levels of the respondents, in order to assess whether a statistical relationship exists between educational qualifications and leadership style.

The qualification of respondents was queried in Question 2 and the responses are shown in graphical format in Graph 4.2 below:

Graph 4.2 – Highest Level of qualification of the respondents
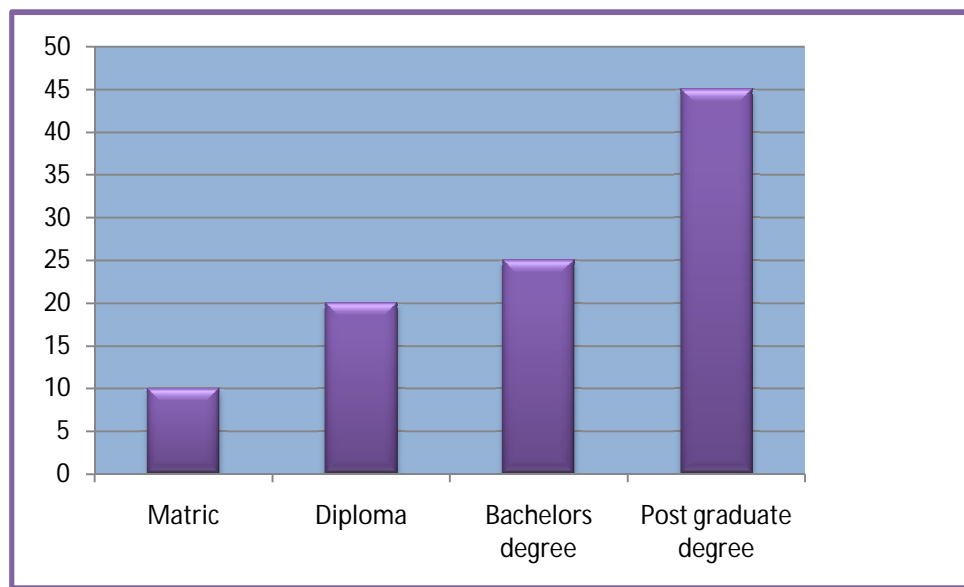
It is evident from Graph 4.2 that 45% had a postgraduate degree, 25% had a Bachelor degree, 20% a diploma and 10% had a matric. This can also be treated as 70% of the respondents having a university degree.

Question 3: Please indicate the field of study for example Agriculture, Business Management, Human Resources Management:

This question gives an insight into the respondent's field of study.

Graph 4.3 – Field of Study of respondents
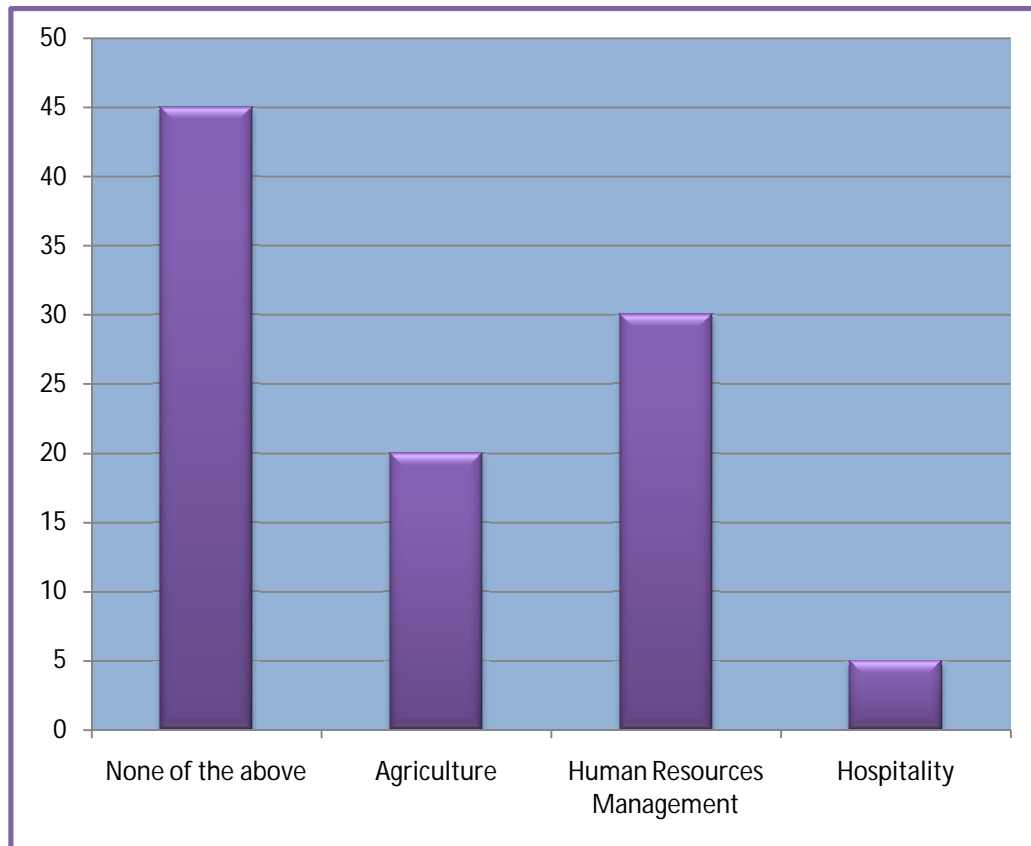
The data reveals that 30% of respondents studied human resource management, 20% agriculture, 5% hospitality and 45% a range of other. The respondents clearly did not understand this question and the data received is therefore of little value in the study as a consequence.

Question 4: Did you have any practical experience in business management prior to owning your business?

The respondents' work experience was tracked in this question and responses are shown in the graph below:

Graph 4.4 – Practical experience in business management prior to owning your business
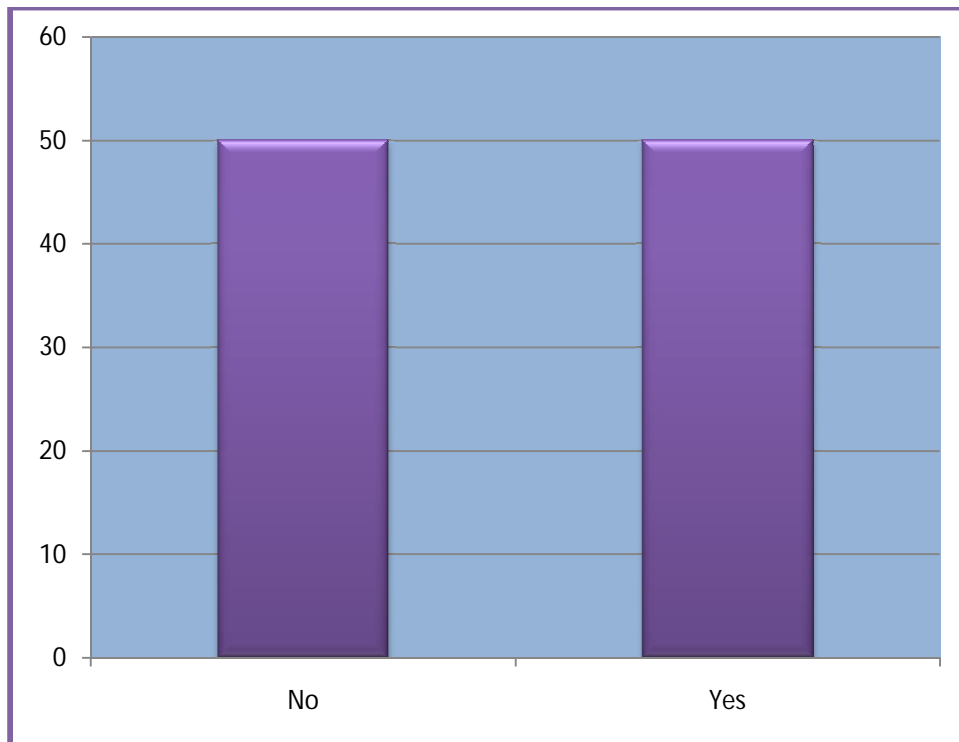
Although Graph 4.2 reflects that 70% of respondents have university degrees, Graph 4.4 reveals that only 50% of respondents had prior practical experience in business management before owning their current businesses. The owners that had previous experience have an advantage as they may have some understanding of the principles of effective leadership.

Question 5: If yes, please indicate in one of the boxes your past experience in the business management field

The depth of the respondents' work experience is established in this question and aim to identify if a relationship exists between self-perception situational leadership styles and different levels of work experience.

Results are shown in the graph below:

Graph 4.5 – Length of past experience in the business management field
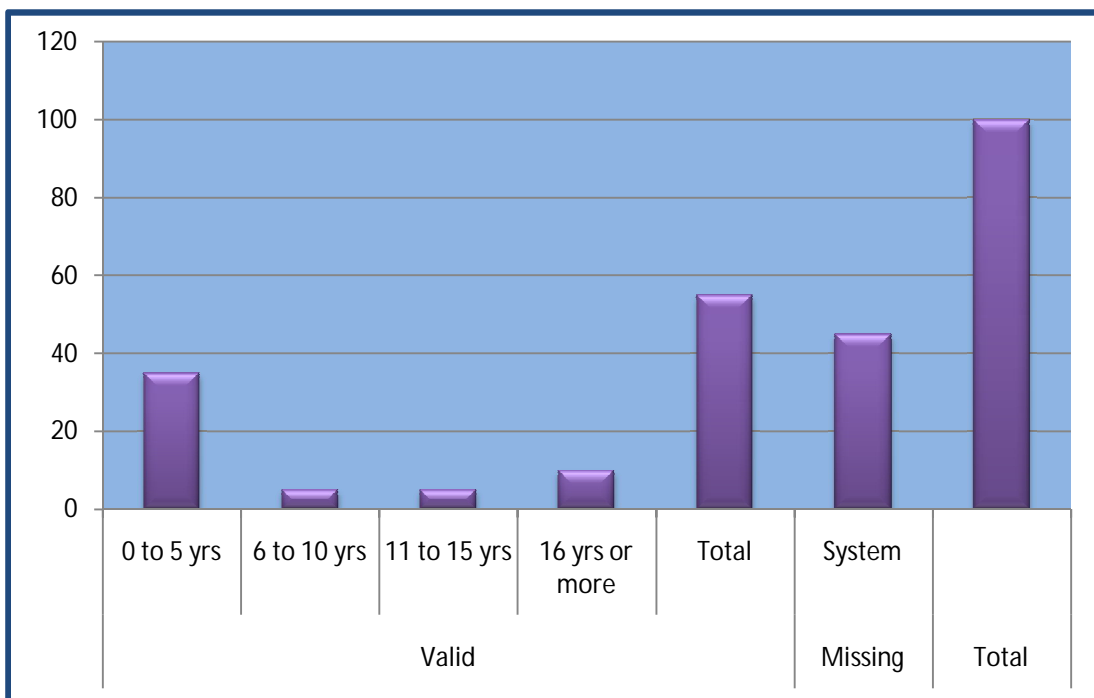
According to the data, 45% of respondents did not answer the question concerning the duration of their prior experience in the business management field. Those respondents who did respond indicated that 35% had less than 6 years of experience, 5% had 6 to 10 years of experience, 5% had 11 to 15 years of experience, and 10% 16 years or more experience in the business management field.

Question 6: What position do you occupy in the current organisation?

This question analysed the role played in the current organisation, as this could assist in assessing whether owners differ in their leadership approach from managers.

Graph 4.6 – Respondents' position in the organisation
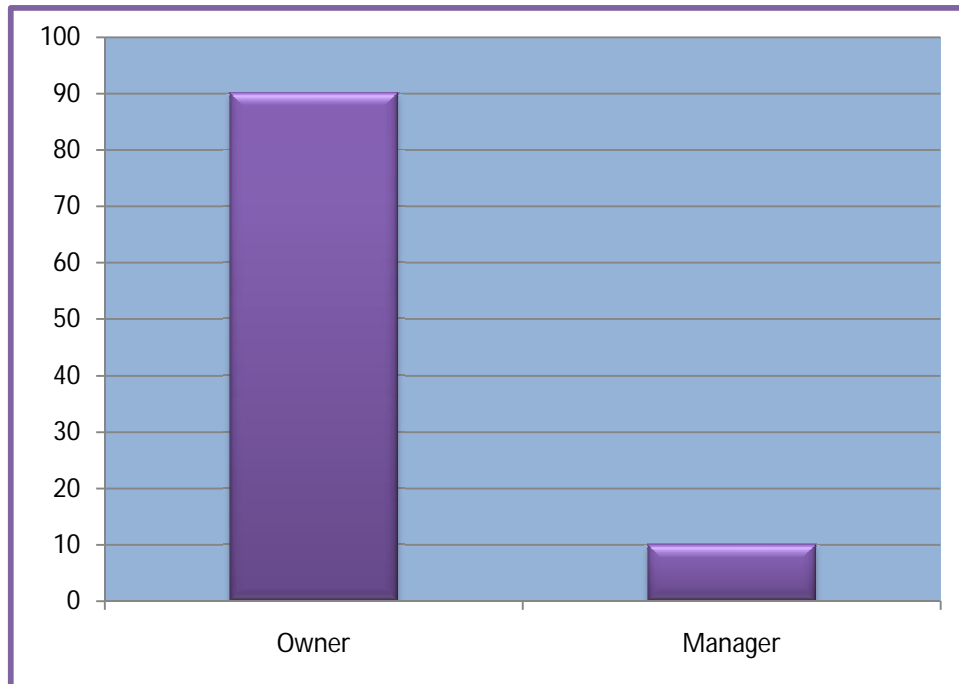
Graph 4.6 indicates that 90% of respondents were owners in their organisations, and 10% were managers.

Question 7: How long have you occupied that position?

The intention of this question was to determine how long respondents have held their current roles within the organisation.

Graph 4.7 – Length in current role
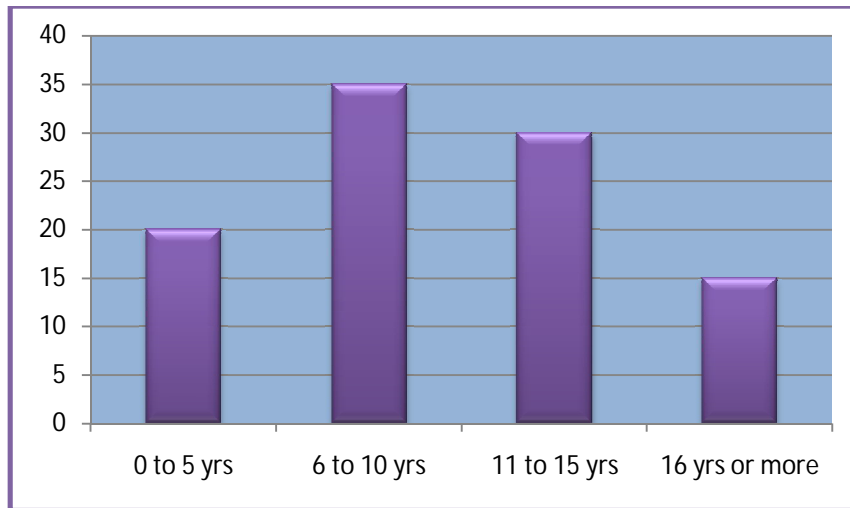
Graph 4.7 shows that 20% of respondents have been in their current roles for 5 years or less, and 80% of respondents have held their posts for more than 5 years, a milestone in the SME lifecycle.

Question 8: Age of Business

This question determines the longevity of the firm. How many years the small business has been operating? The data is presented in a graphical format in Graph 4.8.

Graph 4.8 – Age of Business
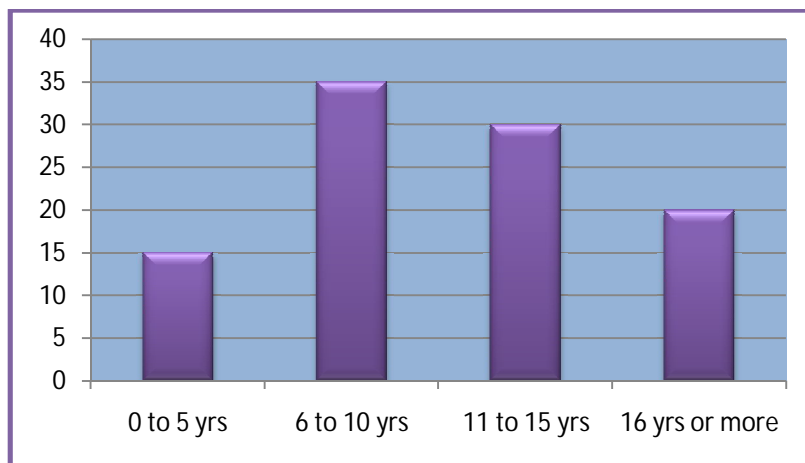
As indicated in Graph 4.8, 85% of respondents have operated for more than 5 years and only 15% have been in operation for less than five years.

Question 9: How many employees do you have in the organisation?

This question will assist in identifying trends in the finding with relation to the number of staff employed.

Graph 4.9 – Number of employees in the business
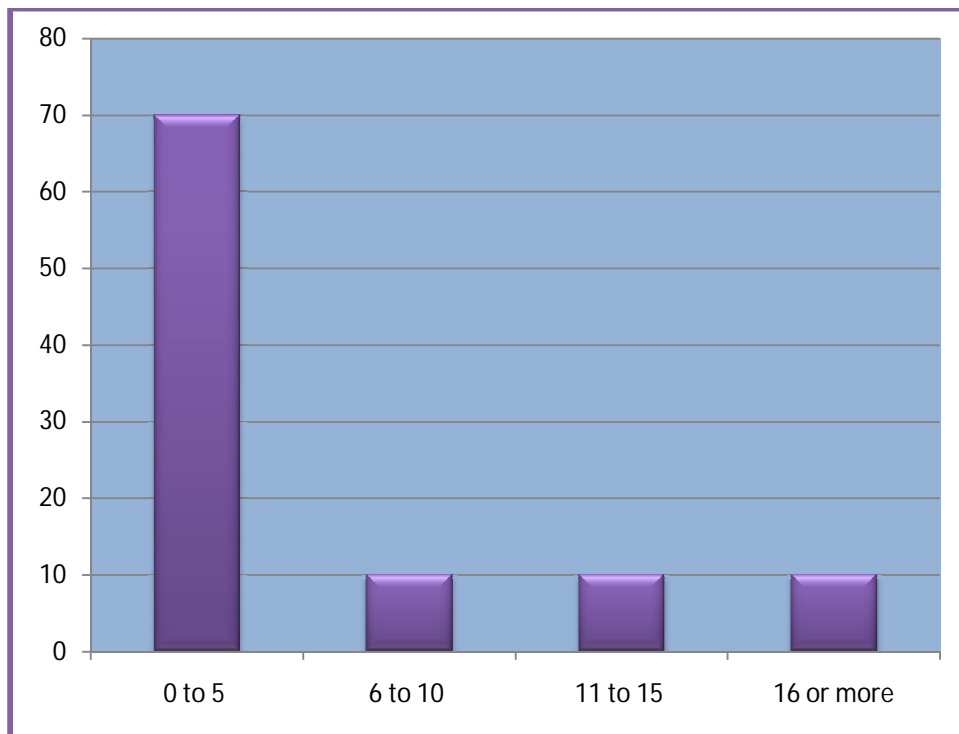
With regard to the number of workers employed by respondents' businesses, Graph 4.9 indicates that 70% of the respondents employ less than 6 people, 10% employ 6 to 10 workers, 10% employ 11 to 15 workers and 10% have employed more than 16 workers.

Question 10: How many subordinates do you have under your direct leadership?

Number of subordinates is the key to effective management. This question intended to analyse the number of subordinates that are directly influenced by the respondents' leadership style.

The data is presented in a graphical format in Graph 4.10.

Graph 4.10 – Number of subordinates directly influenced by the respondents' leadership
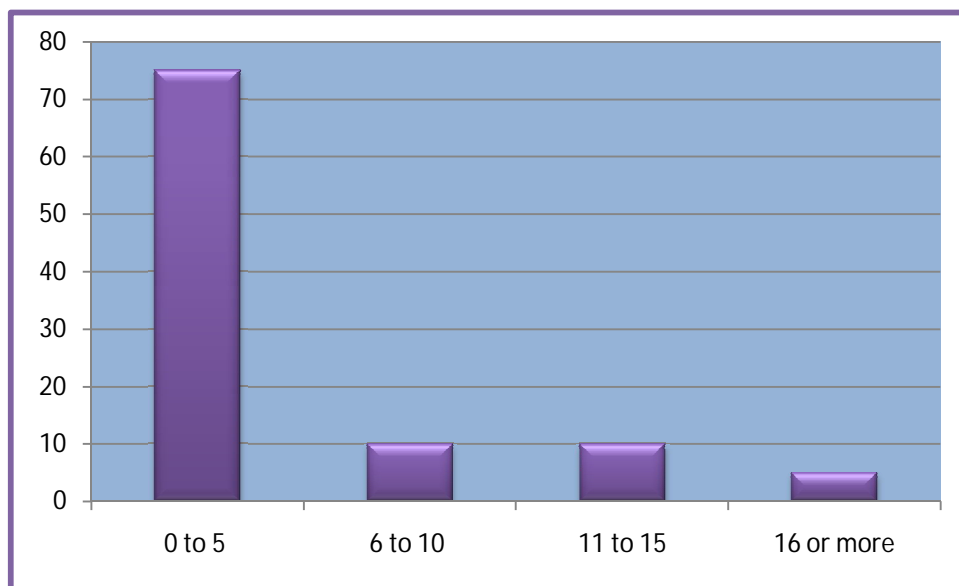
According to Graph 4.10, 75% of respondents have 5 or less subordinates under their direct leadership, 10% had 6 to 10, 10% had 11 to 15 and 5% had 16 or more.

Section B: Understanding and application of Situational Leadership in small business management

Question 1 to 7

These questions intend to gauge the respondents' understanding and knowledge of situational leadership styles. The researcher has also assessed the ability of small

business owners to identify appropriate behavioural styles for effective personal leadership. Additionally these questions serve to assess the application of situational leadership model in small business owners' managerial strategy. Information sought in these questions have included the respondents' behavioural strategy towards each one of their subordinates, appropriate to the situations and according to their ability and commitment to work.

Results of these questions analysis are reflected in graphs and tables in the following section.

4.3   Descriptive statistics

The descriptive statistics for questions B1 to B7 are presented in Table 4.1 below, after which the contents of the table are further explained.

Table 4.1 – Summary Table of descriptive statistics for questions B1 to B7

	Mean	Std. Deviation	N
Situational leadership	.40	.503	20
Evaluating understanding	2.15	1.040	20

The mean and standard deviation are considered for questions B1 to B7. The standard deviations are consistent and indicate good consistency between the observations. These results confirm what the bar graphs and frequency tables have shown.

4.3.1 Reliability Analysis

It is important to test reliability of data when a measuring instrument has been used as it has helps to show whether the instrument was free of errors or not (Blumberg *et al.*, 2008:455).

Reliability analysis consists of the homogeneity of the scale, that is, to measure the same object by all the items (Barker, 2009:353).

Accordingly, if a measuring instrument has internal reliability it would help maintain stability, so the instrument can be used at different times or under differing conditions. The Cronbach Alpha is calculated to ensure internal reliability (Blumberg *et al.*, 2009:458).

The Cronbach Alpha is calculated for the questions using the same scales. This coefficient is based on the average correlation of standardised items within a test. Alternatively, it is based on the average covariance among the items that are not standardised. The Cronbach Alpha is ranged from 0 to 1. (Coakes & Steed, 2003:140).

Cronbach Alpha has also been calculated to assess the level of consistency of the results, as part of the reliability test. As well, it has been calculated to analyse how similar results could have been obtained if the sample size was increased. A value of at least 0.7 is a very good value that leads to conclude that the same results can be obtained if the researcher conducts the survey with a larger sample of respondents (Walker, 2011:28).

The Cronbach Alpha has been calculated for the questions that had the same scales in each section, that is, understanding of situational leadership, Section B Question 1 to 3 (B1 to B3) and application of situational leadership styles, Section B Question 4 to 7 (B4 to B7). The results are illustrated in Table 4.2 below.

Table 4.2 – Reliability Statistics

Cronbach's Alpha[a]		No of Items
QB4 to B7	0.784	4
QB1 to B7	0.754	7
a. The value is positive due to a positive average covariance among items.		

Alpha should be at least 0.70 for the reliability to be regarded as satisfactory (Burns & Bush, 2012:349). The Alpha values of all the measuring instruments have indicated a satisfactory level of internal consistency.

The descriptive statistics pertaining to each of the measuring instruments were calculated and are presented in the next section.

4.3.2   Main Hypotheses

Two hypotheses have been used in this research study. These assist in validating the quality of this study. The present research is based on two main hypotheses which are tested further in Tables 4.3, 4.4, 4.5 and 4.6.

The first hypothesis relates to whether owners of small businesses have enough understanding of situational leadership model and the second hypothesis relates to whether small business owners have applied situational leadership in their managerial strategies.

(i)   Hypothesis one (H1):

H1$_0$: Null Hypothesis   Situational   Leadership   Model   is   not understood in small business management

H1ₐ: Alternative Hypothesis   Situational Leadership Model is understood

in small business management

Table 4.3 – Cross Tabulation: Evaluating Understanding and application of SLT

% within Evaluating understanding				
		Situational leadership		Total
		Not applied	Applied	
Evaluating understanding	No understanding		100.0%	100.0%
	Little Understanding		100.0%	100.0%
	Average understanding	50.0%	50.0%	100.0%
	Perfect understanding	100.0%		100.0%
Total		60.0%	40.0%	100.0%

Table 4.4 – Chi-Square: Evaluating Understanding and application of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.917^a	3	0.000
Likelihood Ratio	24.148	3	0.000
Linear-by-Linear Association	16.303	1	0.000
No of Valid Cases	20		
a. 7 cells (87.5%) have expected count less than 5. The minimum expected count is .40.			

Tables 4.3 and 4.4 have shown that Pearson's chi-square is larger than 0.05 which is interpreted as a rejection of the null hypothesis ($H1_0$). Therefore, the alternative hypothesis ($H1_a$) is accepted indicating that the Situational Leadership Model is understood in small business management.

(ii)   Hypothesis Two: Tested using Spearman's rank correlation

$H2_0$: Second Null Hypothesis   Situational Leadership Model is not applied in the small business management

$H2_a$ Second Alternative Hypothesis   Situational Leadership Model is applied in the small business management

Table 4.5 – Correlation between Understanding and application of SLT

Correlations		Situational leadership	Evaluating understanding
Situational leadership	Pearson Correlation	1	-0.926[**]
	Sig. (2-tailed)		.000
	N	20	20
Evaluating understanding	Pearson Correlation	-0.926[**]	1
	Sig. (2-tailed)	0.000	
	N	20	20
**. Correlation is significant at the 0.01 level (2-tailed).			

The relationship was negative and significant at 95% confidence level hence the null hypothesis is accepted. This concludes that Situational leadership model is not applied in small business management.

4.3.3   Test of Hypotheses

The hypothesis test that was been carried out was Cross-tabulation and the Chi-Square test. The reason for using these tests was to test for independence of association between variables. The researcher carried out these tests to determine whether the demographic data (Question 1 to Question 10) prevent the understanding and application of situational leadership styles in the small business management.

The summary of results is shown in Table 4.6 below:

Table 4.6 – Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
1. Gender: * Evaluating understanding	20	100.0%	0	.0%	20	100.0%
2. Highest level of qualification completed: * Evaluating understanding	20	100.0%	0	.0%	20	100.0%
3. Please indicate the field of study for example Agriculture, Business Management, Human Resources Management: * Situational leadership	20	100.0%	0	.0%	20	100.0%
4. Did you have any practical experience in business management prior to owning your business? * Evaluating understanding	20	100.0%	0	.0%	20	100.0%
5 If yes, please indicate in one of the boxes your past experience in the business management field * Evaluating understanding	11	55.0%	9	45.0%	20	100.0%
6. What position do you occupy in the current organisation? * Evaluating understanding	20	100.0%	0	.0%	20	100.0%
7. How long have you occupied that position? * Evaluating understanding	20	100.0%	0	.0%	20	100.0%
8. Age of Business: * Situational leadership	20	100.0%	0	.0%	20	100.0%
9. How many employees do you have in the organisation? * Evaluating understanding	20	100.0%	0	.0%	20	100.0%
10. How many subordinates do you have under your direct leadership? * Situational leadership	20	100.0%	0	.0%	20	100.0%

Table 4.6 shows the summary of the respondents' responses to Questions 1 to 10. It has been noticed that only Question 5 has missing cases, that means 45% (9) of respondents did not answered the question. This has been taken in consideration for the rest of the following analysis. For Questions 1 to 4 and 6 to 10, all the respondents have answered the questions.

4.3.4   Cross-Tabulation and Chi-Square tests

Analysis of Question1: Gender * Evaluating understanding and application of SLT

This is a two-step test process. The purpose of the tests is to see if there is a difference between the two different genders that participated in the study, in the responses to the questions B1 to B7 concerning the understanding and application of situational leadership styles.

The hypotheses for this test are shown below:

A. Evaluating the understanding of situational leadership

H_0**:**   there is no difference between males and females with regard to the understanding of situational leadership (Questions B1 to B3)

H_1:   there is difference between males and females with regard to the understanding of situational leadership (Questions B1 to B3)

B. Evaluating the application of situational leadership

H_0:   there is no difference between male and female in regard to the application of situational leadership styles (Question B4 to B7).

H_1:   there is difference between male and female in regard to the application of situational leadership styles (Question B4 to B7).

*Table 4.7 – Crosstab: Gender * Evaluating Understanding of SLT*

		Evaluating understanding				Total
% within 1. Gender:						
		No understanding	Little Understanding	Average understanding	Perfect understanding	
1. Gender:	Male		25.0%	16.7%	58.3%	100.0%
	Female	12.5%	37.5%		50.0%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.8 – Chi-Square: Gender Evaluating Understanding of SLT

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.144[a]	3	.370
Likelihood Ratio	4.182	3	.242
Linear-by-Linear Association	.932	1	.334
No of Valid Cases	20		
a. 7 cells (87.5%) have expected count less than 5. The minimum expected count is .40.			

Table 4.9 – Cross tabulation: Gender Evaluating application of SLT

		Situational leadership		Total
		Not applied	Applied	
1. Gender:	Male	66.7%	33.3%	100.0%
	Female	50.0%	50.0%	100.0%
Total		60.0%	40.0%	100.0%

Table 4.10 – Chi-Square: Gender Evaluating application of SLT

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.556[a]	1	.456		
Continuity Correction[b]	.078	1	.780		
Likelihood Ratio	.554	1	.457		
Fisher's Exact Test				.648	.388
Linear-by-Linear Association	.528	1	.468		
No of Valid Cases	20				
a. 3 cells (75.0%) have expected count less than 5. The minimum expected count is 3.20.					
b. Computed only for a 2x2 table					

Based on the results in Tables 4.7, 4.8, 4.9 and 4.10, at the 5% level, H_0 will not be rejected for the rest of the questions and conclude that there is no difference between the Genders with respect to Questions B1 to B7.

Analysis of Question 2: Highest level of qualification completed: * Evaluating understanding and application of SLT

The next test uses Cross Tabulation and Chi-Square tests to assess if there is a difference in responses from the respondents with different educational levels. The hypotheses for this test are shown below.

A. Evaluating the understanding of situational leadership

H_0**:**   there is no difference within the educational levels with regard to the understanding of situational leadership (Questions B1 to B3)

H_1:   there is difference within the educational levels in regard to the understanding of situational leadership (Questions B1 to B3).

B. Evaluating the application of situational leadership

H_0**:**   there is no difference within the educational levels with regard to the application of situational leadership (questions B4 to B7)

H_1:   there is difference within the educational levels with regard to the application of situational leadership (questions B4 to B7).

Table 4.11 – Cross Tabulation: Educational levels Evaluating Understanding of SLT

Crosstab						
% within 2. Highest level of qualification completed:						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
2. Highest level of qualification completed:	Matric			50.0%	50.0%	100.0%
	Diploma		50.0%		50.0%	100.0%
	Bachelors degree		20.0%	20.0%	60.0%	100.0%
	Post graduate degree	11.1%	33.3%		55.6%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.12 – Chi-Square: Educational levels Evaluating understanding of SLT

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.606[a]	9	.574
Likelihood Ratio	8.117	9	.522
Linear-by-Linear Association	.204	1	.652
N of Valid Cases	20		
a. 16 cells (100.0%) have expected count less than 5. The minimum expected count is .10.			

Table 4.13 – Cross Tabulation: Educational levels Evaluating application of SLT

Crosstab				
% within 2. Highest level of qualification completed:				
		Situational leadership		Total
		Not applied	Applied	
2. Highest level of qualification completed:	Matric	50.0%	50.0%	100.0%
	Diploma	50.0%	50.0%	100.0%
	Bachelors degree	80.0%	20.0%	100.0%
	Post graduate degree	55.6%	44.4%	100.0%
Total		60.0%	40.0%	100.0%

Table 4.14 – Chi-Square: Educational levels Evaluating application of SLT

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.157[a]	3	.763
Likelihood Ratio	1.233	3	.745
Linear-by-Linear Association	.030	1	.862
N of Valid Cases	20		
a. 7 cells (87.5%) have expected count less than 5. The minimum expected count is .80.			

The results from Tables 4.11, 4.12, 4.13 and 4.14 indicate that at the 5% level, H_0 is rejected for all of the questions and it can be concluded that there is a difference in responses within the various educational levels, with respect to Questions B1 to B3.

Analysis of Question 3: Please indicate the field of study for example Agriculture, Business Management, Human Resources Management: *Evaluating understanding and application of SLT

The next test uses Cross Tabulation and Chi-Square tests to assess if there is a difference in responses from the respondents with different fields of study.
The hypotheses for this test are shown as follow.

A. Evaluating the understanding of situational leadership

H_0**:**   there is no difference between fields of study groups with regard to the understanding of situational leadership (Questions B1 to B3)

H_1:   there is difference between fields of study groups with regard to the understanding of situational leadership (Questions B1 to B3).

B. Evaluating the application of situational leadership

H_0**:**   there is no difference between fields of study groups with regard to the application of situational leadership (Questions B4 to B7)

H_1:   there is difference between fields of study groups with regard to the application of situational leadership (Questions B4 to B7).

Table 4.15 – Cross Tabulation: fields of study Evaluating Understanding of SLT

Crosstab						
% within 3. Please indicate the field of study for example Agriculture, Business Management, Human Resources Management:						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
3. Please indicate the field of study for example Agriculture, Business Management, Human Resources Management:	None of the above		33.3%	11.1%	55.6%	100.0%
	Agriculture				100.0%	100.0%
	Human Resources Management	16.7%	50.0%	16.7%	16.7%	100.0%
	Hospitality				100.0%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.16 – Chi-Square: Fields of Study Evaluating Understanding of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.889[a]	9	.448
Likelihood Ratio	11.028	9	.274
Linear-by-Linear Association	1.435	1	.231
N of Valid Cases	20		
a. 16 cells (100.0%) have expected count less than 5. The minimum expected count is .05.			

Table 4.17 – Cross Tabulation: Fields of Study Evaluating application of SLT

Crosstab				
% within 3. Please indicate the field of study for example Agriculture, Business Management, Human Resources Management:				
		Situational leadership		Total
		Not applied	Applied	
3. Please indicate the field of study for example Agriculture, Business Management, Human Resources Management:	None of the above	66.7%	33.3%	100.0%
	Agriculture	100.0%		100.0%
	Human Resources Management	16.7%	83.3%	100.0%
	Hospitality	100.0%		100.0%
Total		60.0%	40.0%	100.0%

Table 4.18 – Chi-Square: Fields of Study Evaluating application of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.194[a]	3	.042
Likelihood Ratio	10.056	3	.018
Linear-by-Linear Association	2.084	1	.149
N of Valid Cases	20		
a. 7 cells (87.5%) have expected count less than 5. The minimum expected count is .40.			

The results from Tables 4.15, 4.16, 4.17 and 4.18 have proved that respondents in Human Resource Management have a better understanding and application of SLT than the rest of respondents in other fields, as would be expected. H_0 is rejected for both cases of Understanding and application of SLT.

Analysis of Question 4: Did you have any practical experience in business management prior to owning your business? * Evaluating understanding and application of SLT

The next test uses Cross Tabulation and Chi-Square tests to assess if there is a difference in responses from the respondents practical experience in business management.

The hypotheses for this test are shown as follow:

A. Evaluating the understanding of situational leadership

H_0: there is no difference between respondents with and those without practical experience in business management with regard to the understanding of situational leadership (Questions B1 to B3).

H_1: there is a difference between respondents with and those without practical experience in business management with regard to the understanding of situational leadership (Questions B1 to B3).

B. Evaluating the application of situational leadership

H_0: there is no difference between respondents with and those without practical experience in business management with regard to the application of situational leadership (Questions B4 to B7).

H_1: there is a difference between respondents with and those without practical experience in business management with regard to the application of situational leadership (Questions B4 to B7).

Table 4.19 – Cross-Tabulation: Prior practical experience in business management evaluating understanding of SLT

Crosstab						
% within 4. Did you have any practical experience in business management prior to owning your business?						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
4. Did you have any practical experience in business management prior to owning your business?	No		30.0%	10.0%	60.0%	100.0%
	Yes	10.0%	30.0%	10.0%	50.0%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.20 – Chi-Square: Prior practical experience in business management evaluating understanding of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.091[a]	3	.779
Likelihood Ratio	1.477	3	.688
Linear-by-Linear Association	.416	1	.519
N of Valid Cases	20		
a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .50.			

Table 4.21 – Cross-Tabulation: Prior practical experience in business management,
evaluating application of SLT

Crosstab				
% within 4. Did you have any practical experience in business management prior to owning your business?				
		Situational leadership		Total
		Not applied	Applied	
4. Did you have any practical experience in business management prior to owning your business?	No	70.0%	30.0%	100.0%
	Yes	50.0%	50.0%	100.0%
Total		60.0%	40.0%	100.0%

Table 4.22 – Chi-Square: Prior practical experience in business management,
evaluating application of SLT

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.833[a]	1	.361		
Continuity Correction[b]	.208	1	.648		
Likelihood Ratio	.840	1	.359		
Fisher's Exact Test				.650	.325
Linear-by-Linear Association	.792	1	.374		
N of Valid Cases	20				
a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 4.00.					
b. Computed only for a 2x2 table					

The results from tables 4.19, 4.20, 4.21 and 4.22 demonstrate that respondents with prior practical experience in business management have a better understanding of situational leadership styles than those with no prior experience in business

management. Respondents with prior business management experience apply situational leadership styles than those without prior business management experience. Hence, for both variables (understanding and application of SLT), the null hypotheses are rejected and the alternative hypotheses are accepted.

The null hypothesis for Questions B1 to B3 states that there is a difference between respondents with and those without practical experience in business management, with regard to the understanding of situational leadership.

The null hypothesis for Questions B4 to B7 states there is a difference between respondents with and those without practical experience in business management, with regard to the application of situational leadership.

Analysis of question 5: If yes, please indicate in one of the boxes your past experience in the business management field * Evaluating understanding and application of SLT.

The next test uses Cross Tabulation and Chi-Square tests to assess if there is a difference in responses from the respondents levels of practical experience in business management.

The hypotheses for this test are shown as follow:

A. Evaluating the understanding of situational leadership

H_0**:** there is no difference between respondents with and those without long practical experience in business management with regard to the understanding of situational leadership (Questions B1 to B3).

H_1: there is difference between respondents with and those without practical experience in business management with regard to the understanding of situational leadership (Questions B1 to B3).

B. Evaluating the application of situational leadership

H0**:**   there is no difference between respondents with and those without practical experience in business management with regard to the application of situational leadership (Questions B4 to B7).

H1:   there is a difference between respondents with and those without practical experience in business management with regard to the application of situational leadership (Questions B4 to B7).

Table 4.23 – Cross-Tabulation: Levels of prior practical experience in business management, evaluating understanding of SLT

Crosstab						
% within 5 If yes, please indicate in one of the boxes your past experience in the business management field						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
5 If yes, please indicate in one of the boxes your past experience in the business management field	0 to 5 yrs	14.3%	28.6%		57.1%	100.0%
	6 to 10 yrs		100.0%			100.0%
	11 to 15 yrs			100.0%		100.0%
	16 yrs or more				100.0%	100.0%
Total		9.1%	27.3%	9.1%	54.5%	100.0%

Table 4.24 – Chi-Square: levels of prior practical experience in business management, evaluation understanding of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.190[a]	9	.086
Likelihood Ratio	11.281	9	.257
Linear-by-Linear Association	.866	1	.352
N of Valid Cases	11		
a. 16 cells (100.0%) have expected count less than 5. The minimum expected count is .09.			

Table 4.25 – Cross-Tabulation: levels of prior experience in business management, evaluating application of SLT

Crosstab			
% within 5 If yes, please indicate in one of the boxes your past experience in the business management field			
		Situational leadership		Total
		Not applied	Applied	
5 If yes, please indicate in one of the boxes your past experience in the business management field	0 to 5 yrs	57.1%	42.9%	100.0%
	6 to 10 yrs		100.0%	100.0%
	11 to 15 yrs		100.0%	100.0%
	16 yrs or more	100.0%		100.0%
Total		54.5%	45.5%	100.0%

Table 4.26 – Chi-Square: Levels of prior experience in business management,
evaluating the application of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.086[a]	3	.252
Likelihood Ratio	5.597	3	.133
Linear-by-Linear Association	.279	1	.597
N of Valid Cases	11		
a. 8 cells (100.0%) have expected count less than 5. The minimum expected count is .45.			

The results from Tables 4.23, 4.24, 4.25 and 4.26 show that respondents with more experience in business management have a better understanding of situational leadership styles. Nevertheless, Table 4.26 reveals that respondents with over fifteen year business experience do not apply situational leadership styles in their management strategies. This concludes that for the understanding of SLT, the null hypothesis (H_0) is rejected and the alternative hypothesis is accepted. However, for the application of SLT, the null hypothesis (H_0) is accepted.

Analysis of question 6: What position do you occupy in the current organisation? * Evaluating understanding and application of SLT

The next test uses Cross Tabulation and Chi-Square tests to assess if there is a difference in responses from the respondents levels of practical experience in business management. The hypotheses for this test are shown as follow.

A. Evaluating understanding of Situational Leadership Theory

H0:   there is no difference in the understanding of SLT between owners and managers with respect to questions B1 to B3.

H1:   there is a difference in the understanding of SLT between owners and managers with respect to questions B1 to B3.

B. Evaluating application of Situational Leadership Theory

H0:   there is no difference in the application of SLT between owners and managers with respect to questions B4 to B7.

H1:   there is difference in the application of SLT between owners and managers with respect to questions B4 to B7.

Table 4.27 – Cross-Tabulation: Position occupied in the current organisation, evaluating understanding of SLT

Crosstab						
% within 6. What position do you occupy in the current organisation?						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
6. What position do you occupy in the current organisation?	Owner	5.6%	27.8%	11.1%	55.6%	100.0%
	Manager		50.0%		50.0%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.28 – Chi-Square: Position occupied in the current organisation,

evaluating understanding of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.640[a]	3	.887
Likelihood Ratio	.895	3	.827
Linear-by-Linear Association	.046	1	.830
N of Valid Cases	20		
a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .10.			

Table 4.29 – Cross-Tabulation: Position occupied in the current organisation,

evaluating application of SLT

Crosstab				
% within 6. What position do you occupy in the current organisation?				
		Situational leadership		Total
		Not applied	Applied	
6. What position do you occupy in the current organisation?	Owner	61.1%	38.9%	100.0%
	Manager	50.0%	50.0%	100.0%
Total		60.0%	40.0%	100.0%

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.093[a]	1	.761		
Continuity Correction[b]	.000	1	1.000		
Likelihood Ratio	.091	1	.763		
Fisher's Exact Test				1.000	.653
Linear-by-Linear Association	.088	1	.767		
N of Valid Cases	20				
a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .80.					
b. Computed only for a 2x2 table					

The results from Tables 4.27, 4.28, 4.29 and 4.30 allow the conclusion to be drawn that H_0 is accepted for Questions B1 to B3 indicating that that there is no difference between owners and managers with regard to the understanding of SLT. Furthermore, H_0 is accepted for Questions B4 to B7, indicating that there is no difference between owners and managers with regard to the application of SLT.

Analysis of question 7: How long have you occupied that position? *Evaluating understanding and application of SLT.

The next test uses Cross Tabulation and Chi-Square tests to assess if there is a difference in responses from the respondents' lengths of actual experience.

The hypotheses for this test are shown as follows.

.

A. Evaluating understanding of Situational Leadership Theory

H_0: there is no difference in the understanding of SLT between respondent with long or short actual experience with respect to Questions B1 to B3.

H_1: there is a difference in the understanding of SLT between respondent with long and short actual experience with respect to Questions B1 to B3.

B. Evaluating application of Situational Leadership Theory

H_0: there is no difference in the application of SLT between respondents with long and short actual experience with respect to Questions B4 to B7.

H_1: there is a difference in the application of SLT between respondents with long and short actual experience with respect to Questions B4 to B7.

Table 4.31 – Cross-Tabulation: Length of actual experience, evaluating
understanding of SLT

Crosstab						
% within 7. How long have you occupied that position?						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
7. How long have you occupied that position?	0 to 5 yrs		25.0%	25.0%	50.0%	100.0%
	6 to 10 yrs	14.3%	42.9%		42.9%	100.0%
	11 to 15 yrs		33.3%	16.7%	50.0%	100.0%
	16 yrs or more				100.0%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.32 – Chi-Square: Length of actual experience, evaluating understanding of
SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.703[a]	9	.668
Likelihood Ratio	8.288	9	.505
Linear-by-Linear Association	1.133	1	.287
N of Valid Cases	20		
a. 16 cells (100.0%) have expected count less than 5. The minimum expected count is .15.			

Table 4.33 – Cross-Tabulation: Length of actual experience, evaluating application of SLT

Crosstab				
% within 7. How long have you occupied that position?				
		Situational leadership		Total
		Not applied	Applied	
7. How long have you occupied that position?	0 to 5 yrs	75.0%	25.0%	100.0%
	6 to 10 yrs	42.9%	57.1%	100.0%
	11 to 15 yrs	50.0%	50.0%	100.0%
	16 yrs or more	100.0%		100.0%
Total		60.0%	40.0%	100.0%

Table 4.34 – Chi-Square: Length of actual experience, evaluating application of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.482[a]	3	.323
Likelihood Ratio	4.543	3	.208
Linear-by-Linear Association	.303	1	.582
N of Valid Cases	20		
a. 8 cells (100.0%) have expected count less than 5. The minimum expected count is 1.20.			

According to Tables 4.31, 4.32, 4.33 and 4.34, it can be concluded that H_0 is rejected, indicating that more respondents have long tenure in the actual occupied position, than they have an understanding of SLT.

However, the tables prove that with regard to the application of SLT, there is no difference between respondents with long and short tenure in the current position and therefore H_0 is accepted.

Analysis of question 8: Age of Business: * Evaluating understanding and application of SLT

The intention of this test is to assess the understanding and application SLT by respondents with regard to the age of business.

The hypotheses for this test are shown as follow.

A. Evaluating understanding of Situational Leadership Theory

H_0:   there is no difference in understanding of SLT between respondents with longer and shorter existing business in regard to Questions B1 to B3.

H_1:   there is a difference in the understanding of SLT between respondent with longer and shorter existing business in regard to Questions B1 to B3.

B. Evaluating application of Situational Leadership Theory

H_0:   there is no difference in the application of SLT between respondents with long and short actual experience in regard to Questions B4 to B7.

H_1:   there is a difference in the application of SLT between respondents with longer and shorter existing business in regard to Questions B4 to B7.

Table 4.35 – Cross Tabulation: Age of business, evaluating understanding of SLT

Crosstab						
% within 8. Age of Business:						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
8. Age of Business:	0 to 5 yrs			33.3%	66.7%	100.0%
	6 to 10 yrs	14.3%	42.9%		42.9%	100.0%
	11 to 15 yrs		16.7%	16.7%	66.7%	100.0%
	16 yrs or more		50.0%		50.0%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.36 – Chi-Square: Age of business Evaluating Understanding of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.460[a]	9	.589
Likelihood Ratio	8.967	9	.440
Linear-by-Linear Association	.021	1	.886
N of Valid Cases	20		
a. 16 cells (100.0%) have expected count less than 5. The minimum expected count is .15.			

Table 4.37 – Cross Tabulation: Age of business evaluating application of SLT

Crosstab				
% within 8. Age of Business:				
		Situational leadership		Total
		Not applied	Applied	
8. Age of Business:	0 to 5 yrs	100.0%		100.0%
	6 to 10 yrs	42.9%	57.1%	100.0%
	11 to 15 yrs	66.7%	33.3%	100.0%
	16 yrs or more	50.0%	50.0%	100.0%
Total		60.0%	40.0%	100.0%

Table 4.38 – Chi-Square: Age of business evaluating application of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.135[a]	3	.371
Likelihood Ratio	4.176	3	.243
Linear-by-Linear Association	.535	1	.465
N of Valid Cases	20		
a. 8 cells (100.0%) have expected count less than 5. The minimum expected count is 1.20.			

The results as shown in Tables 4.35, 4.36, 4.37 and 4.35 demonstrate that respondents in the start-up phase of business do not have a better understanding of SLT than respondents in the maturity phase of business. Most of the respondents have operated in their own businesses for more than ten years and are in the maturity phase. In this phase the need to invest in human resource declines. The owner knows perfectly his behavioural strategy towards his subordinates. The longer the business survives, the greater the respondents' understanding of

situational leadership styles. This concludes that H_0 is accepted for Question 8 in respect of question B1 to B4. However, respondents in the maturity phase of business have applied SLT more than those with short business lives. This concludes that H_0 is accepted.

Analysis of Question 9: How many employees do you have in the organisation? * Evaluating understanding and application of SLT

The purpose of this test is to evaluate respondents' understanding and application of Situational Leadership in regard with the number of employees in the business.

The hypotheses for this test are shown as follow.

A. **Evaluating understanding of Situational Leadership Theory**

H_0:   the number of employees does not affect the owner's understanding of SLT in regard to Questions B1 to B3.

H_1:   the number of employees does affect the owner's understanding of SLT in regard to Questions B1 to B3.

B. **Evaluating application of Situational Leadership Theory**

H_0:   the number of employees in business does not affect the application of SLT in regard to Questions B4 to B7.

H_1:   the number of employees in business does affect the application of SLT in regard to Questions B4 to B7.

Table 4.39 – Cross Tabulation: Number of employees in the business, Evaluating understanding and application of SLT

		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
9. How many employees do you have in the organisation?	0 to 5	7.1%	35.7%		57.1%	100.0%
	6 to 10			50.0%	50.0%	100.0%
	11 to 15			50.0%	50.0%	100.0%
	16 or more		50.0%		50.0%	100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Crosstab — % within 9. How many employees do you have in the organisation?

Table 4.40 – Chi-Square: Number of employees in the business, evaluating understanding of SLT

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.087[a]	9	.344
Likelihood Ratio	9.956	9	.354
Linear-by-Linear Association	.064	1	.800
N of Valid Cases	20		

a. 15 cells (93.8%) have expected count less than 5. The minimum expected count is .10.

Table 4.41 – Cross Tabulation: Number employees in the business,
evaluating application of SLT

Crosstab				
% within 9. How many employees do you have in the organisation?				
		Situational leadership		Total
		Not applied	Applied	
9. How many employees do you have in the organisation?	0 to 5	57.1%	42.9%	100.0%
	6 to 10	100.0%		100.0%
	11 to 15	50.0%	50.0%	100.0%
	16 or more	50.0%	50.0%	100.0%
Total		60.0%	40.0%	100.0%

Table 4.42 – Chi-Square: Number of employees in the business,
evaluating application of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.548[a]	3	.671
Likelihood Ratio	2.254	3	.521
Linear-by-Linear Association	.008	1	.930
N of Valid Cases	20		
a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .80.			

From the results on Tables 4.39 to 4.42, the number of employees does not influence the understanding of situational leadership theory, therefore, H_0 is accepted. Also the number of employees in business does not influence the application of situational leadership theory.

Analysis of Question 10: How many subordinates do you have under your direct leadership? * Evaluating understanding and application of SLT

The intention of this test is to evaluate respondents' understanding and application of Situational Leadership in regard with the number of subordinates under the direct leadership

The hypotheses for this test are shown as follow.

A. Evaluating Understanding of Situational Leadership Theory

H_0:   the number of direct subordinates does not affect respondents' understanding of SLT in regard to Questions B1 to B3.

H_1:   the number of direct subordinates does affect respondents' understanding of SLT in regard to Questions B1 to B3.

B. Evaluating application of Situational Leadership Theory

H_0:   the number of direct subordinates does not affect the application of SLT in regard to Questions B4 to B7.

H_1:   the number of direct subordinates does affect the application of SLT in regard to Questions B4 to B7.

Table 4.43 – Cross Table: Number of direct subordinates Evaluating Understanding of SLT

Crosstab						
% within 10. How many subordinates do you have under your direct leadership?						
		Evaluating understanding				Total
		No understanding	Little Understanding	Average understanding	Perfect understanding	
10. How many subordinates do you have under your direct leadership?	0 to 5	6.7%	33.3%		60.0%	100.0%
	6 to 10			50.0%	50.0%	100.0%
	11 to 15		50.0%		50.0%	100.0%
	16 or more			100.0%		100.0%
Total		5.0%	30.0%	10.0%	55.0%	100.0%

Table 4.44 – Chi-Square: Number of direct subordinates, evaluating understanding of SLT

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.192[a]	9	.086
Likelihood Ratio	11.660	9	.233
Linear-by-Linear Association	.008	1	.931
N of Valid Cases	20		
a. 15 cells (93.8%) have expected count less than 5. The minimum expected count is .05.			

Table 4.45 – Cross Tabulation: Number of direct subordinates,

evaluating application of SLT

Crosstab				
% within 10. How many subordinates do you have under your direct leadership?				
		Situational leadership		Total
		Not applied	Applied	
10. How many subordinates do you have under your direct leadership?	0 to 5	60.0%	40.0%	100.0%
	6 to 10	100.0%		100.0%
	11 to 15	50.0%	50.0%	100.0%
	16 or more		100.0%	100.0%
Total		60.0%	40.0%	100.0%

Table 4.46 – Chi-Square: number of direct subordinates

evaluating application of SLT

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.917[a]	3	.405
Likelihood Ratio	3.958	3	.266
Linear-by-Linear Association	.519	1	.471
N of Valid Cases	20		
a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .40.			

Results from Tables 4.43 to 4.46 indicate that H_0 is accepted for both variables (understanding and application of SLT) meaning that the number of direct subordinates influences neither the understanding nor the application of situational leadership theory. Therefore, the null hypotheses are accepted for question 10 in respect to questions B1 to B3 and B4 to B7.

4.4 Summary

The results have revealed that the majority of the respondents were predominantly males and were widely identified as small business owners.

In order to ensure internal reliability, reliability testing has been done, using the Cronbach Alpha. This indicates that consistency was valid and indicates that the instrument can be used at different times or under differing conditions, and also indicates that used with a larger sample the instrument would not have delivered different outcomes.

It was recognised that the understanding of situational leadership styles by business owners was better than that of managers; however the application of situational leadership styles among business managers was very poor. Thus, it was concluded that business owners have a good understanding of situational leadership styles, but they do not apply them in their managerial behavioural strategies.

In the next chapter, the impact of the findings will be considered in the context of the literature review, and various points will be considered in depth. This will also form the basis for recommendations regarding further research.

5. Conclusion and Recommendations

5.1 Introduction

Chapter 4 focused on the analysis of the findings that were presented in this research study. The data collected were analysed according to the specific aims of the study.

The present chapter has provided conclusions on the current study and the limitations of the study. Recommendations have been made to small business owners as members of Pietermaritzburg Chamber of Business on how they can deal with their subordinates and implement situational leadership styles in the behavioural managerial strategies.

5.2 Summary of key findings

The overall purpose of this study has been to examine and to critically evaluate the use of different situational leadership styles in the management of small businesses. This study sought to review leader obligations and the evolution of these leadership styles in small business management.

The study findings of the situational leadership theory depicted that the sample population was divided into two, that is, some of the respondents had a perfect understanding of situational leadership theory but do not apply it in their behavioural managerial strategies, and another group of respondents had less understanding of situational leadership theory but they partially apply situational leadership theory in their behavioural management strategies. Thus, there was no clear outcome although the total application of situational leadership styles mean was high, indicating a relatively high ability of application of situational leadership styles, when considering the sample as a whole. In the study it was shown that the majority of the respondents had a good understanding of situational leadership styles as many

of them reported that they can strategically behave according to the current situation.

However, despite the above findings respondents have clearly indicated a number of demographic factors that would influence their understanding and application of situational leadership styles as measured by the questionnaire.

5.2.1 Gender

The difference in Gender (Question 1) among respondents was high with 60% of male business owners against 40% of female business owners. This appears to be what would be expected elsewhere in the world, with the level of female involvement in business ownership to be significantly lesser than that of men. Nevertheless, there is no difference between males and females in regard to the understanding and application of situational leadership styles.

5.2.2 Highest level of education completed

Results of the study of educational level (Questions 2 and 3) showed that 90% of respondents had a university degree. A total of 45% had a Post graduate degree, while 25% (5) had a Bachelors degree, 20% had diplomas, and only 10% of respondents had matric education level or less.

Therefore, it would appear that the tendency in the findings, with regard to educational levels has demonstrated that respondents' understanding of situational leadership is influenced by their levels of education. In contrast, the application of situational leadership does not link with the level of education. This finding is aligned to international research which indicates in excess of 60% of entrepreneurs having a university education.

5.2.3　Prior practical experience in business management

The next most significant factor identified by the total sample of respondents as having an influence on the understanding and application of situational leadership is the practical experience in business management prior to owe businesses (Questions 4 and 5). The study has shown that 50% of respondents had experience in business management, prior to owning their businesses. Hence, it has been an advantage for them in the understanding and application of situational leadership styles.

5.2.4　Current experience in business

Following this, the next most important component found to have an influence on the respondents' understanding and application of situational leadership styles is the actual respondents' business experience (Questions 6 to 10).

The study results have revealed that 90% of respondents were owners of businesses and 80% of respondents have owned their businesses for more than 6 years. In addition, 95% of respondents had less than 15 subordinates under their direct leadership.

Therefore, respondents with longer managerial and leadership experience have also demonstrated a better understanding of situational leadership styles.

5.3　Research objectives and primary data comparison

In this section, the research objectives in chapter one have been analysed one by one followed by comments as to the extent to which each of these objectives were met based on the findings and results in the previous chapter.

In order to proceed, the research questions and objectives have been listed in Table 5.1 below, and linked to the relevant questions in the questionnaire, and thereby to the analysis of the findings in Chapter 4.

Table 5.1 - Research objectives linked to questionnaire

Research Objectives	Question number
To assess small business owners' understanding of what situational leadership is **(5.3.1)**	B2, B3
To assess whether small business owners' are implementing situational leadership without understanding **(5.3.2)**	B4, B5, B6, B7
To describe the situational behaviour(s) adopted by small business leaders in different managerial situations **(5.3.3)**	B4, B5, B6, B7
To explore the situational needs for leaders to apply the most appropriate leadership style for the situation **(5.3.4.)**	B1
To determine responsibilities of leaders in either sustaining customary leadership or facilitating the application of the situational leadership model **(5.3.5.)**	B4, B5
To assess the impact of the situational leadership model in small business management **(5.3.6.)**	B4, B5, B6, B7
To test the ability of leaders to implement a coherent and extended situational leadership model according to the current management situation **(5.3.7.)**	2, 6, 7, B1
Determine whether the non-application of situational leadership hinders effective leadership in small business management. **(5.3.8.)**	B4, B5, B6, B7

5.3.1 To assess small business owners' understanding of what situational leadership is

Based on the results in the previous chapter the objective of the present research has been fulfilled in highlighting respondents' understanding of situational leadership. This research objective is reassessed in the context of small business management by the responses given by the respondents themselves to define situational leadership styles in different words (Questions B2 and B3).

5.3.2 To assess whether small business owners' are implementing situational leadership without understanding

This objective has been partially met, although the results clearly display varying levels of understanding of the application of situational leadership among respondents. The primary data from the responses to Question B4, B5, B6, B7, related to different behavioural managerial strategies towards different current situations. The findings revealed that 50% of respondents have an average understanding of situational leadership style, but still apply the principles in their managerial strategies. So it is confirmed that some small business owners apply situational leadership in their business without understanding what situational leadership models are.

5.3.3 To describe the situational behaviour(s) adopted by small business leaders in different managerial situations

This objective is fulfilled based on the responses from the findings. This is indicated in the responses from respondents to questions B4, B5, B6, and B7, related to different situational behaviours. Five situational behaviours have been described in the context of four situations. The five situational behaviours described by respondents are: - terminate employment, - give them a disciplinary hearing, -give the task to someone else, provide training, and provide training and counselling.

These situational behaviours are described according to the four situations described in section 2.7.3 of this study, namely, directing, coaching, supporting, and delegating.

5.3.4 To explore the situational needs for leaders to apply the most appropriate leadership style for the situation

The results reported in Chapter 4 have confirmed the fulfilment of this objective, that is related to respondents' responses to Question B1 concerning the necessity of situational leadership styles. Specifically 90% of the respondents have confirmed the necessity for leaders of small businesses to apply the most appropriate leadership style for the situation in hands. In other words, keeping good employees is one of the major challenges confronting small businesses today. To retain valuable employees, small business owners need to have a good understanding of what is most important to their employees.

5.3.5 To determine responsibilities of leaders in either sustaining customary leadership or facilitating the application of the situational leadership model

Although situational leadership models have been found to be very important in the application in small business management, it is not applied by most of the small business owners. Therefore, the objective has been met. The conclusion must be that, in view of effective leadership, there is a need for application of situational leadership in small business management. However a further complication is the fact that not every small business leader wants to effectively ameliorate his managerial strategy but prefers to sustain his customary leadership.

5.3.6 To assess the impact of the situational leadership model in small business management

According to the results in the previous chapter this objective has been fulfilled. Respondents' responses to Questions B4, B5, B6 and B7 highlight the impact of situational leadership styles according to four current situations described previously, namely, directing, coaching, supporting and delegating. Those respondents, who have claimed to be applying situational leadership styles in their managerial strategies, have also demonstrated the positive impact of situational leadership styles in their management.

5.3.7 To test the ability of leaders to implement a coherent and extended situational leadership model according to the current management situation

The ability of leaders to implement a coherent and extended situational leadership model depends more on the respondents' levels of education completed and secondly on the length of experience in business management than is reflected in the questionnaire in Questions 2, 6, 7 and B1. In fact 90% of respondents had a university degree and only 10% of respondents had a matric degree or less. This indicated that the present objective was fulfilled and confirmed that the majority of respondents had ability to implement a coherent and extended situational model according to current situation.

5.3.8 Determine whether the non-application of situational leadership hinders effective leadership in small business management.

According to the results revealed in Chapter 4, the situational leadership model is` not applied by most of the respondents. So this objective has been met. In fact only

50% of respondents claim to understand and apply situational leadership model in small business management.

5.4   Recommendations

This section has considered changes that need to be taken into consideration with a view to improving small business management. These recommendations have been made to small business owners' and to provide managerial tools to the Pietermaritzburg Chamber of Business membership, and to public and private business support agencies in the SME sector.

The first step to solving issues which are mentioned in the present study is the consciousness and knowledge of the problems and constraints that are influencing the effectiveness of small business management. The second step is attentiveness to the possible future problems facing small business owners. In fact, it will enable leaders to act proactively and be forewarned in their decision making. There is a great risk in starting a business, but there is also the possibility of success, if the problems are anticipated, properly understood and addressed in anticipation.

In addition, another way to successfully implement the recommendations is to show willingness on the part of both leadership and followers, to aspire to change and to possess enough strength to introduce an improved level of employee interest for goal achievement (Naidoo, 2006:88).

5.4.1   Research population

Research done by Smorfitt (2008:214) has confirmed that the major problem challenging SME research in South Africa is the lack of a single database that covers all SMEs and would be available to researchers. The single largest population at present is the SARS database, which is not released to any researchers, even in an edited format. Despite the fact that businesses are protecting their right to privacy, the South African Revenue Service (SARS)

database could help the country's researchers, within the SME sector and across all economic sectors.

Furthermore, it is suggested that an autonomous central database could be established and be available to researchers. All municipalities could request all businesses to get registered at no charge within their operating areas. This central database could be used by the government as a source of accurate information about markets and be available for research purpose (Smorfitt, 2008:214).

5.4.2   Leadership training

One of the challenges facing South African small businesses has been identified as poor management. It has also been reviewed that the main reason of small business failure in South Africa is reduced practical leadership. Therefore, the real challenge would be to strengthen the bond between leadership and management and use the one to balance the order (Cronje, 2006:178).

Because of the political stigma from the apartheid regime in South Africa, autocracy is viewed as an ineffective leadership style. Leadership training would be of high importance in a sense that it will help leaders to be attentive to the dominant leadership styles that they apply. As leaders, small business owners will be aware of the impact of the leadership styles they display on their subordinates.

The present study among South African small business owners has shown that there is a need for self-awareness of leadership styles. It is therefore suggested that if a leader is aware of his dominant leadership style and the impact of this style on his subordinates, autocratic leadership practice could be considerably reduced. Although obviously South African small businesses need change, the change process seems to be slow. It is then recommended that training programmes should highlight these issues.

A further recommendation is that, small businesses in South Africa should also engage in leadership training programmes such as a leadership coaching program (Skiffington, online, 1 November 2011). These kinds of programmes should include situational leadership training as well as many other behavioural leadership strategies. These one-to-one programmes are set according to the individual's own schedule, speed and time scale. This entails working with an experienced coach who has a high level of understanding business and commerce operating system. Largely, this leadership coaching could prove to be significantly advantageous to South African small business management.

5.4.3   Implementation of situational leadership styles

Implementation of situational leadership styles are a critical factor in the improvement of small business management. Leaders are the main elements of change in their organisations. They play a vital role in the interaction with their followers in the process of achieving economic goals.

Situational leadership theory refers to two dimensions that are associated with leadership styles, supportive behaviour and directive behaviour. These are used to produce four categories situations, namely directing, coaching, supporting and delegating.

Directing:

In this situation, the leader defines the roles of followers and tell them what, how, when, and where to do various tasks. This style is recommended to be applied to those leader-follower relationships where the follower needs help, as would be the case of a new employee within the organisation needing direction. The follower at this level has little or no knowledge about the job requirements and therefore is dependent on a highly directive leader to assist in learning the organisation necessities.

Coaching:

It reflects a leadership style that is high in task and high in consideration and is applicable to those followers who are starting to master their job requirements and are in extensive dialogue with the leader, gaining experience yet needing strong guidance to develop individual capabilities. This style is recommended to be applied to those followers who have some competence but lack commitment to take responsibility and need both direction and support.

Participating:

It reflects a leadership style that is low in task and high in consideration. It is applicable to those followers who have developed into becoming technically capable, knowing the expectations required of them yet still needing the strong coaching aspect of the leader to confirm that their thought processes and task fulfilment are on the desired course.

Delegating:

It reflects a leadership style that is low in task and low in consideration, reflecting the case wherein a follower is fully matured. In other words, the follower is a fully developed, empowered, and capable. An employee who requires, and often desires only minimal input from the leader to be an effective follower; and the follower reflects the highest level of maturity.

In regard to the above description of situational leadership theory, it is recommended that a small business owner would vary his/her behavioural strategy towards each one of his/her subordinates appropriate to the situations and according to their ability and commitment to work.

5.4.4   Demographic factors

The present research aimed to examine and to critically evaluate the use of situational leadership styles aligned with demographic variables. Each variable is interpreted and analysed below giving appropriate recommendations.

Gender:

The results have shown that more male own small businesses than female. Therefore, it is recommended that more females get involved in business start-ups and the public and private business support agencies advocate female business ownership.

Level of qualification completed:

In order to improve the level of qualification of small business owners in South Africa, the tertiary sector should establish a closer relationship between leadership development and organisational development. Universities should focus on ambitious business learning programmes where the role of leadership development is emphasised. A leadership development programme should reflect a global view of situational leadership as well as present the relevant and applicable situational leadership in the context of the South African environment. The joint responsibility for learning and leadership development should be given to business schools and leadership development centres.

Field of study:

Results in Chapter 4 have shown that the greater number of respondents have not enjoyed business management or human resource study. Therefore, it is suggested in point 5.4.2 that leader training should upgrade their skill levels bringing the business productivity-related efficiency gains. These training programmes would ensure that leaders acquire business management and human resource skills. Training can also be organised *in situate* the workplace and small business owners could be encouraged to obtain required skills through correspondence courses.

Leadership and management experience prior to owning the business:

Although the majority of respondents had appropriate business experience, a number of them did not have any business experience. In view to avoid failure, it is recommended that the business owners which do not have experience acquire business experience before starting businesses. In addition, it could be suggested that owners of such businesses enrol for related programmes in business management and human resource offered at universities or other institutions.

Position in the organisation:

The results in Chapter 4 have revealed that the majority of respondents were owners of small businesses. This position occupied by respondents is ideal for the implementation of leadership styles. It is therefore recommended that small business owners should consider their position in the organisation in order to develop their leadership skills.

Age of business:

From five to ten years the firm has sufficient size and market penetration to ensure economic success and make profits. This stage is when a business wants to stay in the industry. More resources are required to increase the capacity, so as to be competitive. Businesses that are not well lead and managed, and lack resources and appropriate workforces, may fail to survive and may not reach ten years and above.

According to the statistical findings in Chapter 4, 20% of respondents had businesses that were more than 15 years old and they have displayed a better understanding but a poor application of situational leadership styles. It is therefore recommended to business owners that have been running businesses for over 15 years to adapt themselves to dynamics of the current world and integrate in the democratic system. This would help them to implement situational leadership styles in their behavioural managerial strategies.

Number of subordinates under direct leadership:

Span of control refers to the number of subordinates that can be managed effectively and proficiently by supervisors or managers in an organisation.

An ideal number of subordinates that can be led effectively and proficiently is estimated between 15 to 20 subordinates per leader or manager. These estimations conform to modern organisational expert opinion. However, according to traditional organisational experts, the ideal number of direct subordinates is reduced to 5 to 6 per leader or manager. Nevertheless, the number of direct subordinates is subject to various factors including organisation size, nature of an organisation, nature of job, skills and competencies of manager, employees' skills and abilities, type of interaction between supervisors and employees.

Consequently, it is suggested that small business owners should give special consideration to the direct reports from executive and hierarchy levels. In fact, if the number of direct reports exceed in the different hierarchical level, communication can be complicated and time of responses to crucial decision can be lengthen (Greatworkplace, online, 2 November 2011).

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5.5 Limitations

Albeit that this research findings have added value to the understanding of the role of situational leadership styles in small business management among PCB members, limitations to this study are acknowledged. The limitations of the study include the following.

The sample used for the present study was the small businesses who are members of the Pietermaritzburg Chamber of Business in Pietermaritzburg. This population is not representative of all SMEs in Pietermaritzburg, KwaZulu-Natal or South Africa. Consequently, the primary research findings from this study cannot be accurately extrapolated for the general SME population of South Africa.

The low response rate has been noted in the present study. Many respondents did not return the questionnaires and as result, the expected sample size was not reached. This further makes the findings such that they cannot be extrapolated for other business populations.

5.6   Recommendations for further research

In regard to the present empirical results, it is recommended that some aspects of study to be taken in consideration for further research:

a) Further researchers should enlarge the sample size to evaluate the role of situational leadership styles in other regions.

b) Further research should extend the evaluation of the role of situational leadership to other domains like non-profit organisations, schools and health clinics.

c) Future research should analyse the use of situational leadership styles in management of public enterprises.

d) Further research should adopt a combined research design where both quantitative and qualitative methods, questionnaire and interview techniques are used to collect data. The process helps the researcher to do follow-ups and provide clarity where it is needed.

5.7 Conclusion

The SME sector is well known for the fact that it can contribute to a healthy national economy and offers potential for employment creation. The effective management of a small business is an important component in growth rate and success of businesses in the sector. Effective leadership in small business management is a priority consideration in the situational context of the organisation, in order to fulfil the organisational objectives.

The Hersey and Blanchard situational leadership theory stipulates that the leader must vary own behavioural strategies towards each one of the subordinates according to the situation at hand, and the subordinate's ability and commitment to work. This method suggests the leader first analyses the organisation's situational needs, and then applies the most appropriate leadership style, dependent on employee competencies and commitment in the task areas.

The study has intended to provide an empirical evaluation of the role played by situational leadership in small business management. The research dissertation has analysed different situational leadership styles, their understanding and application in small business management among PCB members. These styles were analysed and aligned with demographic variables. While leaders apply different situational leadership styles depending on the situation at hand, there have been factors that were influencing the understanding and application of situational leadership models. Questionnaires were used to collect demographic data and evaluate the use of different situational leadership styles displayed by leaders. At this stage, the objectives of this research study were fulfilled.

The findings of this research have shown the appropriateness and the positive impact the situational leadership model could have in small business management. In addition, the present study has suggested necessary recommendations to small business owners, to guide the improvement and effectiveness of personal leadership. Research findings and recommendations will firstly inspire small business owners and leaders to understand their managerial role in the contextual

business situation to ameliorate negative leader autonomy and follower experiences, as these often interact in predicting poor follower performance and attitudinal responses. Secondly, these findings will contribute to the SMME sector and provide essential tools to South African small business leaders to improve their situational leadership skills and productivity.

Consequently, the acquisition of relevant vocational, technical and business skills is generally regarded as one of the critical factors for success in small businesses. In addition, literacy and entrepreneurial awareness are seen as particularly important in enabling South African small businesses to advance from survivalist activities to larger and better earning enterprises.

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Appendices

<u>QUESTIONNAIRE</u>

Sender: Herman Bamata,   E-mail: hermanbamata@yahoo.fr

<u>Research title:</u>

The Role of Situational Leadership in Small Business Management among Pietermaritzburg Chamber of Business Members.

<u>QUESTIONNAIRE</u>

Section A: Demographic and Characteristics of the Business

PLEASE PROVIDE THE FOLLOWING DATA BY PUTTING AN **X** IN THE APPROPRIATE BOX

Gender: Male   Female

☐   ☐

1. Highest level of qualification completed:

Matric	Diploma	Bachelors degree	Post graduate degree	Other

2. Please indicate the field of study for example Agriculture, Business Management, Human Resources Management:

3. Did you have any practical experience in business management prior to owning your business?

Yes   ☐   No   ☐

4. If yes, please indicate in one of the boxes your past experience in the business management field

0 to 5 yrs ☐   6 to 10 yrs ☐   11 to 15 yrs ☐   16 yrs or more ☐

5. What position do you occupy in the current organisation?
Owner ☐   Manager ☐

6. How long have you occupied that position?

0 to 5 yrs ☐   6 to 10 yrs ☐   11 to 15 yrs ☐   16 yrs or More ☐

7. Age of Business:

0 to 5 yrs ☐   6 to 10 yrs ☐   11 to 15 yrs ☐   16 or More ☐

8. How many employees do you have in the organisation?

1 to 5 ☐   6 to 10 ☐   11 to 15 ☐   16 or More ☐

9. How many subordinates do you have under your direct leadership?

1 to 5 ☐   6 to 10 ☐   11 or More ☐

Section B: Understanding and application of situational leadership model

- Please answer the statements honestly and openly,
- There are no right and wrong answers,
- Please indicate your response by placing an **X** in the block depending on how you feel,
- Please respond to all statements.

1. In business, it is necessary to use different approaches with the same people according to the situation at hand.

   True ☐   False ☐

2. The leadership process is considered as a combination of leader, subordinate and the context or situation

   True ☐   False ☐

3. The leader must vary own behavioural strategy towards each one of the subordinates according to the situation at hand and the subordinate's ability and commitment to work

   True ☐   False ☐

4. The subordinate is neither skilled nor willing to complete the task. Do you

Terminate employment	Give them a disciplinary hearing	Give the task to someone else	Provide training	Provide training and counselling

5. The subordinate is skilled but not motivated to complete the task? Do you

Terminate employment	Give them a disciplinary hearing	Give the task to someone else	Provide training	Provide training and counselling

6. The subordinate is not skilled but motivated to complete the task? Do you

Terminate employment	Give them a disciplinary hearing	Give the task to someone else	Provide training	Provide training and counselling

7. The subordinate is skilled and motivated to complete the task? Do you

Terminate employment	Give them a disciplinary hearing	Give the task to someone else	Provide training	Provide training and counselling

University of KwaZulu-Natal

School of Management, Pietermaritzburg

Informed Consent Document

I, Herman N. Bamata, am currently registered for studies leading to the M. Com Degree.   One of the requirements to be met for the awarding of the degree is that I should undertake an approved research project leading to the submission of a dissertation. The approved topic which I have chosen is:

"The role of situational leadership in small business management among Pietermaritzburg Chamber of Business members".

Please note that this investigation is being conducted in my personal capacity. Should you need to contact me regarding any aspect of this research, you can do so either by e-mail on hermanbamata@yahoo.fr or telephonically on 0729421363.

My academic supervisor is Dr Rob Smorfitt, based in the School of Management on the Pietermaritzburg campus of the University of KwaZulu-Natal. He can be contacted by e-mail at rob@smorfitt.co.za or telephonically at +27 33 394 9733.

Information gathered in this study will include data retrieved from the questionnaire that I request you to complete. Please note that only summary data will be included in the report and that your name will not be included. Your anonymity and confidentiality is of utmost importance and will be maintained throughout the study.

Your participation in completing the questionnaire is completely voluntary. You also have the right to withdraw at any time during the study.

I appreciate the time and effort it will take you to participate in this study. I would highly appreciate your participation, as it would help me e to complete this research project.

This page can be retained by the respondent

Please turn over

This page must accompany the returned questionnaire.

Please complete the section below:

I ……………………………………………………….. (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant………………………………….………

Date………………………………………………………..……..

Appendix3: Permission Document

University of KwaZulu-Natal

School of Management, Pietermaritzburg

Permission Document

I, Herman N. Bamata, am currently registered for studies leading to the M. Com Degree.   One of the requirements to be met for the awarding of the degree is that I should undertake an approved research project leading to the submission of a dissertation. The approved topic which I have chosen is:

"The role of situational leadership in small business management among Pietermaritzburg Chamber of Business members".

Please note that this investigation is being conducted in my personal capacity. Should you need to contact me regarding any aspect of this research, you can do so either by e-mail on hermanbamata@yahoo.fr or telephonically on 0729421363.

My academic supervisor is Rob Smorfitt, based in the School of Management on the Pietermaritzburg campus of the University of KwaZulu-Natal. He can be contacted by e-mail at rob@smorfitt.co.za or telephonically at +27 33 394 9733.

Information gathered in this study will include data retrieved from the questionnaire that I request your employees to complete. Please note that only summary data will be included in the report and that the names of your employees will not be included. Your anonymity and confidentiality and that of your employees, is of utmost importance and will be maintained throughout the study.

I would very much appreciate your consent for me to collect data from employees of your organisation.

Your company's participation in this study is completely voluntary. You and the employees also have the right to withdraw at any time during the study.

I appreciate the time and effort it will take you to participate in this study. I would highly appreciate your participation, as it would help me to complete this research project.

This page can be retained by the respondent

Please turn over

This page to be returned to the interviewer prior to the commencement of any interview or questionnaire.

Please complete the section below:

I _____ (Full name) hereby confirm that I understand the contents of this document and the nature of the research project, and that I am duly authorized by_____(insert name of organisation) to consent to participation in the research project.
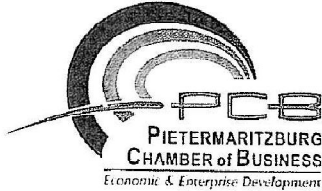
I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature: _____

Position in Company: _____

Date: _____

Appendix 4: Permission letter from PCB

PIETERMARITZBURG CHAMBER of BUSINESS
Economic & Enterprise Development

24 May 2011

Dr W.R. Smorfitt
Innoveur
P O Box 1412
PIETERMARITZBURG
3200

Dear Dr Smorfitt

RE: PERMISSION TO CONDUCT A SURVEY

Please be advised that I am happy to assist Nkombe Herman Bamata, UKZN Student no. 210 523 167 with his research topic "An exploratory study of the role of situational leadership in SMMEs in Pietermaritzburg" by offering to send out a survey to the PCB members on his behalf. Should I be able to assist in any other way, please feel free to contact me.

Kind regards

Melanie Veness (Mrs)
Chief Executive Officer

Appendix 5: Ethical clearance Approval letter from Ukzn research office

UNIVERSITY OF
KWAZULU-NATAL

INYUVESI
YAKWAZULU-NATALI

Research Office, Govan Mbeki Centre
Westville Campus
Private Bag x54001
DURBAN, 4000
Tel No: +27 31 260 3587
Fax No: +27 31 260 4609
mohunp@ukzn.ac.za

1 August 2011

Mr Bamata (210523167)
School of Management
Faculty of Management Studies
Pietermaritzburg Campus

Dear Mr Bamata

PROTOCOL REFERENCE NUMBER: HSS/0654/011M
PROJECT TITLE: The role of situational leadership in small business management among
Pietermaritzburg chamber of business members

In response to your application dated 26 July 2011, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL.**

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.
PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

....
Professor Steven Collings (Chair)
HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE

cc. Supervisor: Dr WR Smorfitt
cc. Prof D Vigar-Ellis, Post-Graduate Centre, School of Management, PMB Campus

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Founding Campuses: ▪ Edgewood ▪ Howard College ▪ Medical School ▪ Pietermaritzburg ▪ Westville