



The forces of a character: Does an entrepreneur's personality affect organizational culture

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

10 November 2010

Abstract

Theory suggests that the source of an organization's culture is the founder, yet few empirical studies exist on the relationship between the entrepreneur's personality and the organizational culture. However, the constructs of personality dimensions and organisational culture have been well developed and researched. For years, entrepreneurship research has explored the implications of the entrepreneur's personality, with the majority of the work focused on the individual's likelihood of becoming an entrepreneur. This study examines the relationship of the entrepreneurs personality to organizational culture. Four of the Big Five Factor personality attributes, namely, Conscientiousness, Extraversion, and Openness to Experience and Agreeableness, provide the measures of the entrepreneur's personality. The competing values model measured the Hierarchical, Market, Adhocracy and Clan organizational cultures. As hypothesised the individual constructs that were found to have strong significant relationships between the personality dimensions and organisational cultures were Conscientiousness and Hierarchical culture; Openness to Experience and Adhocracy culture; and Agreeableness and Clan culture. Extraversion and Market culture were found to have a negative relationship. Influence as a moderator was found to be insignificant.

Keywords

Organizational culture, entrepreneur, personality,

Declaration

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

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Date: November, 10, 2010

Acknowledgements

This research project is dedicate to my brother, Sanele, for being the inspiration in my life.

There are many people who I wish to thank for assisting me, in not only completing this research study, but also throughout the entire MBA program over the last year.

To my father, my mother Jabu and mother Dee and my siblings for your unconditional love and support, thank you for being my pillar of strength.

To my best friends, Napo and Lin, for being a source of encouragement, energy and inner peace, thank you, for always being there for me

To my supervisor, Mr. Greg Fisher, thank you for your support, guidance and believing in me.

To the first ever full-time entrepreneur MBA class at GIBS, thank you for the insights, life-long lessons and friendship.

Finally, to my Creator, through you anything is possible and I thank you.

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CHAPTER 1: RESEARCH PROBLEM

1.1 Introduction to the Research Problem

Organizational culture is conceived as a set of cognitions that are shared by members of a social unit or organization (Brown & Duguid, 1991). Organizations can be considered the backbone of any economy, and how they are lead and managed is of much interest to potential stakeholders and investors. Organizational culture is a key component in companies operations and individuals behaviour. Understanding what drives organizational culture may allow for a better insight into an organization's culture.

One of the most crucial factors that determine an organization's capacity, effectiveness, and longevity is the organizational culture (Nelson, 2003). Smith and Sharma (2002) state that it is an important building block for a highly successful organization as it also contributes significantly to the organization's brand image and brand promise. Organizational culture has been linked to economic performance and organization viability/success (Smith & Sharma, 2002). Organizational culture has also been shown to be important for successful new product/process innovation and organizational change (Davila, Epstein & Shelton, 2006). Google and Apple are amongst the most renowned companies who use organizational culture to achieve sustainable success. This makes the study and understanding of organizational culture essential as it affects long term outcomes of organizational performance.

The increase in competition and globalization has created a greater need to understand organizational culture. A positive organizational culture creates a momentum for success that permeates the entire organization. Through the organizational culture, high-level talent is attracted and retained, ultimately ensuring a sustainable competitive advantage.

“Our personality shapes our behaviour” (Robbins & Judge, 2007, p.106), so to gain a better understanding of an individual’s behaviour within an organization, it would help to know certain things about his or her personality. The now widely accepted five factor model of personality (MacCrae & MacCrae, 1987) helps facilitate a better understanding of the personality of the entrepreneur. Many wonder how they can influence others, and are often unaware of how others influence their behaviour on a day-to-day basis.

Personality is a complex component, as seen in the variety of definitions. Carver and Scheier (2000, p.5) suggest that the word “*personality*” “conveys a sense of consistency, internal causality, and personal distinctiveness”. They go on to state that the issue of personal distinctiveness is very important and that there are certain universal characteristics of the human race and particular features of individuals. Barrick and Mount (1991) state there is a general agreement among researchers concerning the number of factors of the five-factor model, but there is disagreement about their precise meaning, particularly Norman’s conscientiousness and culture factors. There is a great deal of commonality in the traits that define each factor.

A break through came when researchers started organizing the traits around the big five model. What became clear was that many of the traits that emerged in various leadership reviews could be merged under one of the big five factors. This approach resulted in consistent and strong support for traits being regarded as predictors of leadership (Robbins & Judge, 2007). In this paper the use of the generic term personality refers to all the classes of individual personality attributes that give form, structure, and consistency to peoples' behaviour over time and situations.

There has been a growing interest in the understanding of entrepreneurs over the past few decades. A substantial amount of research has examined the role of personality in determining entrepreneurial outcomes. In a recent study, Zhao and Seibert (2006) used the five-factor model of personality (Costa & McCrae, 1992) to effectively organize personality variables to show, through meta-analytic techniques, that there is a significant relationship between personality and entrepreneurial status.

Entrepreneurs, such as Richard Branson, are influential leaders who have created unique organizational cultures. Understanding how the personality of an entrepreneur positively or negatively influences or impacts on an organization's culture can give insights into how they make decisions to motivate, empower and reward their staff. The aim of most businesses is to make profit and the most important component of any business is its people, as they create,

produce, serve or deliver the end product, which is ultimately the vision of the entrepreneur. The entrepreneur's personality is, therefore, important in influencing employees and their surroundings to create a conducive working environment.

Leaders have to influence their employees in ways that will enable them to achieve their vision (Robbins & Judge, 2007). The much-used saying that people are a company's most valuable asset is as relevant today as it was in the past. The reason for this is that despite all the changes in the way we work, the nature of business has not changed. It is still centred on relationships, according to the business insights website (http://www.leadinginsight.com/business_relationships.htm). This puts more emphasis on the importance of the entrepreneur's personality and his or her leadership style and how this may impact the organization.

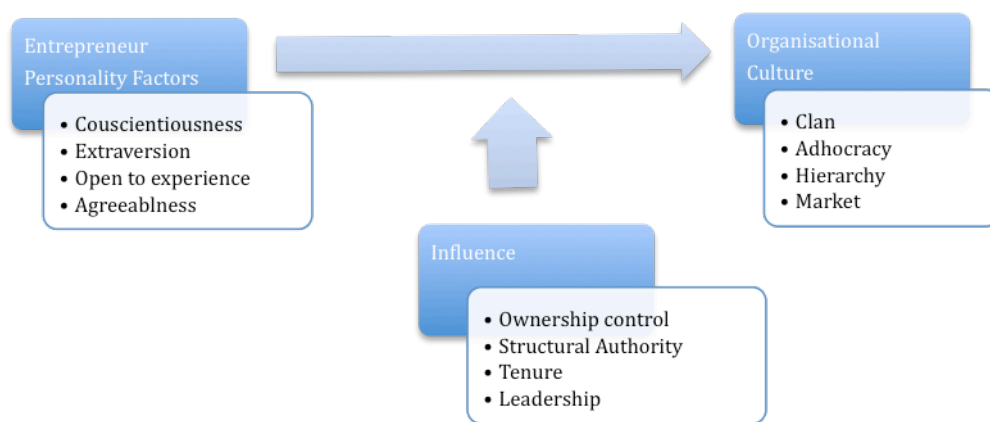
Organizations need both management and leadership skills to operate effectively and successfully (Kotter & Heskitt, 1992). Management is often considered to provide the "what" that needs to be done in daily operations. Leadership then provides the "how" those management activities get accomplished, moulding the organizational culture (Robbins & Judge, 2007). Schein (2004, p. 223) states that one of the unique functions of leadership is its concern for culture. Therefore companies should have the "what" and "how" aligned for optimum results.

Leaders and managers are different. By definition, managers work within a system to maintain existing goals and direction. They use people and other resources to achieve a goal or they use a process to produce results (Schneider & Smith, 2004). Leaders, by contrast, set the direction for the organization. They bring vision to reality by gaining commitment from the people in the organization. Robins and Judge (2007, p. 402) define leadership as "the ability to influence a group towards achievement of a vision or set of goals." Leadership has been the critical variable in defining the success or failures of organizations, it has become more important to look at the other side of the leadership coin - how leaders create culture and how culture defines and creates leaders (Schein, 2004).

Organizational culture has recently emerged as one of the prominent focuses of organization research. One of the hypotheses of this paper is that a major influence on the development of organizational culture is the entrepreneur's personality. Further, this research also proposes that the organizational culture would depict the founder's personality. The paper discusses these influences through a model of founder's influence on organizational culture along with five other hypotheses. Barnouw (1963) states that the study of culture and personality seeks to understand the growth and development of personal or social identity as it relates to the surrounding social environment. In other words, through the examination of individual personalities, broader correlations and generalizations can be made about the specific culture of the organization

in relation to the entrepreneur's personality. There are various factors that influence organizational culture but focus on the founder, defined as the entrepreneur, will be the key focus of this paper.

Figure 1. Depiction of the proposed relationship between the entrepreneur's personality and organizational culture



1.2 The research problem and relationship with the research objectives

This study attempts to gain a deeper understanding of what drives organizational culture and determines how significantly the entrepreneurial personality plays a role in this regard.

Entrepreneurs all have different personalities; therefore, establishing which factors are crucial to success may be industry-specific. Zhao and Seibert (2006) argue that individuals with certain personality dimensions may be more

attracted to the entrepreneurial form of employment than individuals without those personality traits. They proceed to explain why entrepreneurs may find entrepreneurial activities more satisfying and fulfilling than others without those traits, and thus may persist long enough to actually establish the new venture and become an entrepreneur.

Every organization has a culture and depending on the leadership of the entrepreneur, it can have a significant influence on the attitudes and behaviour of the organizational members (Robbins & Judge, 2007). Understanding the effects of the entrepreneur's personality provides guidelines for the formation and sustainability of the organizational culture.

CHAPTER 2: LITERATURE REVIEW

2.1 Literature Review

This section reviews the theoretical underpinnings pertaining to organizational culture, personality, influence and leadership. The chapter establishes a way to conceptualize the necessary variables, and considers how these variables are related to one another and ultimately influence organizational culture.

2.2 Foundational constructs

2.2.1 Organizational Culture

Organizational culture is a dynamic phenomenon that surrounds us at all times. It is constantly interactive and created by our interactions with others and shaped by the leadership behaviour, a set of structures, routines and norms that guide and constrain behaviour. Organisational culture is a pattern of shared basic assumptions that the group learns in solving its problems related to external adaptation and internal integration, which worked well enough to be considered valid and, therefore, taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein, 2004).

Schein (2004) explains that organizational culture is formed when the founder initially imposes his personal visions, goals, beliefs, values and assumptions, on the group members. This imposition is known as the primary act of leadership, but does not automatically produce culture. All it produces is compliance in the followers to do what the leader asks of them. Only if the resulting behaviour

leads to success in the sense that the group accomplishes its task and the members feel good about their relationships to each other, will the entrepreneur's beliefs and values be confirmed, reinforced, and most importantly become recognized as being shared. This is communicated through the leader's personality. According to Schein (1983) the organization's founder simultaneously creates a group, and by force of his or her personality, begins to shape the group's culture.

Repetition of the success needs to occur for the behaviour and beliefs to be entrenched. Schein (1983) indicates that a leader's influence is critical and difficult to change except during a crisis created by changes in the environment. Organizational Culture is created, embedded, evolved and ultimately manipulated, and at the same time it constrains, stabilizes and provides structure and meaning to the group members (Schein, 2004). Several researchers point out that organizational culture could be the most important factor that 'determines' the other characteristics and performance of an organization. According to Schneider and Smith (2004), many theories suggest that leaders have an effect on their organizations, but little empirical study exists on the linkages between leaders' individual differences and organizational characteristics and success.

The measurement of culture as a construct was originally presented by Quinn and Kimberly in 1984, as the competing values model (CVM) of organizational

culture and further developed by Cameron, Quinn, Degraff and Thakor (2007). This development classified cultural values that reflected preferred structural characteristics and desired modes of operation.

According to Cameron et al. (2007) the CVM of culture in organizations experience competing tensions along two dimensions: the demands for flexibility versus stability and control, and a focus on internal maintenance versus external competitive positioning. Four sets of values associated with one of the four types of organizational culture; Clan, Adhocracy, Hierarchy, and Market, are created when the two dimensions combine (Giberson et al., 2009).

Cameron et al. (2007) state that the Clan culture has an orientation toward collaboration, and combines an emphasis on flexibility and internal maintenance. It is also known as group culture. He goes on to state that a key underlying assumption of this culture type is that employee development, engagement, and commitment lead to organizational success. This is based on the organizational practices of the Clan cultures being focused on strengthening the socio-technical systems, developing human capital, and building cohesion and commitment (Giberson et al., 2009).

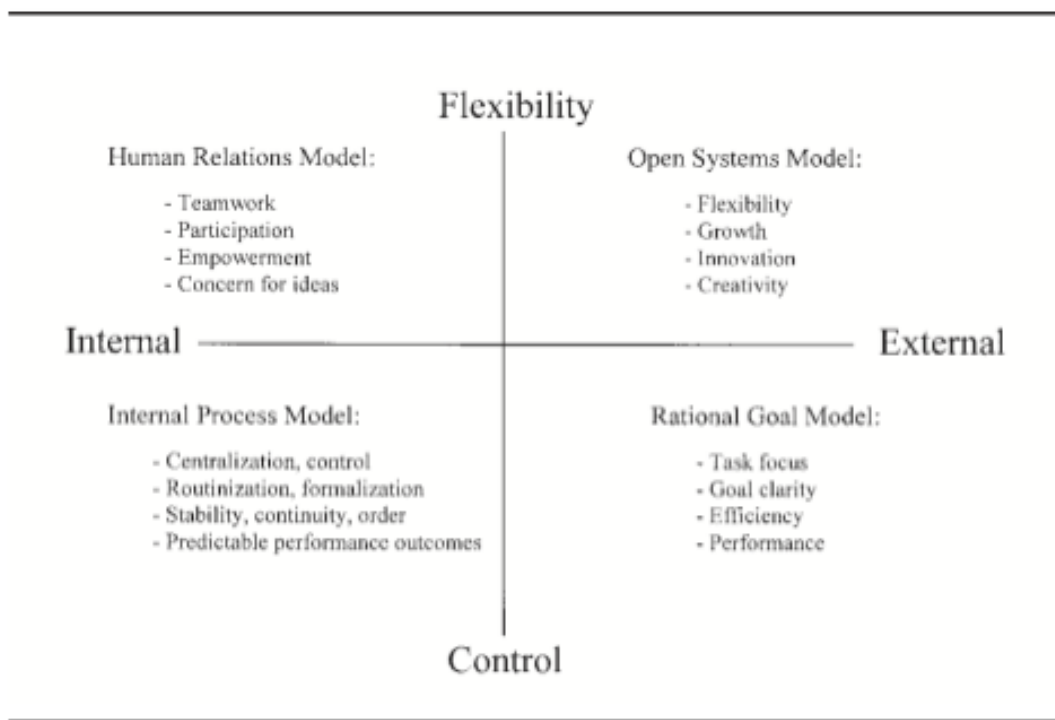
Adhocracy cultures, also referred to as developmental cultures, combine a focus on flexibility with an emphasis on competitive positioning and have an orientation towards creativity and innovation (Cameron et al., 2007). The key

focus of the Adhocracy culture is on growth, adaptability, and transformational change with the belief that innovation and constant change will enable the organization to create its own future and be a market leader (Giberson et al., 2009). There is an internal drive for employees to push boundaries and break rules in order to build future success.

Organizational practices in Market cultures emphasize a focus on satisfying customer and key shareholder demands, competing aggressively to expand market share, and rapidly responding to the demands of the market place whilst maximizing returns (Cameron et al., 2007). The Market culture is also known as the rational culture as the emphasis is on control and competitive external markets.

The final culture, known as the Hierarchical culture, has an orientation towards control, and combines an emphasis on stability with internal maintenance (Cameron et al., 2007). The Hierarchical culture promotes standardization, the minimization of errors and uncertainty, and the increase of consistency, making it a cautious and conservative culture. The competing values model will be used to establish the culture that is derived from the various personality traits portrayed by the entrepreneur.

Figure 2. The competing values of organizational effectiveness.



2.2.2 Personality

An individual's personality is made up of complex dimensions that researchers have spent many years trying to understand. Gordon Allport in Robbins & Judge (2007, p. 106) defines personality as the "dynamic organization within the individual of those psychophysical systems that determine his unique adjustment to his environment."

The five factor model brings together the last 40 years of research on emotional, interpersonal, experiential, and motivational styles of an individual (Barrick & Mount, 1991). The work of Costa and McCrae has been the basis for previous studies examining personality and entrepreneurial outcomes (Zhao & Siebert, 2006; Ciavarella, Buchholtz, Riordan, Gatewood & Stokes, 2004) and

has provided what is perhaps the most developed operationalisation of the five-factor model to date. Therefore, the five factor model dimensions are used to examine the relationship between personality and the influence on organizational culture. Ciavarella, et al. (2004) identify the big five factors as Extraversion, Emotional Stability, Agreeableness, Conscientiousness and Openness to Experience.

Conscientiousness is a personality dimension that characterizes someone who has dependability, strives for achievement and plans carefully (Barrick, Mount & Judge, 2001). It is the individual's degree of organization, persistence, hard work and motivation in the pursuit of goal accomplishment (Zhao & Siebert, 2006, p. 261). Conscientiousness was the most consistent personality predictor for job performance across all types of work and occupations (Barrick, Mount & Judge, 2001). It has also been found to be significantly related to the long-term survival of an entrepreneurial venture (Ciavarella et al., 2004). In Zhao and Siebert's (2006) study they find evidence suggesting that entrepreneurs are significantly higher on Conscientiousness and Openness to Experience compared to managers.

Openness to Experience is characterized as being intellectual, intelligent and open to new ideas and experiences (Ciavarella et al., 2004). Someone high on Openness can be described as creative, innovative, imaginative, reflective and untraditional whilst someone low on Openness can be characterized as

conventional, narrow in interest and analytical (Zhao & Siebert, 2006). This dimension is recognized as having the highest correlation of any of the personality dimensions with measures of cognitive ability (McCrae & Costa, 1987 in Zhao & Siebert, 2006). Barrick and Mount (1991) found this personality construct to be a valid predictor for learning and training proficiency. However, contrary to the expectations of Ciavarella et al. (2004), entrepreneurs' Openness to Experience is negatively related to the long-term survival of a new venture. One would expect entrepreneurs to remain open to changing markets, products and technology in today's business environment in order to survive. The findings of Ciavarella et al. (2004) have created uncertainty about how the personality variable of Openness to Experience affects entrepreneurial action and further, influences organizational culture.

Agreeableness assesses one's interpersonal orientation. Individuals with high Agreeableness can be characterized as trusting, forgiving, caring, altruistic and gullible (Zhao & Siebert, 2006). This dimension is often assessed in relation to external suppliers and seldom within an organization. Agreeableness displays a low relationship with job performance (Barrick et al., 2001) and long-term survival of an entrepreneurial venture (Ciavarella et al., 2004).

Extraversion is primarily associated with the quantity and intensity of relationships and as such is manifested in sociability, higher energy levels, positive emotionality and excitement seeking (Ciavarella et al., 2004). Zhao and Siebert (2006) found that entrepreneurs were no different when compared with

managers in the dimension of Extraversion. No relationship was found between Extraversion and the survival of entrepreneurial ventures (Ciavarella et al., 2004).

Neuroticism represents individual differences in adjustment and Emotional Stability. Entrepreneurs were found to have lower neuroticism when compared with managers (Zhao & Siebert, 2006). Ciavarella et al. (2004) found no relationship between neuroticism and the survival of the entrepreneurial venture.

Table 1. The Big Five Factors, Traits, and Components

Big Five factor	Traits	Components
Extraversion (surgency)	sociable, gregarious, assertive, talkative, active	Ambition — initiative, surgency, impetuous, likes to be in charge, seeks leadership roles, persuasive sociability — talkative, gregarious, enjoys meeting people, individuality — shows off, enjoys taking chances and stirring up excitement
Emotional Stability	calm, even-tempered, self-satisfied, comfortable, unemotional, hardy, stable, confident, effective	steady—even-tempered, steady emotionally security—feels secure about self, not bothered by criticism
Agreeableness (likeability, friendliness)	being courteous, flexible, trusting, good-natured, cooperative, forgiving, soft-hearted, tolerant	cooperative—likes to help others and does things for friends, trusting of others considerate—good-natured, cheerful, forgives others easily
Conscientiousness (conformity, dependability)	responsible, well-organized, planful, hardworking, achievement-oriented, persevering	dependability—thorough, careful industriousness—strives to do best, does more than planned, hardworking, persistent efficiency—neat and orderly, plans in advance, rarely late for appointments
Openness to Experience (intellect)	being imaginative, creative, cultured, curious, original, broadminded, intelligent, artistically sensitive	intellect—imaginative, likes abstract ideas and concepts, analytical and introspective, enjoys philosophical debates open—cultured, likes to try new and different things, enjoys art, music, literature

Ciavarella et al. / Journal of Business Venturing 19 (2004) 465–483

2.2.3 Leadership

Leadership is defined as the ability to influence a group of people toward the achievement of a vision or a set of goals. Leaders establish direction by developing a vision of the future and then aligning people through the communication of this vision and the inspiration to overcome hurdles (Robbins

& Judge, 2007). The source of influence may be formal such as from one's position within the organization or non-formal such as tenure.

Trait theories of leadership differentiate leaders from non-leaders by focusing on personal qualities and characteristics. Visser, de Coning and Smit (2005) identified leadership as a key construct when analyzing the traits of an entrepreneur. The use of the term leader is generic and this study does not investigate the type of leader but instead the influence that the leader exerts on the organizational culture.

The five factor model was used to predict the most effective traits for leadership. Robbins and Judge (2007) argue that Extraversion was the most common and important trait of leaders although results showed that Extraversion is more strongly related to leader emergence than leader effectiveness. This is not surprising since sociable and dominant people are more likely to assert themselves in group situations. According to Judge, Higgins, Thoresen and Barrick (1999), extraverted people are more likely to take on leadership roles. Conscientiousness and Openness to Experience also showed strong and consistent relationships to leadership, though not quite as strongly as Extraversion. The traits of Agreeableness and Emotional Stability were not as strongly correlated with leadership (Robbins & Judge, 2007).

In the case of an entrepreneur, the founder is inevitably the leader of the organization. In the initial stages of the venture, the founder/entrepreneur would be required to function as a manager and leader, and the manner in which he leads the organization would determine the impact he has on the organizational culture.

2.2.4 Influence

Anderson, Spataro and Flynn (2008) argue that the two primary ways in which people have been found to influence other individuals, is through Structural Factors, such as the position the person occupies in the organization, and Personal Characteristics, as in personality. Both these factors are key elements in the conduction and communication of organizational culture.

Not all the entrepreneurs will have the same level of influence on the organizations that they create. Nelson (2003) strongly suggests that different factors affect the extent to which the entrepreneur has a significant effect on the long-term organizational variables. These factors include founder ownership control - the level of ownership that the founder has in the firm over time, founder structural authority - the extent to which the founder is in a position of power within an executive position in the organization or on the board, and the founder tenure – the length of time in which the founder is intimately involved with the organization (Nelson, 2003).

2.3 Key Relationships

The researcher considers how these constructs may be related to one another. The study's argument is based on prior empirical findings and established theories in the proposal of relationships that make conceptual sense.

2.3.1 Emergence of Organizational Culture:

Organizational culture, personality, leadership and founder Influence

Schein (1983) suggests that both the founder and founding context have a strong effect on the organizational practices over time. Thus, it would seem reasonable to suggest that an organizational culture would be significantly influenced by 1) the personality of the founder/ entrepreneur at the time of the organization's founding and 2) the contextual conditions within which the organization is founded.

Schein (2004, p. 226) argues that organizations do not form accidentally or spontaneously, "they are usually created because someone takes a leadership role in seeing how the concerted action of a number of people could accomplish something that would be impossible through individual action alone". Pettigrew (1979) suggests that the leadership component of entrepreneurship is not just concerned with the explanation of the individual drive of the entrepreneur in terms of skills and opportunities. It also involves the interactive process between the entrepreneurs and their followers and the more general processes through which purpose and commitment are generated and sustained within an

organization. He adds that the leadership aspect of entrepreneurship is a function of institutional dynamics and leader-follower relationships, as well as the skilful deployment of personal qualities.

Robbins and Judge (2007), argue that the source of an organization's culture is the founder, as the current organizational customs, traditions and general way of doing things are largely owing to preceding endeavours and the degree of their success. As previously established, the founder is the entrepreneur who leads in the organization based on his vision. Through his personality he imposes his vision onto the members of the organization.

Schein's (2004) case studies suggest that there are a number of primary and secondary mechanisms used by founders to embed values, assumptions or practices into the organizational routines. Such mechanisms include (1) primary embedding mechanisms to which leaders pay attention ; (2) measure and control; (3) reaction to critical incidents and organizational crises; (4) how resources are allocated; (5) deliberate role modelling, teaching and coaching by leaders; (6) explicit reward and status systems, promotion criteria; (7) the way recruitment, selection, promotion and excommunication is done.

Schein (2004) goes onto to explain secondary articulation and reinforcement mechanisms as (1) design of physical spaces, facades, buildings; (2)

organizational design, structure, systems and procedures; (3) formal statements of organizational philosophy, charters, creeds, materials used for recruitment and selection, and socialization; (4) stories, legends, myths and parables about key people and events.

As such, the expectation is that the personality of the entrepreneur will be strongly related to the organizational culture that emerges within the firm, as it influences the culture.

2.3.2 Personality and leadership influence :

The relationship between personality and leadership influences on organizational culture

Research by Zhao and Siebert (2006) illustrates that personality dimensions of Conscientiousness and Openness to Experience are significantly associated with entrepreneurial status. This paper asserts that the extent to which the individual entrepreneur draws on these traits significantly impacts his degree of influence as a leader.

Robbins and Judge (2007) concur that a strong consistent relationship exists between these dimensions and leadership. Synder and Ickles (1985), in Zhao and Seibert (2006), argue that the entrepreneur operates in a more discretionary and self-directed environment than a manager would, whose situation is more volatile and less controlled. The individual's traits would therefore play an important role. Conscientiousness traits of being responsible,

well-organized, planful, hardworking, achievement-oriented, and persevering would be paramount to their success. This can be seen as leading by example.

Zhao and Seibert (2006) state that with the Openness to Experience traits, the entrepreneur explores new novel ideas, uses his or her creativity to solve problems and takes an innovative approach to products, business methods or strategies. The Extraversion trait would be vital in the communication and illustration of Open to Experiences and Conscientiousness traits. As established in the constructs, this is the most common and important trait of leaders with the highest relationship to leadership (Robbins & Judge, 2007). Individuals with an extravert personality want to influence and are willing to be assertive and take charge but like to persuade. The Agreeableness trait factor is centred on likability and friendliness and this can be instrumental in the development and relationships with employees.

2.3.3 Level of founder Influence :

The relationship between founder influences on organizational culture

Nelson (2003) argues that the most important components that forge a founder's influence are: founder ownership control, founder structural authority and the founder tenure. These components may have a negative or positive effect on the business. However, it is logical to propose that the founder's/entrepreneur's influence on the organizational culture will be determined by the ownership control, structural authority and the tenure in the organization. The environment in which an organizational culture is created will impact on the formation of the culture, and therefore, the organizational culture that emerges will have personality and situation as two key influencing factors.

CHAPTER 3: RESEARCH HYPOTHESES

These research hypotheses aim to gain a better understanding of how the entrepreneur's personality influences the organizational culture. Using the five-factor model, a study was conducted to examine which of the factors are pertinent influences in organizational culture. The examination of the various factors determined which components of the personality affect the organizational culture. This was accomplished through empirical testing of survey data using statistical analysis.

Schein (2004) argues that leaders consciously and unconsciously embed their tendencies and preferences into their organizations through a variety of mechanisms. These come in the form of criteria used for reward allocation and personnel decisions. "Culture forms as this initial cadre interacts with each other and the leader is trying to determine how best to achieve the organization's goals and make sense of how the organization will operate" Giberson et al. (2009, pg. 125). Therefore, the organizational culture that is formed is likely to be linked to the entrepreneur's personality. Thus the following hypothesis is stated:

Hypothesis 1) *The personal traits held by an entrepreneur will be reflected in the culture that emerges within an organization.*

The Hierarchical culture, as defined by Cameron et al. (2007), has correlating attributes to those described by Barrick et al. (2001) of the Conscientiousness

personality dimension. The Hierarchical culture promotes standardization, the minimization of errors and uncertainty, and the increase in consistency, making it a cautious and conservative controlled culture. The Conscientiousness personality dimension is that of an individual characterized as someone who has dependability, plans carefully, strives for achievement and to be in control, as essential traits. The description promotes the expectation that an entrepreneur with high Conscientiousness will create a Hierarchical culture within his or her firm. Thus, the following hypothesis is stated:

Hypothesis 2a) Entrepreneurs with high Conscientiousness will be influential in creating a Hierarchical organizational culture

According to Cameron et al. (2007), Market cultures emphasize a focus on satisfying customer and key shareholder demands whilst getting maximum return on investments. Extraversion is primarily associated with the quantity and intensity of relationships and as such is manifested in sociability, higher energy levels, positive emotionality and excitement seeking (Ciavarella et al., 2004). Customer satisfaction is created by maintaining relationships with customers through good customer service and product delivery. Therefore an individual with Extraversion traits will constantly strive to satisfy the customers. There appears to be a relationship between the entrepreneurs with high Extraversion and Market cultures. Thus, the following hypothesis is stated:

Hypothesis 2b) Entrepreneurs with high Extraversion will be influential in creating a Market organizational culture

The Adhocracy culture displays common characteristics with the Openness to Experience personality dimension. According to Giberson et al. (2009), the key focus of an Adhocracy culture is on growth, adaptability, and transformational change with the belief that innovation and constant change will enable the organization to create its own future and be a market leader. Ciavarella et al. (2004) describe Openness to Experience as being intellectual, intelligent and open to new ideas and experiences. Someone high on Openness to Experience can be described as creative, innovative, imaginative, reflective and untraditional. Barrick and Mount (1991) found this personality construct to be a valid predictor of learning and training proficiency. A strong relationship between an Adhocracy culture and an Openness to Experience personality should therefore exist, as growth, development and innovation are crucial characteristics for each of these constructs. Thus, the following hypothesis is stated:

Hypothesis 2c) Entrepreneurs with high Openness to Experience will be influential in creating an Adhocracy organizational culture

Giberson et al. (2009) identifies the Clan cultures as being focused on strengthening the socio-technical systems, developing human capital, and building cohesion and commitment. There is high emphasis on internal maintenance and flexibility. The building of cohesion and commitment characteristics draw a parallel to the Agreeableness personality dimension where traits such as trusting, forgiving, caring, altruistic and gullible are

displayed. As a result Entrepreneurs with high Agreeableness are likely to be influential in creating a Clan organizational culture. Thus, the following hypothesis is stated:

Hypothesis 2d) *Entrepreneurs with high Agreeableness will be influential in creating a Clan organizational culture*

The level of influence on the organizational culture created by the founder will vary with each organization. The effect of the founder on culture is likely to dissipate over time and will vary from one set of circumstances to another (Fisher, 2009). The founder with the entrepreneurial personality may have a long lasting effect on the organizational culture. Thus, the following hypothesis is stated:

Hypothesis 3a) *The strength of the relationship between the personality of the entrepreneur/ founder and the organizational culture is moderated by the entrepreneur's influence, such that the stronger the entrepreneur's influence, the stronger the relationship between entrepreneur personality and organizational culture.*

CHAPTER 4: METHODOLOGY

Introduction

This chapter covered specific areas which addressed the methodology employed in this research. The research design, population, sample, data-collection tools and measurement instruments are discussed, together with some of the possible limitations of the research.

4.1 Procedures

4.1.1 Research Design

The research aimed to accurately portray the relationship between the entrepreneur's personality and organizational culture. Given the considerations of time and practicality, this research used a structured questionnaire survey. There was no need for observation as the researcher conducted the questions whilst generating responses from respondents. Saunders, Lewis and Thornhill (2009) state that a questionnaire is one of the most used data-collection techniques in the survey strategy.

In order to investigate the hypothesized relationships of the study, the survey strategy was implemented to collect data. Following a deductive approach, the hypotheses were tested to determine the relationship between the entrepreneur's personality and organizational culture. None of the variables were controlled to establish a causal relationship, nor was there intended influence on the environment. The research therefore, utilized a quantitative

approach with a descriptive and cross-sectional design. According to Saunders, et al. (2009) descriptive research describes the population were we got the sample from. He goes on to state that data collected by the survey strategy is unlikely to be as wide-ranging as those collected by other research strategies. This was a predictive study as it aimed to determine organizational culture through personality.

4.2 Sampling

4.2.1 Defining the Population and unit of analysis

In this study, and as defined by Gartner (1989), an entrepreneur referred to an individual who has started his or her own business, venture or enterprise in a new or existing market. The entrepreneur may be of any age, gender, race, religion and creed. He or she is required to be one of the founders of the organization, a shareholder, and be active in the organization. The organization needs to be a registered and tax-paying company and the physical requirements of the company are that it must have an office of brick and mortar and not be home-based.

The entrepreneur is/or one of the founders of the organization that is required to have a shareholding and be actively involved in the managing of the organization. Furthermore the entrepreneurs' organizations were required to For the purposes of this study the entrepreneurial venture had to have been in operation for over two years and for no more then 15 years. The unit of analysis

for the research was the entrepreneur's behaviour and characteristics as the aim of the study was to establish that, through the personality characteristics, culture can be determined. The population of relevance was entrepreneurs who were based, and doing business in, South Africa. Owing to travelling limitations, it was necessary for their companies to be in Gauteng province.

A group decision was taken on the particular industries in which the study was to be conducted. The two most pertinent rationales for the decision-making were based on industry volatility and dynamism, as industries differ, and access to entrepreneurs as respondents. Thus, three categories of industry, according to their volatility and dynamism, were suggested and agreed upon, namely: dynamic industry (i.e. information technology) being at the forefront of continuous innovation; average dynamism industry (i.e. advertising and communications); and stable industry (i.e., retail and construction) which are more mature in nature.

4.2.2 Sampling method

The sample of entrepreneurs was selected through a non-probability sampling methodology, owing to the lack of a reliable or sufficient list of entrepreneurs for the sample. . Non-probability sampling, as described by Zikmund (2003), is a technique in which the probability of any particular member of the population being chosen is unknown. More specifically, convenience sampling was used to obtain those units of people most conveniently available. Saunders et al. (2009) state that non-probability sampling provides a range of alternative techniques for the selection of samples based on subjective judgement. The snowball

sampling technique was used as it allowed for easier identification of respondents through referrals and for the desired sample size to be obtained.

In order to reach a sample size that would be sufficient for the purpose of statistical analysis, Mr. Greg Fisher, the supervisor of the group study investigating different topics under entrepreneurship, suggested the compilation of a collective questionnaire. Once all relevant information from the researchers had been collated the collective questionnaire was designed and agreed upon. The interviewing process then commenced. The total sample size (N) of entrepreneurs' responses collected was N=121. A large number of survey responses does not increase credibility if the sample is poorly designed (Zikmund, 2003).

4.3 Data-collection Process

Structured-interviews through a questionnaire was the technique used to collect the data. Saunders et al. (2009) state that questionnaires tend to be used for descriptive studies such as organizational practices that help identify and describe the variability in different phenomena. The use of the structured interview method minimized bias by avoiding the interpretation of entrepreneurs' responses by the researcher, as occurs in observation research. The questions must be understood by the respondent in the way intended by the researcher and the answer given by the respondents must be understood

by the researcher in the way intended by the respondent (Zikmund, 2003). The design of the questionnaire determines the internal validity and reliability.

4.3.1 Data-collection tool

The researcher captured the data through an interviewer-administrated questionnaire. A survey strategy was utilized giving more control over the research process (Zikmund, 2003). The advantages of an interviewer-administrated questionnaire were that the researcher was able to clarify any ambiguities that arose and the answers were quick and short. Confidence in the interviewer was established and a rapport built with the entrepreneurs which assisted in the divulgence of any sensitive information. The individual researchers, who were part of the larger study group, had different interviewer techniques which may have been a source of interviewer bias. This data-collection method had a high time-cost factor, as a substantial amount of time was spent in setting up the interviews and engaging the respondents, owing to the constant rescheduling of interview dates and times.

4.4 Measurements and Instruments

Goldberg (1992) draws on the five-factor model to construct a research survey, and this was used to determine the personality factors. Development of the competing values framework (CVF) in the construction of a research survey (Cameron et al., 2007) was used to measure organizational culture . The unit of analysis for the research was the entrepreneur's behaviour and characteristics.

CVF has been applied in a wide range of organizational research, including the investigation of organizational culture, leadership styles and effectiveness, organizational development, human resource development, and quality of life (Cameron and Freeman, 1991; Di Padova and Faerman, 1993; Quinn and Kimberly, 1984; Quinn and McGrath, 1985; Quinn and Spreitzer, 1991; Zammuto and Krakower, 1991 in Kalliath, Bluedorn and Gillespie, 1999). Similarly the five-factor model has been used in many research studies to investigate job performance, venture success and entrepreneur status (Zhao & Seibert, 2006; McCrae & Costa, 1987; Judge et al., 1999; Barrick & Mount, 1991). The extensive use of the measurement instruments proved that they are reliable and valid, hence their consideration of and application to this research.

Entrepreneurs' influence is measured by the shareholding of the entrepreneur in a company and by the length of time they have been with the company (Fisher, 2010). However, no data on the shareholding of interviewed

entrepreneurs was collected and all entrepreneurs were required to have been with the company for the duration of its existence as a qualifying criteria.

The only measure of influence was of that based on the number of people in the founding team. Fisher (2010) states that with more people in the founding team, the entrepreneur interviewed can be assumed to have less influence, as his/her influence on the business would be shared with others in the founding team. Entrepreneur influence was measured as a percentage of the number of people in the founding team.

A total of eight constructs were initially put forward. Each construct was measured through a separate set of scale items. Table 4.1 lists these constructs and their associated scale items.

Table 2. Measurement scale used in the current study

Construct		Items	Source of the scale
Personality	Extraversion (7 items)	<ul style="list-style-type: none"> • I feel comfortable around people. • I start conversations. • I talk to a lot of different people at parties. • I make friends easily. • I take charge. • I know how to captivate people. • I am skilled in handling social situations. • I don't like to draw attention to myself 	(Goldberg, 1992)
	Agreeableness (7 items)	<ul style="list-style-type: none"> • I take time out for others. • I feel others' emotions. • I know how to comfort others. • I have a good word for everyone. • I show my gratitude. • I love to help others. • I am hard to get to know 	



	Construct	Items	Source of the scale
	Conscientiousness (6 items)	<ul style="list-style-type: none"> • I pay attention to details. • SI get chores done right away. • I do things according to a plan. • I often forget to put things back in their proper place • I make plans and stick to them. • I like to tidy up. 	
	Openness to Experience (7 items)	<ul style="list-style-type: none"> • I have a rich vocabulary. • I have a vivid imagination. • I believe in the importance of art. • I enjoy hearing new ideas. • I spend time reflecting on things. • I am full of ideas. • I am good at many things. • I carry the conversation to a higher level. • I enjoy wild flights of fantasy. • I catch on to things quickly. • I avoid philosophical discussions • I can handle a lot of information. • I love to think up new ways of doing things. • I love to read challenging material. 	
Organisational Culture	Hierarchical (4 items)	<ul style="list-style-type: none"> • The Organization is a very formalized and structured place. Bureaucratic procedures generally govern what people do. • Being the head of the Organization I consider myself to be a coordinator, an organizer, or an administrator. • The glue that holds the Organization together is formal rules and policies. Maintaining a smooth-running Organization is important here. • The Organization emphasizes permanence and stability. Efficient, smooth operations are important. 	(Cameron, K. S., Quinn, R. E., Degraff, J. & Thakor, A, 2007)



Construct	Items	Source of the scale
Clan (4 items)	<ul style="list-style-type: none">• The Organization is a very personal place. It is like an extended family. People seek to share a lot of themselves.• Being the head of the Organization I consider myself to be a mentor, a sage, or a father or mother figure.• The glue that holds the Organization together is loyalty and tradition. Commitment to this Organization runs high.• The Organization emphasizes human resources. High cohesion and morale in the Organization are important.	
Adhocracy (4 items)	<ul style="list-style-type: none">• The Organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks• Being the head of the Organization I consider myself to be an entrepreneur, an innovator, or a risk taker.• The glue that holds the Organization together is a commitment to innovation and development. There is an emphasis on being first.• The Organization emphasizes growth and acquiring new resources. Readiness to meet new challenges is important.	
Market (4 items)	<ul style="list-style-type: none">• The Organization is very production oriented. A major concern is with getting the job done. People aren't very personally involved.• Being the head of the Organization I consider myself to be a producer, a technician, or a hard driver.• The glue that holds the Organization together is the emphasis on tasks and goal accomplishment. A production orientation is commonly shared.• The Organization emphasizes competitive actions, and achievement. Measurable goals are important.	

The constructs were measured on a five-point Likert scale ranging from 1 (disagree), 3 (somewhat agree), to 5 (strongly agree). Each scale point was labelled according to the question set in the scale item. A copy of this study's questionnaire is found in appendix A. The data collected was used to investigate the relationships between independent variables (personality dimensions) and dependent variables (organizational cultures).

4.5 Data Analysis

The initial step in the data analysis process was the use of descriptive statistics in order to summarise the large quantity of raw data collected. It was transformed into a form that was easy to understand and interpret. Zikmund (2003) states that rearranging, ordering, or manipulating data through the use of averages, frequency distributions and percentage distributions are common ways of summarizing data.

This was followed by the testing of Hypotheses H1, H2a, H2b, H2c, and H2d, where a correlation analysis was utilized to establish if a linear relationship between two constructs existed for each hypothesis. Saunders et al. (2009) states that the correlation coefficient enables the quantification of the strength of the linear relationship between numerical variables. The data type was numerically continuous in nature, which determined which test should be run.

The ANOVA analysis tested specified demographics of race, gender and age as control variables in order to establish how entrepreneur personality traits and

organizational culture scores varied across the different demographics. This analysis allowed for in-depth insights to be obtained that supported the correlation analysis findings. This allowed for inferences to be made to these categories.

In testing for the moderator effect of entrepreneur influence, a hierarchical regression analysis was done. The presence of the moderator can strengthen or weaken the existing relationship affecting the statistical inference for all hypotheses. The hierarchical regression analysis establishes whether a relationship exists and the strength and direction of the relationship between each of the independent and dependent variables, as they are multi-dimensional constructs. A more in-depth analysis is provided in the following chapter.

CHAPTER 5: STATISTICAL FINDINGS & RESULTS

This chapter presents the empirical findings of the research hypotheses. The three main sections in this chapter are reliability analysis, descriptive statistics and hypotheses testing.

The measurement instrument was investigated in the reliability section to determine the internal consistency of the measurement scale. The descriptive statistics section took a closer look into the type of data collected and described the data. The hypotheses-testing section gave a review regarding the overall fit of the model and the statistical results of each of the hypotheses.

5.1 Reliability Analysis

The reliability of the scale allowed the researcher to establish whether the scale was measuring what the researcher intended it to measure. This needed to be determined prior to the hypothesis testing. The personality dimension measurement scale is well recognised and was recently used in a study by Ciavarella et al. (2004), therefore, it proved to be valid and reliable. The internal consistency of the measurement used could therefore be tested directly. Internal consistency is the homogeneity among the items in a scale and the degree to which they reflect the same underlying constructs (Cooper & Schindler, 2006). The appropriate scale with which to measure the internal consistency of the responses captured from the Likert scale was a Cronbach's Alpha.

According to Cooper and Schindler (2006), the internal consistency reliability of multi-item scales is assessed through the use of Cronbach's alpha. They added that the establishment of the internal consistency of each measuring instrument would indicate that it was free from random error and would provide consistent results. The Cronbach's Alpha level is between 0.6 and 0.9 (Saunders et al., 2009). The researcher used a predefined scale for organisational culture, therefore the internal consistency was already determined for these constructs.

An eight multi-items scale was used in the study's questionnaire; four for personality constructs scales, and four for organizational culture construct scale. Tables 5.1 summarized the Cronbach's alpha for all personality constructs measuring internal consistency.

The "Cronbach's Alpha if item deleted" filtered certain items for deletion which enhanced the internal consistency reliability of the scale. In the measurement of Extraversion, the item "I don't like to draw attention to myself" had a much higher coefficient under the column "Cronbach's Alpha if item deleted". The improvement on the scale's Cronbach's alpha was significant (0,12) with the deletion of this item and therefore, the item "I don't like to draw attention to myself" was deleted from the scale.

Deleting "I am hard to get to know" improved the coefficient of the scale in the measurement of the construct "agreeableness", by 0.15. Therefore, this item

was deleted which improved the reliability of the scale substantially. Furthermore, the Cronbach's alpha coefficient moved to within the acceptable level from 0.61 to 0.76.

In the Conscientiousness construct, the item "I often forget to put things back in their proper place" was deleted; it improved the coefficient of the scale measurement by 0.20. Consequently, this item was deleted to improve the reliability of the scale. Furthermore, at the value of 0,55, the Cronbach Alpha of the scale was below the acceptable level. Thus the deletion of the reverse item was crucial in order to reach an acceptable level of internal reliability of 0.75.

The deletion of "I avoid philosophical discussions" improved the coefficient by 0.08 which in turn improved the reliability of the scale measuring "Openness to Experience". Thus, the reverse item was deleted so that a Cronbach's Alpha of 0.74 could be achieved.

Table 3. Summary of the Personality construct Cronbach's Alpha after the deletion of the items.

Construct	Iteration (N=121)	No. of Statements included	Cronbach's Alpha
Conscientiousness	1	7	0,553
Conscientiousness	2	6	0,758
Extraversion	1	8	0,736
Extraversion	2	7	0,859
Openness	1	14	0,661
Openness	2	13	0,743
Agreeableness	1	8	0,613
Agreeableness	2	7	0,761
All personality Traits	1	37	0,825
All personality Traits	2	33	0,87

With the deletion of all reverse items for the personality constructs, the measurements scales improved their Cronbach's Alpha and internal consistency. Internal consistency was not measured for the organisational constructs as a pre-existing measurement instrument that is well established was used.

5.2 Descriptive Statistics

To obtain an understanding of the data, the demographic variables of the respondents were analysed first. These included the control variables from the regression models.

Figure 3. Histogram of age demographics

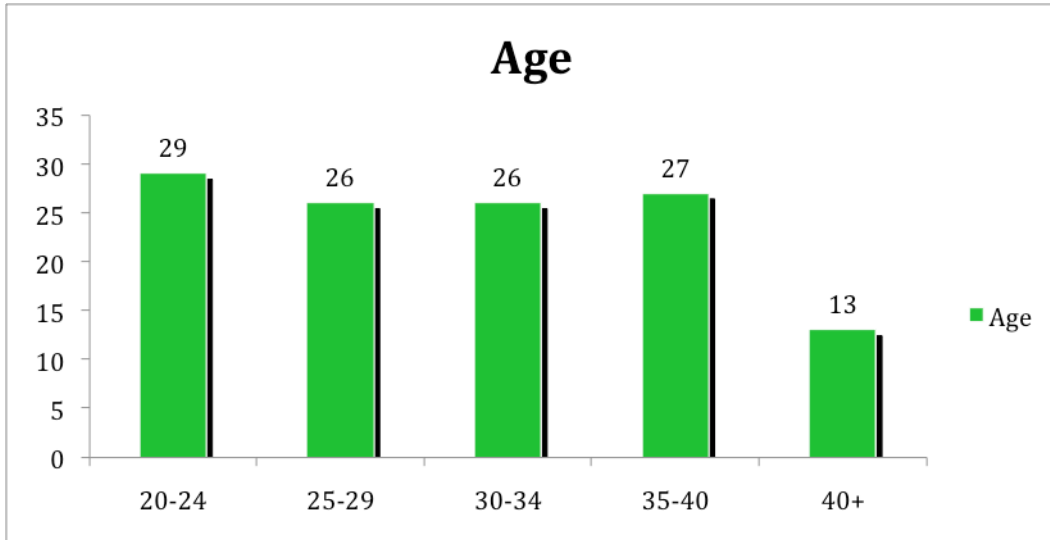


Figure 1 illustrates the age disparity of the sample, which was evenly distributed over the various age groups up to 40 years old, and to a lesser extent in the 40+ age group. Entrepreneurship is a profession where age has no limits.

Figure 4. Histogram of gender demographics

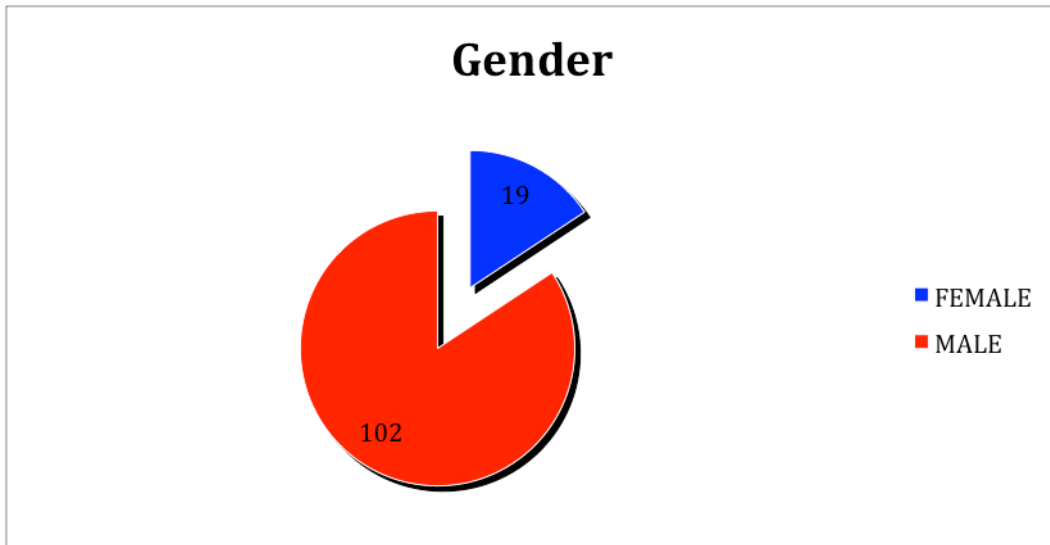


Figure 2 demonstrates the dominance of male entrepreneurs in the IT, construction and communications industries. The sample had a heavy skew towards males, with 84% of the respondents male versus 16% of respondents female.

Figure 5. Race demographics

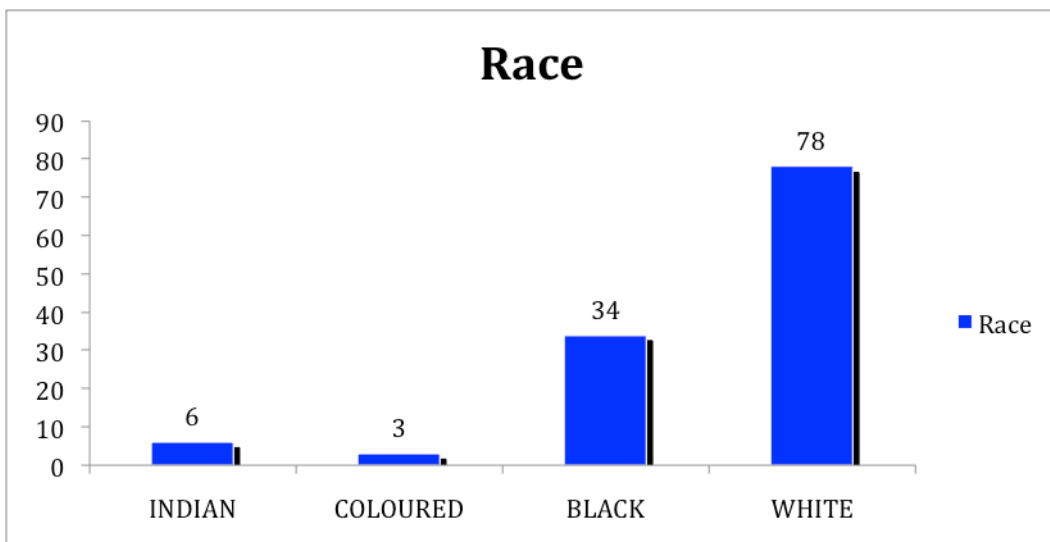


Figure 3 depicts the racial disproportion of entrepreneurs in the sample. Whites represented 65% of the entrepreneurs, with Blacks in second position with 28%. Indians and Coloureds were a minority, and made up the remaining 7%.

The next set of descriptive results are related to the central tendency (mean) and dispersion (standard deviation) of the data.

Table 4. Mean and standard deviation of entrepreneurs' personality

Entrepreneurs' scores on personality items	<i>n</i>	Mean	SD
Conscientiousness (this construct has 7 items)	121	1.60	0.82
I am always prepared.	121	1.68	0.99
I pay attention to details.	121	2.17	1.08
I get chores done right away.	121	1.38	1.40
I do things according to a plan.	121	1.57	1.06
I often forget to put things back in their proper place.	121	0.68	1.72
I make plans and stick to them.	121	1.45	1.20
I like to tidy up.	121	1.37	1.49
Extraversion (this construct has 8 items)	121	1.89	0.79
I feel comfortable around people.	121	2.23	0.92
I start conversations.	121	1.78	1.18
I talk to a lot of different people at parties.	121	1.65	1.26
I make friends easily.	121	1.68	1.30
I take charge.	121	2.21	0.72
I know how to captivate people.	121	1.74	1.00
I am skilled in handling social situations.	121	1.93	0.98
I don't like to draw attention to myself.	121	0.98	1.38
Openness to Experience (this construct has 14 items)	121	2.03	0.47
I have a rich vocabulary.	121	1.88	1.03
I have a vivid imagination.	121	2.34	0.70
I believe in the importance of art.	121	1.89	1.04
I enjoy hearing new ideas.	121	2.60	0.66
I spend time reflecting on things.	121	2.00	0.87
I am full of ideas.	121	2.17	0.81
I am good at many things.	121	2.01	0.85
I carry the conversation to a higher level.	121	1.86	0.96
I enjoy wild flights of fantasy.	121	1.39	1.19
I catch on to things quickly.	121	2.27	0.79
I avoid philosophical discussions	121	0.17	1.66
I can handle a lot of information.	121	2.21	0.97
I love to think up new ways of doing things.	121	2.13	0.96
I love to read challenging material.	121	1.69	1.22
Agreeableness (this construct has 8 items)	121	1.81	0.64
I am interested in people.	121	2.09	0.89
I take time out for others.	121	2.00	0.88
I feel others' emotions.	121	1.72	1.02
I know how to comfort others.	121	1.58	0.97
I have a good word for everyone.	121	1.34	1.26
I show my gratitude.	121	2.04	0.89
I love to help others.	121	1.92	1.05
I am hard to get to know.	121	0.34	1.55

Note: *n* = included number of respondents in the calculation; M = mean; SD = standard deviation

Table 4. The highest score for the mean was associated with Openness to Experience (M = 2.03), whilst the highest standard deviation score was associated with Conscientiousness (SD = 0,82). The reverse was applicable for the lowest scores. The lowest mean score was associated with Conscientiousness (M = 1,60) whilst the lowest SD was associated with Openness to Experience (SD = 0,47). A high mean score normally indicates that there is a high level of commonality associated with the particular aspect. In the case of the personality constructs, the highest mean was < 2,5 which was half of the 5 points in the Likert scale. This indicated a response tendency towards not agreeing rather than agreeing. The higher the standard deviation implied the higher the tendency for dispersion or difference around the mean.

Table 5. Mean and standard deviation of organisational cultures

Entrepreneurs scores on organisational culture	<i>n</i>	Mean	SD
Hierarchal Culture (this item has 4 items)	121	19.46	8.07
The Organization is a very formalized and structured place. Bureaucratic procedures generally govern what people do.	121	12.32	12.88
Being the head of the Organization I consider myself to be a coordinator, an organizer, or an administrator.	121	25.17	14.80
The glue that holds the Organization together is formal rules and policies. Maintaining a smooth-running Organization is important here.	121	14.29	11.55
The Organization emphasizes permanence and stability. Efficient, smooth operations are important.	121	26.07	17.54
Market Culture (this item has 4 items)	121	23.07	8.86
The Organization is very production-oriented. A major concern is with getting the job done. People aren't very personally involved.	121	20.02	14.90
Being the head of the Organization I consider myself to be a producer, a technician, or a hard driver.	121	19.93	13.51
The glue that holds the Organization together is the emphasis on tasks and goal accomplishment. A production orientation is commonly shared.	121	29.95	17.41
The Organization emphasizes competitive actions, and achievement. Measurable goals are important.	121	22.40	12.77
Adhocracy Culture (this construct has 4 items)	121	28.33	11.91
The Organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks	121	32.45	18.18
Being the head of the Organization I consider myself to be an entrepreneur, an innovator, or a risk taker.	121	31.95	16.97
The glue that holds the Organization together is a commitment to innovation and development. There is an emphasis on being first.	121	26.31	17.16
The Organization emphasizes growth and acquiring new resources. Readiness to meet new challenges is important.	121	22.62	15.16
Clan Culture (this construct has 4 items)	121	29.13	11.42
The Organization is a very personal place. It is like an extended family. People seek to share a lot of themselves.	121	35.21	20.15
Being the head of the Organization I consider myself to be a mentor, a sage, or a father or mother figure.	121	22.95	15.96
The glue that holds the Organization together is loyalty and tradition. Commitment to this Organization runs high.	121	29.45	18.04
The Organization emphasizes human resources. High cohesion and morale in the Organization are important.	121	28.91	17.02

Note: *n* = included number of respondents in the calculation; M = mean; SD = standard deviation

Table 5 above reflects the highest mean score for responses as associated with Clan culture (M = 29,13) and the highest SD score with Adhocracy culture (SD = 11,91). The mean showed that respondents tended to not agree as the scale was a 100 point scale. The lower the standard deviation, implied the lower the tendency for dispersion around the mean. The lowest mean score was linked to Hierarchical culture (M = 19,46 and SD = 8,07).

5. 3 Hypotheses Testing

5.3.1 Assumptions

An understanding of the three basic assumptions underlying the simple linear regression model was necessary before the regression model could be conducted. The first assumption stated that for every dependent variable, the independent variable was normally distributed on the regression line. A normal distribution test was implemented which confirmed this assumption.

The second assumption stated that regardless of the value of the dependent variable, the standard deviation of the distribution of the independent variables about the regression line was the same (Weiers, 2008). This meant that the standard deviation of all the independent variables were in close proximity.

Finally, the independent variables were independent of each other, which indicated that the personality dimensions did not influence each other and were independent when measured against the organisational cultures.

5.3.2 Introduction

Linear regression was used to assess the strength of the relationships among the hypothesized constructs because the variables were of numerical data in nature. Thereafter, the moderator effect of the entrepreneur influence was tested in the hierarchical regression analysis. This analysis established whether a relationship existed and the strength and direction of the relationship between each of the independent variables and each of the dependent variables, as they were multi-dimensional constructs.

5.3.3 Hypothesis H1

To measure the relationship between two variables, a correlation analysis needs to be conducted. Pearson's product moment correlation coefficient was used to assess the strength of the relationships among the hypothesized constructs owing to the variables being of numerical data in nature in H1.

Formal statement of Hypotheses:

H₁₀ : The personal traits held by the entrepreneur will not be reflected in the culture that emerges within an organization.

H_{1a} : The personal traits held by an entrepreneur will be reflected in the culture that emerges within an organization.

A correlation matrix was created to compare the relationships between all the personality trait constructs and their corresponding organisational culture constructs.

Table 6 indicated that a strong correlation existed between Conscientiousness and Hierarchical culture; Openness to Experience and Adhocracy culture and Agreeableness and Clan culture. Linear regression models on each of these construct relationships was conducted under the various hypotheses.

Table 6. Matrix of personality test correlation against organisational culture

	HIGH	MARKET	ADHOC	CLAN
CONS	0.235**	0.021	-0.158	-0.018
EXTRA	-0.124	-0.207*	0.039	0.207*
OPEN	-0.358**	-0.169	0.295**	0.076
AGREE	-0.072	-0.133	-0.077	0.234**

Note: CONS = conscientiousness; EXTRA = extraversion; OPEN = openness to experience; AGREE = agreeableness; HIGH = hierarchical culture; MARK = market culture; AD = adhocracy culture; CLAN = clan culture.

CONCLUSION: The findings suggest that it is appropriate to test the relationship between individual constructs as hypothesised because the correlation matrix would suggest that there are some significant relationships between the relevant constructs

5.3.4 Hypothesis H2a

A linear regression analysis was conducted to test whether a statistically significant relationship existed between the personality trait and the organizational culture.

Formal statement of Hypothesis:

H2A₀ : Entrepreneurs with high Conscientiousness will not be influential in creating a Hierarchical organizational culture

H2A_a : Entrepreneurs with high Conscientiousness will be influential in creating a Hierarchical organizational culture

Table 7. Regression results of relationship between Conscientiousness personality and Hierarchical culture

Conscientiousness and Hierarchy Culture

p-value for testing the significant of the model	R ²	p-value for testing the significant of the individual variable	Regression co-efficient
0.01 < 0.05	0.06	0.01 < 0.05	0.235**

The p-value for testing the significances of the model fit yielded a p-value less than the level of significance (0.01 < 0.05). Therefore the regression model was deemed to be a good fit for the data and thus appropriate to model the relationship between Conscientiousness and Hierarchy Culture (*F-test*).

Since the model was proven to have statistical significance, the value of the coefficient of determination (R²) became relevant. R² indicated that the 0.06 of the variance on Hierarchical culture could be explained by Conscientiousness.

Accordingly, the statistical significance of the individual variable, Conscientiousness, established it as a predictor of Hierarchy culture. The p-value of the t-test was less than the level of significance therefore Conscientiousness held statistical significance in its relationship with the Hierarchical culture.

The regression coefficient refers to the number between 0 and +1 that enables the strength of the relationship between a numerical dependent variable and a numerical independent variable to be assessed (Saunders et al., 2009). Therefore the unit change in Conscientiousness produced a change to the value of (2.31) in proportion to the relationship with Hierarchical culture.

CONCLUSION: There was enough evidence to reject the null hypothesis and conclude that entrepreneurs with high Conscientiousness will be influential in creating a Hierarchical organizational culture

5.3.5 Hypothesis H2b

Formal statement of Hypothesis:

H2B₀ : Entrepreneurs with high Extraversion will not be influential in creating a Market organizational culture

H2B_a : Entrepreneurs with high Extraversion will be influential in creating a Market organizational culture

Table 8. Regression results of relationship between Extraversion personality and Market culture

Extraversion and Market culture

p-value for testing the significant of the model	R ²	p-value for testing the significant of the individual variable	Regression co-efficient
0.02 < 0.05	0.04	0.02 < 0.05	-0.207*

Table 8 demonstrates that a significant negative relationship was found between the Extraversion construct and the construct of Market Culture.

The regression model for Extraversion and Market Culture was proven to hold statistical significance (0.02 < 0.05). This demonstrated a good model fit. R² indicated that the 0.04 of the variance on Market culture could be explained by Extraversion personality traits. The p-value of the t-test was less than the level of significance (0.02 < 0.05) therefore Extraversion held statistical significance in its relationship with the Market culture. The unit change in Extraversion produced a change to the value of (-2.33) in proportion to the relationship with Market culture. This indicates that the increased presence of Extraversion would lead to a decrease of the Market culture.

CONCLUSION: There was insufficient evidence to reject the null hypothesis, therefore, we conclude that entrepreneurs with high Extraversion will not be influential in creating a Market organizational culture.

5.3.6 Hypothesis H2c

Formal statement of Hypothesis:

H2C₀ : Entrepreneurs with high Openness to Experience will not be influential in creating an Adhocracy organizational culture

H2C_a : Entrepreneurs with high Openness to Experience will be influential in creating an Adhocracy organizational culture

Table 9. Regression results of relationship between Openness to Experience personality and Adhocracy culture

Openness to Experience and Adhocracy Culture

p-value for testing the significant of the model	R ²	p-value for testing the significant of the individual variable	Regression co-efficient
0.01 < 0.05	0.09	0.00 < 0.05	0.296**

The regression model for Openness to Experience and Adhocracy Culture was proven to hold statistical significance (0.01 < 0.05). This demonstrated a good model fit. R² indicated that the 0.09 of the variance on Adhocracy culture could be explained by Openness to Experience personality traits. The p-value of the t-test was less than the level of significance (0.00 < 0.05) therefore Openness to Experience held statistical significance in its relationship with the Adhocracy

culture. The unit change in Openness to Experience produced a change to the value of (7.54) in proportion to the relationship of Adhocracy culture.

CONCLUSION: There is sufficient evidence to reject the null hypothesis and conclude that entrepreneurs with high Openness to Experience will be influential in creating an Adhocracy organizational culture.

5.3.7 Hypothesis H2d

H2D₀ : Entrepreneurs with high agreeableness will not be influential in creating a Clan organizational culture

H2D_a : Entrepreneurs with high agreeableness will be influential in creating a Clan organizational culture

A significant positive relationship was found between the Agreeableness construct and the first statement of Clan Culture.

Table 10. Regression results of relationship between Agreeableness personality and Clan culture

Agreeableness and Clan Culture			
p-value for testing the significant of the model	R ²	p-value for testing the significant of the individual variable	Regression co-efficient
0.00 < 0.05	0.06	0.01 < 0.05	0.234*

The regression model was deemed to be a good fit for the data as the p-value for testing the significances of the model fit yielded a p-value (0.01 < 0.05), which was less than the level of significance. Since the model was proven to have statistical significance, the value of the co-efficient of determination (R²)

became relevant and indicated that the 0.06 of the variance on Clan culture could be explained by Agreeableness.

The statistical significance of the individual variable illustrated the p-value of the t-test as less than the level of significance; therefore Agreeableness held statistical significance in its relationship with the Clan culture. Agreeableness was a predictor of Clan culture. Therefore the unit change in Agreeableness produced a change to the value of (4.18) in proportion to the relationship of Clan culture.

CONCLUSION: There was sufficient evidence to reject the null hypothesis and conclude that entrepreneurs with high Openness to Experience will be influential in creating an Adhocracy organizational culture.

5.3.8 Hypothesis H3

Formal statement of Hypotheses:

H3₀ : The strength of the relationship between the personality of the entrepreneur/ founder and the organizational culture is not moderated by the entrepreneur's influence, such that the stronger the entrepreneur's influence, the stronger the relationship between entrepreneur personality and organizational culture.

H3_a : The strength of the relationship between the personality of the entrepreneur/ founder and the organizational culture is moderated by the entrepreneur's influence, such that the stronger the entrepreneur's influence, the stronger the relationship between entrepreneur personality and organizational culture.

The following table presents only the Beta coefficients and their significance for the moderated interaction effect.

Table 11. Beta coefficients and their significance for the moderated interaction effect.

Moderated Relationship being tested	Moderated Interaction Effect (X*M)	
	Beta	p-value
Conscientiousness (X) and Hierarchy Culture (Y) moderated by Entrepreneur Influence (M)	Beta	p-value
	0.112	0.563
Extraversion (X) and Market Culture (Y) moderated by Entrepreneur Influence (M)	Beta	p-value
	0.000	1.000
Openness (X) and Adhocracy Culture (Y) moderated by Entrepreneur Influence (M)	Beta	p-value
	0.131	0.504
Agreeableness (X) and Clan Culture (Y) moderated by Entrepreneur Influence (M)	Beta	p-value
	0.011	0.953

There was no significant interaction found between the personality traits and those of organisational culture.

CONCLUSION: As a result, there was insufficient evidence to reject the null hypothesis and it could be concluded that the strength of the relationship between the personality of the entrepreneur/ founder and the organizational culture is not moderated by the entrepreneur's influence, in that the stronger the entrepreneurs influence, the stronger the relationship between entrepreneur personality and organizational culture.

5.3.9 Overall finding

CONCLUSION: As a result, three of the four constructs that made up the personality construct hypotheses stated :

- Entrepreneurs with high Conscientiousness will be influential in creating a Hierarchical organizational culture
- Entrepreneurs' high Openness to Experience will be influential in creating an Adhocracy organizational culture.
- Entrepreneurs with high Openness to Experience will be influential in creating an Adhocracy organizational culture.

Therefore, the personal traits held by an entrepreneur would be reflected in the culture that emerged within an organization.

Table 12. Summary of hypothesis results

Hypothesis	Result
H1	Fail to reject the null hypothesis
H2a	Reject the null hypothesis
H2b	Fail to reject the null hypothesis
H2c	Reject the null hypothesis
H2d	Reject the null hypothesis
H3	Fail to reject the null hypothesis

CHAPTER 6: ANALYSIS

In this chapter, the results found by the researcher are explored in more detail. The results are reviewed against the overarching aim of the understanding of the role that personality plays in influencing organizational culture. Each research hypothesis is explored within the context of the literature reviewed in chapter 2, and the results obtained from the sample in chapter 5. The results are critically reviewed, and possible deviations or correlations with the literature bases are explored.

6.1 Hypothesis 1

Research Hypothesis 1 sought to establish if the personal traits held by an organizational entrepreneur will be reflected in the culture that emerges within an organization.

The results of this H1 state that there was insufficient evidence to reject the null hypothesis. The conclusion could be drawn that traits held by an entrepreneur did not necessarily reflect in the organizational culture that emerged. However the correlation matrix in table 5.4 suggested that there were some significant relationships between the relevant constructs. When further investigated, three of the four constructs had significant relationships. These constructs were Consciousness and Hierarchical culture, Openness to Experience and Adhocracy culture and Agreeableness and Clan culture. If these constructs results are

aggregated to a single personality and single culture construct, then H1 would become significant. However this is not the case thus , fail to reject null hypothesis.

Personality is one of the many components that affect and contribute towards the emergence of organizational culture. Schein (1983) stated that the ultimate organizational culture will always reflect the complex interaction between (1) the assumptions and theories that founders bring to the group initially, and (2) what the group subsequently learns from its own experiences. Therefore, the entrepreneur's personality is constantly competing with other components that are crucial to the formation of an organizational culture. There are multiple factors that influence the emergence of organizational culture. These elements include other individuals' personalities, environment and surroundings, situations experienced and other non-behavioural components such as values. The entrepreneur would need to have a prominent personality for his or her traits to be strongly reflected in the culture that emerges within an organization.

Mischel and Shoda (1995) in Fisher (2009) suggested that the situational variables play an important role in theories pertaining to personality in that "individuals differ in how they selectively focus on different features of situations, how they categorise and encode (features of situations) cognitively and emotionally, and how those encodings activate and interact with other cognitions and effects in the personality system" (Mischel & Shoda, 1995, p. 252). Thus the situational context within which a person operates is likely to

impact the relationship between personality and the outcome. Personality traits are therefore not guaranteed to be prevalent in an organizational culture as it is based on the relationship and interaction of the personality with the environment or situation. The degree of the personality influence is bound to vary with each individual. Schein (2004) argued that culture is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration.

According to Schneider and Smith (2004), there are many theories that suggest that leaders have an effect in their organizations, but little empirical study exists on the linkages between leaders' individual differences and organizational characteristics and success.

Although this hypothesis was not proven, the insights allow us to understand the complexity of a personality and its interaction with the formation of an organizational culture.

6.2 Hypothesis H2a

Research hypothesis H2a stated that entrepreneurs with high conscientiousness will be influential in creating a Hierarchical organizational culture. Cameron et al. (2007) argued that key components of Hierarchical organizational culture are standardization and a conservative controlled culture. Conscientiousness personality dimension is composed of two primary facets: achievement motivation and dependability (Zhao & Seibert, 2006). Conscientiousness was the most consistent personality predictor of job performance across all types of work and occupations (Barrick, Mount & Judge, 2001).

The result of H2a showed a positive correlation, which indicated a direct relationship between entrepreneurs with high conscientiousness and hierarchical organizational culture. This means that the more conscientious the individual becomes, the more likely a hierarchical culture will emerge.

The results suggest the more formal and structured the organization, the more conscious the individual was of ensuring compliance. These individuals will do everything possible to ensure that the organisational culture is adhered to, which include attributes like being on time, being prepared in meetings, and keeping a tidy workstation. Furthermore, being a conscientious individual would ensure that the individual becomes more formal. Where there are rules and processes in place, these individuals would abide by them and expect others to

also conform, as part of their personality trait is that of being dependable individuals. This would lead to the slow development of a hierarchical culture in the organization as more join the organization and more interactions take place with the entrepreneur.

For an individual who is responsible, well organized, planful, hardworking, achievement-oriented and persevering, structure needs to be in place for them to be efficient and effective. Hence, the hierarchal culture will be influenced by a conscientiousness entrepreneur as an organizational leader. According to Ciavarella et al. (2004), being well organized signifies increased efficiency and effectiveness.

6.3 Hypothesis H2b

Research hypothesis H2b sought to explore whether entrepreneurs with high extraversion will be influential in creating a Market organizational culture. Zhao and Seibert (2006) expected extraversion to be more important to entrepreneurs as these individuals must interact with a diverse range of constituents, including venture capitalist, partners, employees and customers. The Market culture is known as the rational culture as the emphasis is on control and competing with external markets.

The results for H2b revealed a negative beta coefficient, which indicated an inverse relationship. The more extraverted a person was, the less likely the culture would become a Market culture. Barrick and Mount (1991) argued that a trait of extraversion is assertiveness. Whilst the core of Market culture is to maximize return, being sociable can assist in increasing revenue but it can also be detrimental to the bottom line when the focus is solely on popularity to the exclusion of revenue.

Cegarra-Navarro and Rodrigo-Moya (2007) used the term market orientation to describe the culture and behaviour of companies that place the highest priority on the profitable creation and maintenance of superior customer value. The inverse relationship, therefore, suggested that the more extraverted the entrepreneur became, the more focused they were on popularity in contrast to company profitability and value creation.

An extraverted leader cares about the people around him and would rarely push them to the brink of destruction just to meet the organisational goals. Thus an extraverted entrepreneur wants everybody to grow together in the organization. Ciavarella et al. (2004) described extraversion as being associated with the quantity and intensity of relationships and therefore is manifested in sociability, higher energy levels and positive emotions. Mosley (2007) suggested that “employees are increasingly key in developing sustainable service brand differentiation , not only through the development of consistently positive service attitudes, but also through the emotional values that tend to be evoked by the particular distinctive style of service”(Mosley, 2007, p. 126).

There was insufficient evidence to prove the hypothesis, however, the insights indicated that the degree of extraversion is a vital component in the influence of market culture.

6.4 Hypothesis H2c

Research hypothesis H2c stated that entrepreneurs with a high Openness to Experience will be influential in creating an Adhocracy organizational culture. According to Ciavarella et al. (2004), individuals high in Openness are characterized as being intellectual, intelligent and open to new ideas and experiences. Barrick and Mount (1991) added that this factor has had little relationship with occupational outcomes; its primary contribution to workplace environments is its direct relationship with cognitive ability. Entrepreneurs that are intellectual will therefore address and resolve problems in a non-conventional approach.

Adhocracy is referred to as the developmental culture. The key focus of an Adhocracy culture is on growth, adaptability, and transformational change with the belief that innovation and constant change will enable the organization to create its own future and be a market leader (Giberson et al., 2009). The components of innovation in thought and behaviour are central to the Openness to Experience personality trait and Adhocracy culture.

The result showed that a positive relationship exists between the Openness to Experience personality trait and Adhocracy culture. This translates to, the more open to experience the individual becomes, the more likely an Adhocracy culture will emerge.

People with a high level of openness often speak their minds, are considered opportunist and take risks. In a study done by Lauriola and Levin (2001) on risk taking, younger adults are open to experience and more risk-taking for gains than older adults. They are willing to embrace new ideas and challenge the norms. This also correlates with a strong Openness to Experience – being a young entrepreneur is a great new experience because everything is new and dynamic. As such, young entrepreneurs will push for an Adhocracy organizational culture in their companies.

In addition, individuals with a high level of Openness are considered intelligent and innovative in their approach, hence they are constantly looking for new solutions to existing problems. They are opportunistic and thus eager to come up with new business ideas and embrace their entrepreneurial spirit. According to Zhao and Seibert (2006), Openness to Experience is a personality dimension that characterizes someone who is intellectually curious and tends to seek new experiences and explore novel ideas.

Other traits and characteristics of an individual with a high level of Openness are that they are ready to research, brainstorm and tackle challenges. Ciavarella et al. (2004) stipulated that it is imperative for entrepreneurs to be ready for changing markets, products, and technology in today's business environment in order to survive. He went on to state that "the constancy of change requires intelligence and curiosity to acquire new knowledge of

technologies' advances, and innovative thinking to develop strategies to take advantage of untapped sources of revenue" (Ciavarella et al., 2004, pp. 472).

There was more than sufficient statistical evidence and insights to prove this hypothesis.

6.5 Hypothesis H2d

Research hypothesis H2d sought to determine whether entrepreneurs with high agreeableness will be influential in creating a Clan organizational culture. An individual with high Agreeableness is someone who has cooperative values and a preference for positive interpersonal relationships (Zhao & Seibert, 2006). Cameron et al. (2007) stated that the Clan culture has an orientation towards collaboration and combines an emphasis on flexibility and internal maintenance and is also known as group culture. Clan and Agreeableness constructs are based around relationships.

The results illustrate that a direct relationship exists between the Agreeableness personality trait and a Clan culture. The research deduces therefore, that the more agreeable the entrepreneur is, the more likely a Clan culture will emerge. Although agreeableness may lead to the perception of trustworthiness and assist in the formation of positive, cooperative working relationships, high levels of agreeableness may inhibit the willingness to drive hard bargains (Zhao & Seibert, 2006). A high need for affiliation, a component of agreeableness, can be detrimental to individuals' careers as it interferes with their ability to make difficult decisions.

Agreeable individuals always tend to show their gratitude. They appreciate everything an organisation has done for them and remain true to the organisation. These characteristics will remain in place for as long as these

individuals are in agreement with the elements of organisational culture; they will be loyal and committed to making it a success.

There was sufficient evidence to prove the hypothesis provided insights for a more in-depth understanding of the interaction between the constructs and demographics.

6.6 Hypothesis 3

Research hypothesis 3 stated that the strength of the relationship between the personality of the entrepreneur/ founder and the organizational culture is moderated by the entrepreneur's influence, such that the stronger the entrepreneur's influence, the stronger the relationship between entrepreneur personality and organizational culture.

According to Fisher (2010) not all founders have the same level of influence on the organizations that they create. A number of different factors can affect the extent to which a founder has a significant effect on the longer-term organizational variables. Nelson (2003) argues that the most important components that forge a founder's influence are: founder ownership control, founder structural authority and the founder tenure.

The way in which influence was measured for the study did not give the moderator a true representation of the component of "influence". The model was simplified and the above mentioned influence components by Nelson (2003) were not encompassed into measuring influence. Founder influence based on the amount of founders was the only component used. This alone was not sufficient to measure the influence on the relationship of personality and organisational culture.

Secondly the entrepreneur was the only individual/ respondent in the study to measure the organisational culture. Their perception of their organisational culture may differ if the employees had been measured. This element would need to be rectified for future research designs.

This hypothesis was not proven due to insufficient evidence. The findings suggest that a different model of the levels of influence needs to be conducted in future.

CHAPTER 7: CONCLUSION

7.1. Summary of the purpose of this study and its importance

This study aimed to establish whether the various dimensions of an entrepreneur's personality have an influence on organizational culture. According to Smith & Sharma (2002) organizational culture has been linked to economic performance and organization viability and success.

Entrepreneurs have different personalities. The establishment of personality factors that are crucial to success may be better investigated in an industry-specific context. A positive organizational culture creates a momentum for success that permeates the entire organization. Through the organizational culture, high-level talent is attracted and retained, ultimately ensuring a sustainable competitive advantage.

The literature demonstrates an extensive understanding of the personality dimensions. The understanding of entrepreneurs is a field that is of much interest to the world of academia and politics, as they are seen as the future of many economies. Therefore gaining a deeper understanding of the relationship and influence of the entrepreneurial personality towards organizational culture would give insights into possible leaders and organisations of the future. This

makes the study and understanding of organizational culture essential as it affects the long term outcomes of organizational performance.

7.2. Summary of findings

The overall findings of the relationship between personality dimensions and organizational cultures suggest that the entrepreneur's personality has an affect on the organizational culture that emerges. The individual constructs that were found to have strong significant relationships were, namely: Conscientiousness and Hierarchical culture; Openness to Experience and Adhocracy culture; and Agreeableness and Clan culture. This suggests that the entrepreneur's personality can be used to predict the organizational culture.

An individual with a high Conscientiousness is responsible, well organized, planful, hardworking, achievement-oriented and persevering. Structure needs to be in place for him to be efficient and effective. Hence, entrepreneurs high on Conscientiousness will induce a Hierarchical culture. They will also ensure that everyone abides by the rules and regulations as such a system of control allows these individuals to function at their highest competency. They get the job done.

The component of innovation in thought and behaviour is central to the Openness to Experience personality trait and Adhocracy culture. One of the key characteristics of an Adhocracy culture is that the individuals are risk-orientated

with an insatiable curiosity. This culture encourages individuals to test and stretch their intellectual ability.

A high need for affiliation, a component of Agreeableness, can be detrimental to individuals' careers as it interferes with their ability to make difficult decisions. The Agreeableness personality dimension is strongly focused on relationships. A Clan culture emerges when the entrepreneur has high Agreeableness characteristics. This culture promotes a sense of belonging and in-group mentality.

As literature has illustrated, many studies have been conducted to establish the personality dimensions and their relationship with constructs such as leadership, job performance, and entrepreneurial status. The study of how organizational culture is created, evolves and changes has been immense, but none of these studies has tried to establish the extent to which the relationship of the entrepreneur's personality influences organizational culture, as indicated in this study.

The only result that needs to be investigated to produce a better model from this study was the measurement of the moderator. The level of influence as a moderator was insignificant, however this was considered to be based on the

limited way it was measured and secondly the entrepreneur measured the organizational culture.

7.3. Managerial implications

The research findings presented here are resourceful for entrepreneurs and prospective investors, suppliers or employees in entrepreneurial businesses. The insights into the entrepreneurial personality as a predictor of the organizational culture can assist many individuals who come into contact with the entrepreneur.

Prospective investors can make more informed decisions when investigating organizations and be aware of the kind of culture that is most likely to emerge within the company.

Those in search of employment can benefit from cultural indicators provided by the entrepreneurs' traits and character. Alternatively, entrepreneurs can use their personality as a means of attracting talent. Suppliers who are interested in partnerships with entrepreneurs can negotiate from a better understanding of what drives their potential partners.

7.4. Study Limitations

Limitations were incurred by the scope and design of the research enquiry. As a result of using non-probability sampling, the results of this study could not be generalized as this research study covered only three industries (IT, construction and advertising / communications) and only entrepreneurs in Gauteng, South Africa. There was respondent bias as all the interviewees were entrepreneurs. There were no employees to verify the organizational culture as they were not part of this study. Future research should include employees.

Since organizational culture is specific to an organization, no inferences can be made to cultures outside the sampled population. The results can, however, shed light on some of the relationships that influence organizational culture, and this can be used as a basis for future organizational culture studies.

Due to using survey methodology, there is a possibility of common method bias as both the personality and organizational culture measures were obtained through self-reporting measures during the same period. All the measures provided by the respondents were self-reported, which may have created a potential for social desirability of self-deception bias. The respondents could have altered their scores on personality measures in an attempt to portray themselves in a manner that is self-fulfilling and appealing to themselves. The data collection was not executed by the same researcher for the identified

sample; this would increase the potential for error owing to a possible lack of consistency.

7.5. Recommendations for future research

Organizational culture and personality are constantly evolving phenomena, hence individuals will always seek to gain a deeper understanding. Fisher (2010) states that although the founder (or founding team) will have a significant effect on an organization's stakeholder culture, the context within which an organization is created will also influence the culture that emerges. Therefore the environmental context in which the entrepreneur operates needs to be considered in relation to the personality and its relationship to organizational culture.

Further, research should be done among the relationships of the entrepreneur's personality, environment of the business and the organizational culture that emerges. The aim of such a study should be to determine whether the business environment influences organizational culture more than personality. Understanding the environmental influence on cultures, specifically in the South African context, can assist government and other corporate organisations to mitigate the risk for the entrepreneurs. This could create a more entrepreneurial friendly environment.

English is considered the language of trade, but for how long is the question. South Africa has eleven official languages yet due to globalization, hundreds of other cultures and languages are being used to do business in some way in South Africa. Foreign investment and trade agreements from the East have been evident in recent years, as seen in the Standard Bank and Bank of China partnership. In an era where opportunity is rife in South Africa, do socio and cultural backgrounds impact the organizational culture more than personality? Insights to such a study would allow for better understanding within mergers and about captains of industries of the future business environment in South Africa.

The third suggestion is to do a longitudinal study of organizational culture and the influence of the entrepreneur personality. A comparison study should be done of the organizational culture in its infancy and then at 7 years old to determine whether the culture has evolved or the entrepreneur's personality has changed. This study would help understand the evolution of organizational culture in relation to the entrepreneur's personality. Zhao and Seibert (2006) suggest that personality traits may change considerably over the different phases of a new venture.

The present study had its limitations which have been discussed, however, some of the suggested recommendations for future are 1) the employees should give their assessment of the entrepreneur's personality and the organizational

culture. This allows for a holistic view of the entrepreneur and the organizational culture. 2) Influence as a moderator needs to measure ownership control, founder structural authority and founder tenure in the organization, to give a better indication of the relationship of influence as a moderator.

7.6. Conclusion

Entrepreneurs are important for the future economic growth and development of economies. To understand the organizational culture is therefore vital as this explains what drives the organizations and how each organization functions. This study has established the relationship between personality and organizational culture on a surface level. This can be used to spur further research into more specific drivers of the personality and organizational culture outcomes.

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APPENDIX A

INFORMATION SHEET DOCUMENT

"Entrepreneurship Survey"

RESEARCHERS' STATEMENT

We are asking you to complete a survey as part of a research study. The purpose of this information sheet is to give you the information you will need to help you decide whether to be in the study or not. **It IS NOT part of the actual study.** This process is called "informed consent." Please read the form carefully.

DESCRIPTION/PURPOSE OF RESEARCH

The purpose of this study is to assess how the personal characteristics of entrepreneurs are related to the approach that they take in launching a building a new business.

You have been selected to participate in this study because of you have launched a business in South Africa in the last 10 years.

DATA COLLECTION AND ANALYSIS

All data collected as part of this research will remain confidential. Matching of data will occur through the use of a confidential number. No one but the researchers will see your individual data and the researchers will not be able to associate the data with a specific individual.

RISKS OR DISCOMFORTS

There are no foreseeable risks or discomforts associated with completing this survey.

ALTERNATIVES TO PARTICIPATION

You may choose not to participate in this study. You may withdraw from the study at any point. You are not obliged to answer all the questions.

BENEFITS OF PARTICIPATION

There are no direct benefits to you from participating in this study

CONSENT

By marking that you agree to participate, you give your permission for information gained from your participation in this study to be published in scholarly management literature, discussed for educational purposes, and used generally to further management science. You will not be personally identified; all information will be presented as anonymous data.

- I agree and choose to participate in this study.
- I do not agree and choose NOT to participate.

"Entrepreneurship Survey"

This survey is divided into 4 sections. Each section contains questions and exercises that will aid us to get a deeper insight into the role that individuals play in the process of launching a new venture.

Please answer the questions in each section as thoroughly and conscientiously as possible.

The four areas that will be examined in this research study are as follows:

SECTION 1: FOUNDER CHARACTERISTICS

SECTION 2: APPROACH TO LAUNCHING AND BUILDING THE BUSINESS

SECTION 3: CURRENT PERCEPTIONS AND PRACTICES

SECTION 4: THE BUSINESS

SECTION 1: FOUNDER CHARACTERISTICS

Personality (Written response)

This section of the questionnaire will gather information about your natural behaviors and actions.

Please evaluate how closely the following statement represent you by selecting between disagree for items that do not describe you at all to strongly agree for items that do effectively describe you.

	Disagree	Neutral	Some-what Agree	Agree	Strongly Agree
I feel comfortable around people.	1	2	3	4	5
I am always prepared.	1	2	3	4	5
I am interested in people.	1	2	3	4	5
I have a rich vocabulary.	1	2	3	4	5
I have a vivid imagination.	1	2	3	4	5
I pay attention to details.	1	2	3	4	5
I believe in the importance of art.	1	2	3	4	5
I start conversations.	1	2	3	4	5
I take time out for others.	1	2	3	4	5
I feel others' emotions.	1	2	3	4	5
I enjoy hearing new ideas.	1	2	3	4	5
I get chores done right away.	1	2	3	4	5
I spend time reflecting on things.	1	2	3	4	5
I talk to a lot of different people at parties.	1	2	3	4	5
I am full of ideas.	1	2	3	4	5
I am good at many things.	1	2	3	4	5
I do things according to a plan.	1	2	3	4	5
I know how to comfort others.	1	2	3	4	5
I make friends easily.	1	2	3	4	5
I carry the conversation to a higher level.	1	2	3	4	5



I have a good word for everyone.	1	2	3	4	5
I often forget to put things back in their proper place.	1	2	3	4	5
I enjoy wild flights of fantasy.	1	2	3	4	5
I take charge.	1	2	3	4	5
I catch on to things quickly.	1	2	3	4	5
I know how to captivate people.	1	2	3	4	5
I avoid philosophical discussions	1	2	3	4	5
I make plans and stick to them.	1	2	3	4	5
I show my gratitude.	1	2	3	4	5
I am skilled in handling social situations.	1	2	3	4	5
I can handle a lot of information.	1	2	3	4	5
I like to tidy up.	1	2	3	4	5
I love to help others.	1	2	3	4	5
I am always prepared.	1	2	3	4	5
I am hard to get to know.	1	2	3	4	5
I don't like to draw attention to myself.	1	2	3	4	5
I love to think up new ways of doing things.	1	2	3	4	5
I love to read challenging material.	1	2	3	4	5

Personal Values (Written response)

This section of the survey will gather information about your values – the things that are really important to you. How important are the following values to you? To what extent does each of these values represent your guiding principles in life.

	Opposed to my principles	Not important	Little importance	Some what important	Important	Highly Important	Supreme -ly Important
Power – that is social power, authority, and wealth.	1	2	3	4	5	6	7
Achievement – that is success, capability, ambition, and influence on people and events.	1	2	3	4	5	6	7
Pleasure – that is gratification of desires, enjoyment in life, and self-indulgence.	1	2	3	4	5	6	7
Stimulation – that is daring, a varied and challenging life, and an exciting life.	1	2	3	4	5	6	7
Self-direction – that is creativity, freedom, curiosity, independence and, choosing one’s own goals.	1	2	3	4	5	6	7
Universalism – that is broad-mindedness, beauty of nature and arts, social justice, a world at peace, equality, wisdom, unity with nature, and environmental protection.	1	2	3	4	5	6	7
Benevolence – that is helpfulness, honesty, forgiveness, loyalty, and responsibility.	1	2	3	4	5	6	7
Tradition - that is respect for tradition, humbleness, accepting one’s portion in life, devotion, and modesty	1	2	3	4	5	6	7



	Opposed to my principles	Not important	Little importance	Some what important	Important	Highly Important	Supreme -ly Important
Conformity – that is obedience, honoring parents and elders, self-discipline, and politeness..	1	2	3	4	5	6	7
Security – that is national security, family security, social security, social order, cleanliness, and reciprocation of favors.	1	2	3	4	5	6	7

Pre Entry Knowledge (Ask)

This section of the survey will gather information about your work experience prior to launching the business venture that is being examined as part of this research.

	Disagree	Neutral	Somewhat agree	Agree	Strongly agree
My business is related to my previous work experience	1	2	3	4	5
My previous work experience was important in my decision to pursue this business opportunity	1	2	3	4	5
Had you founded a venture prior to launching this venture?	Yes / No				
Had you worked in a start up venture prior to launching this venture?	Yes / No				

Founding Team Demographics (Ask)

This section of the questionnaire will gather information about team that founded the business being examined as part of this research.

How many people were in the team that founded the business?		
To which ethnic group do the members of the founding team belong? <i>Insert the number of founders from each ethic group next to the ethnic group name</i>	A. Indian [] B. Coloured [] C. Black [] D. White [] E. Other []	
What is the ethnic group of the interviewee?		
What was the gender mix of them members of the founding team?	A. Male [] B. Female []	
What is the gender of the interviewee	Male	Female
What education (level and area) did the members of the founding team have at the time of founding the business? <i>One response for each member of the founding team.</i> <i>Insert the education and level of the interviewee first</i>	Level (High school, certificate, bachelors, honors, masters, doctorate)	Area (engineering, medicine, art, business, science etc.)
What were the ages of the members of the founding team at the time of founding the business? <i>Fill in the age in years of each member of the founding team.</i> <i>Insert the age of the interviewee first</i>		

SECTION 2: APPROACH TO LAUNCHING AND BUILDING THE BUSINESS

Business Planning (Written response)

This section of the questionnaire will examine some of the actions employed in the process of launching the business.

Prior to launching the business I or we ...	Disagree	Neutral	Some-what Agree	Agree	Strongly Agree
Did a six to twelve month forecast on the future economic and business conditions within my industry and assessing their possible impact on sales	1	2	3	4	5
Analysed the possible changes that may take place within a year among my target customers	1	2	3	4	5
Analysed my potential competitive advantage over the competition	1	2	3	4	5
Did a three to five year financial forecast of the proposed business (i.e. income statement, balance sheet, cash flow statement)	1	2	3	4	5
Estimated the sales volumes and the Rand sales the company expected to reach in a period of six to twelve months	1	2	3	4	5
Determined the sales volume required to break even	1	2	3	4	5
Estimated the total annual compensation and the cost of other employee benefits	1	2	3	4	5
When launching my business I.....	Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
Followed my original business plan for a period of six to twelve months	1	2	3	4	5
Occasionally referred to my business plan	1	2	3	4	5
Did not follow my business plan and instead used a trial and error	1	2	3	4	5



approach					
Prepared a full written business plan	1	2	3	4	5
Does your business still have a written business plan in place	Yes / No				
How important do you think the prior planning was to your business?	Not important at all	Not very important	Somewhat important	Very important	Extremely important

Strategic Legitimization (Written response)

The following statements describe some of the actions that you may have taken in the early phases of launching and building your business. Please evaluate how closely the following statement describe the actions you took in launching and building your business by selecting between disagree for items that do not describe what you did to strongly agree for items that do effectively describe what you did.

When launching and building my business I or we.....	Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
Consciously established a high profile board of advisors, board of directors and/or made use of a high profile figurehead	1	2	3	4	5
Actively tried to develop a professional perception of the business (including, for example, creating a professional website, logo, business cards, establishing a dress code)	1	2	3	4	5
Actively tried to get the business mentioned in the media	1	2	3	4	5
Purposely told stories about my business	1	2	3	4	5

Decision Logic in Launching and Building the Business (Written response)

Please answer the following questions about the early days (first 3 years) of your business by rating your agreement with the statement from Disagree to Strongly Agree. NOTE: Some of these questions may seem like a repeat of prior questions but is important that you answer them as vigilantly and carefully as possible. Sorry for any apparent repetition in this line of questioning.

In launching and building the business ...	Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
We analysed the long run opportunities and selected what we thought would provide the best returns	1	2	3	4	5
We developed a strategy to best take advantage of resources and capabilities.	1	2	3	4	5
We designed and planned business strategies.	1	2	3	4	5
We organised and implemented control processes to make sure we met objectives.	1	2	3	4	5
We researched and selected target markets and did meaningful competitive analysis.	1	2	3	4	5
We had a clear and consistent vision for where we wanted to end up.	1	2	3	4	5
We designed and planned production and marketing efforts.	1	2	3	4	5
We experimented with different products and/or business models.	1	2	3	4	5
The product/service that we now provide is essentially the same as originally conceptualised.	1	2	3	4	5
The product/service that we now provide is substantially different than we first imagined.	1	2	3	4	5
We tried a number of different approaches until we found a business model that worked.	1	2	3	4	5
We were careful not to commit more resources than we could afford to lose.	1	2	3	4	5
We were careful not to risk so much money that the company would be in real trouble financially if things didn't work out.	1	2	3	4	5



In launching and building the business ...	Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
We allowed the business to evolve as opportunities emerged.	1	2	3	4	5
We adapted what where doing to the resources we had	1	2	3	4	5
We were flexible and took advantage of opportunities as they arose.	1	2	3	4	5
We avoided any courses of action that reduced our flexibility and adaptability.	1	2	3	4	5
We used a substantial number of agreements with customers, suppliers and other organizations and people to reduce the amount of uncertainty.	1	2	3	4	5
Network contacts provided low cost resources.	1	2	3	4	5
We used pre-commitments from customers and suppliers as often as possible.	1	2	3	4	5
By working closely with people outside our organisation we have been able to greatly expand our capabilities.	1	2	3	4	5
We have focused on developing alliances with other people and organizations.	1	2	3	4	5
Our partnerships with outside organisations and people play a key role in our ability to provide our product/service.	1	2	3	4	5

SECTION 3: CURRENT PERCEPTIONS AND PRACTICES

Environmental Scanning (Written response)

The following statements describe different aspects of scanning the environment (i.e. gathering information). Please read each statement **carefully** and then **circle/highlight** your chosen number to indicate the extent to which you agree or disagree with each statement.

I scan the environment for the following:	Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
Competitors' prices	1	2	3	4	5
Competitors' introduction of new products	1	2	3	4	5
Competitors' advertising / promotional programs	1	2	3	4	5
Competitors' entry into new markets	1	2	3	4	5
New product technologies	1	2	3	4	5
Customers' buying habits	1	2	3	4	5
Customers' product preferences	1	2	3	4	5
Customers' demands and desires	1	2	3	4	5
The company's advertising and promotions resources relative to competitors	1	2	3	4	5
The company's sales capabilities / resources relative to competitors	1	2	3	4	5
Local economic conditions	1	2	3	4	5
National economic conditions	1	2	3	4	5
National political conditions	1	2	3	4	5

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Sources of information in environmental scanning	Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I use <u>written sources</u> of information from <u>outside</u> the organization to scan the environment e.g. Finweek, newspapers, journals, internet, television,	1	2	3	4	5
I use <u>written sources</u> of information from <u>inside</u> the organization to scan the environment e.g. special studies, reports, memos, management information systems	1	2	3	4	5
I use <u>personal contacts</u> from <u>outside</u> the organisation to scan the environment e.g. business associates, officials, customers, trips	1	2	3	4	5
I use <u>personal contacts</u> from <u>inside</u> the organisation to scan the environment e.g. Subordinates, salespeople, staff	1	2	3	4	5

Uncertainty (Written response)

Below are some questions about the uncertainty that exists in the context in which you operate. Please respond to each question on the 5-point scale provided.

How certain are you about demand for your product or service?

1 = The demand for your product or service fluctuates, but the rate of change is moderate and steady.

5 = The rate of demand for your product or service fluctuates significantly and fluctuations are difficult to predict.

1	2	3	4	5

How likely is it that future innovations will radically disrupt your product or service?

1 = Future technological innovations affecting the viability of the product or service occur, but they are incremental (not discontinuous).

5 = Future technological innovations affecting the viability of the product or service are frequent and/or major.

1	2	3	4	5

How certain are you about customers' preferences with regard to your product or service?

1 = You have a strong idea of your customers' preferences and demands with regard to your product, and these are predictable over time.

5 = It is not possible to predict in advance demand changes affecting the viability of the product.

1	2	3	4	5

How effectively are you able to predict innovations in your industry?

1 = You are in a strong position to predict the nature and source of innovations that affect the viability of the product or service.

5 = It is not possible to predict with any certainty the kinds or timing of future technological innovations that will affect the viability of the product or service.

1	2	3	4	5

How certain are you about the ongoing viability of your product or service?

1 = You have tangible reasons to believe that your firm has the ability to sustain viability in its current market through further radical and/or incremental innovations.

5 = It is not possible to foresee the ability of your firm to sustain viability in its current market through further radical and/ or incremental innovations.

1	2	3	4	5

How certain were you about your ability to respond to competition?

1 = By taking appropriate action your product or service will enjoy advantages long enough to realize worthy entrepreneurial returns.

5 = You cannot predict how long your product or service will enjoy advantages before a competitive response erodes profits.

1	2	3	4	5

How do you tend to launch new products or services?

1 = You tend to launch new products or services on a small scale, to a limited number of customers.

5 = You tend to launch new products or services on a large scale, to the national market immediately.

1	2	3	4	5

SECTION 4: THE BUSINESS

Organizational Culture - Competing Values Framework (Written response)

In this portion of the questionnaire we will gather information about your current organization.

Please distribute 100 points for each section. The 100 points must be distributed according to the extent to which you agree with each statement. The higher the points allocated to a statement, the more you agree with that statement.

1. Organizational Characteristics (Please distribute 100 points)

- _____ The Organization is a very personal place. It is like an extended family. People seek to share a lot of themselves.
- _____ The Organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks
- _____ The Organization is a very formalized and structured place. Bureaucratic procedures generally govern what people do.
- _____ The Organization is very production oriented. A major concern is with getting the job done. People aren't very personally involved.

2. Self Evaluation of Organizational Leader (Please distribute 100 points)

- _____ Being the head of the Organization I consider myself to be a mentor, a sage, or a father or mother figure.
- _____ Being the head of the Organization I consider myself to be an entrepreneur, an innovator, or a risk taker.
- _____ Being the head of the Organization I consider myself to be a coordinator, an organizer, or an administrator.
- _____ Being the head of the Organization I consider myself to be a producer, a technician, or a hard driver.

3. Organizational "Glue" (Please distribute 100 points)

- _____ The glue that holds the Organization together is loyalty and tradition. Commitment to this Organization runs high.
- _____ The glue that holds the Organization together is a commitment to innovation and development. There is an emphasis on being first.
- _____ The glue that holds the Organization together is formal rules and policies. Maintaining a smooth-running Organization is important here.
- _____ The glue that holds the Organization together is the emphasis on tasks and goal accomplishment. A production orientation is commonly shared.

4. Organizational Emphases (Please distributed 100 points)

- _____ The Organization emphasizes human resources. High cohesion and morale in the Organization are important.
- _____ The Organization emphasizes growth and acquiring new resources. Readiness to meet new challenges is important.

- _____ The Organization emphasizes permanence and stability. Efficient, smooth operations are important.
- _____ The Organization emphasizes competitive actions, and achievement. Measurable goals are important.

Business Domain and Growth (Ask)

This portion of the questionnaire will gather data on the area of business in which you operate and on the growth trajectory of the business.

What broad industry does your company operate in?	Information Technology / Advertising / Construction
If possible, please Indicate a sub-industry or specialization area in which your company operates.	
<p>Please provide a brief description of your company's core function/s. What is the essence of your company?</p> <p><i>E.g. This company buys media space in advance and then sells it to corporations and/or agencies as and when they need it for specific advertising campaigns OR This company seeks to work with large corporations to reduce their IT expenses by incorporating open source software into their IT operating environment</i></p>	
In which year was your business founded?	
How many people did you employ in the business at the end of year 1 of operation (including the founders)?	
How many people do you currently employ in the business (including the founders)?	
How much external equity (capital) has been invested in the business i.e. What is the total rand value of equity invested in the business?	
How much revenue did the business generate in the most recent financial year?	<p>A. More than R100m B. R75m – R100m C. R50m – R75m D. R30m – R50m E. R20m – R30m F. R10m – R20m G. R5m – R10m H. R2m – R5m I. R1m – R2m J. Less than R1m</p>



How would you describe the rate of revenue growth in your business over the past 3 years?	A. Very high – annual increase in revenue of 50% or more B. High – annual increase in revenue of 30% - 50% C. Moderate to high - annual increase in revenue of 20% - 30% D. Moderate - annual increase in revenue of 10% - 20% E. Moderate to low - annual increase in revenue of 5% - 10% F. Low - annual increase in revenue of 1% - 5% G. Stagnant – no increase in revenue H. Declining – revenue has been declining over the past 3 years
In what range are your net profit margins?	A. Very high – net profit margins of 50% or more B. High – net profit margins of 30% - 50% C. Moderate to high - net profit margins of 20% - 30% D. Moderate - net profit margins of 10% - 20% E. Moderate to low - net profit margins of 5% - 10% F. Low - net profit margins of 1% - 5% G. Breakeven – not making profits but also not losing H. Losses – currently making losses
How many years did it take for the business reach breakeven i.e. begin making a profit?	

FOR RESEARCHER USE

The information in this block will NOT form part of the research study. This information is collected as a control mechanism to ensure that each person gathering data collects valid data from a legitimate business started in South Africa in the past 15 years.

RESPONDENT TELEPHONE NUMBER (Ask)

Please record a contact telephone number for the person that was interviewed to gather the data recorded in this questionnaire.

TELEPHONE NUMBER OF RESPONDENT:

This number will ONLY be used to follow up with the respondent to ensure that they actually completed the questionnaire under the guidance of a researcher.

RESEARCHER STATEMENT (Researcher to complete)

I certify that all the information in this questionnaire was gathered from a person who purports to have started a business in South Africa in the past 15 years.

RESEARCHER SIGNATURE:.....

RESEARCHER NAME:.....