

**Gordon Institute  
of Business Science**  
University of Pretoria

**Leadership roles, attitudes, and competencies required to develop firm-level  
dynamic capabilities enabling transition from SME to big business**

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## **Abstract**

Small and medium sized enterprises suffer from high rates of business discontinuance largely due to leadership incompetence. The consequences of the inability of leaders to establish viable business propositions and sustainable competitive advantage extend beyond firm-level competitiveness and are a matter of macroeconomic prosperity.

The purpose of this study was to contribute to the academic conversation on dynamic managerial capabilities by specifically focussing on the first attribute that underpins the concept: human capital. Moreover, the purpose of this study was to identify specifically what roles, attitudes, and competencies leaders require to more effectively develop firm-level dynamic capabilities enabling transition from SME to big business.

A two stage inductive exploratory methodology was adopted enabling data collection from a pre-qualified sample of 12 prominent entrepreneurs. The first stage of data collection was a qualifying questionnaire and the second stage involved primary data collection by means of in-person semi structured interviews.

The key outcomes of this study are that as businesses grow and transition, leaders need to adopt the right roles, have the right attitudes, acquire the right competencies, and be mindful of external enablers and inhibitors in order to develop dynamic capabilities that with effectively transition them from SME to big business.

## **Key Words**

Strategic management, dynamic capabilities, dynamic managerial capabilities, human capital, firm growth

## 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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7 November 2016

**Date**



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# 1 INTRODUCTION

It is widely accepted that entrepreneurship and private sector growth is a fundamental avenue to macroeconomic prosperity (Aparicio, Urbano, & Audretsch, 2015; Prieger, Bampoky, Blanco, & Liu, 2016). It is hence reassuring that the extensive research of the Global Entrepreneurship Monitor Report 2015/16 states that two thirds of adults worldwide consider entrepreneurship as a good career choice and 21% of them intend to start a business in the next three years (Donna, Slavica, & Mike, 2015).

## 1.1 Research Problem and Business Need

The Global Entrepreneurship Monitor Report 2015/16 however, further highlights that entrepreneurs face serious challenges with regards to business survival. There is a plethora of articles attempting to explicate the reasons for business discontinuance and failure rates, yet a few themes are repeatedly mentioned.

A few of the reasons identified include a lack of understanding the customer, providing unwanted product offerings, poorly communicating the value proposition, and implementing weak business models (Wagner, 2013). Sridharan (2016) continues by blaming poor financial management and the implementation of non-functional organizational structures. Mellor (2014) adds to the list by attributing failure to a lack of entrepreneurial preparedness and the poor association and collaboration of business partners.

Verona and Ravasi (2003) and Kelly et al. (2015) illustrate the business need for this study by agreeing that small businesses fail due to the inability of their leaders to establish viable business propositions and sustainable competitive advantage. Brownlee (2014) continues by summarizing that the major cause of SME failure is due to leadership and managerial incompetence.

Hence, the research problem and business need for this study is to identify what roles, attitudes, and competencies leaders must acquire in order to effectively develop competitive advantage and as such, avoid business failure. Competitive advantage is necessary for business survival and broader macroeconomic prosperity.

## 1.2 Literature Timeline and Academic Need

In what is to follow, is a brief presentation of the strategic management literature on competitive advantage. The imperative of presenting this brief timeline is to understand the academic need for the study.

The academic discussions on competitive advantage form part of the strategic management literature. Broadly speaking, the strategic management literature on competitive advantage is dominated by two schools of thought. The first school of thought is that of the industrial organization and the second school of thought relates to the resource-based view of the firm.

The industrial organization perspective on competitive advantage in itself is divided into two academic discussions. The first is led by Porter (2008) who states that industrial competitive forces are the origins of competitive advantage. The second perspective is led by Shapiro (1989) who states that game theory is the origin of competitive advantage.

The resource-based view perspective began with the seminal work of Edith Penrose and was further developed by Wernerfelt (1984) who states that firms need to consider their internal resources as the origin of competitive advantage.

The final and most recent perspective is that of dynamic capabilities. Dynamic capabilities are a direct extension of the resource-based view of the firm and the framework was introduced in the seminal work by Teece, Pisano and Shuen (1997). The focus of this study is on this perspective of dynamic capabilities.

The academic discussion on dynamic capabilities has seen much bifurcation over the years (Zahra, Sapienza, & Davidsson, 2006) and as such has further developed into new concepts. The framework has split into discussions regarding firm-level and individual-level capabilities. Teece et al. (1997) state that firm-level dynamic capabilities refer to the ability of a firm to “integrate, build, and reconfigure internal and external competencies” (p. 516), whilst individual-level competencies refer to the superior ability of leaders to orchestrate and configure internal resources (Kor & Mesko, 2013).

Adner and Helfat (2003) were the first to speak of individual-level competencies and termed this new concept: dynamic managerial capabilities. They stated that dynamic managerial capabilities are underpinned by three attributes: human capital, social



capital, and managerial cognition. The first study conducted, focusing only on one of these attributes, was done by Helfat and Peteraf (2015) who researched the third attribute of managerial cognition.

The gap in literature was hence identified in that the first and second attributes of dynamic managerial capabilities had not yet been researched. As such, this study focuses on the first attribute of dynamic managerial capabilities: human capital.

### **1.3 Research Context**

The above timeline and explanation of the developmental path of the strategic management literature on competitive advantage makes it apparent that the academic context of this study is the attribute of human capital in the dynamic managerial capabilities concept.

The organizational and situational context of this study is the transition stages from SME to big business.

### **1.4 Research Purpose and Objectives**

The general purpose of this study was to contribute to the academic literature on dynamic capabilities and dynamic managerial capabilities.

The specific purpose of this study was to contribute to the academic literature by researching the dynamic capabilities framework from an unexplored perspective. The perspective adopted was on the human capital attributes of dynamic managerial capabilities. Specifically, to establish what roles, attitudes, and competencies leaders need to develop to more effectively establish firm-level dynamic capabilities enabling transition from SME to big business.

The research objectives of this study were hence to:

1. Understand, synthesize, and present the extant literature on leadership competencies, dynamic capabilities, and dynamic managerial capabilities
2. Conduct exploratory research into the specific leadership roles, attitudes, and competencies leaders need to develop to more effectively establish firm-level dynamic capabilities enabling transition from SME to big business. In so doing, the objectives were to:
  - a. Interview at least ten entrepreneurs that have successfully managed to transition their firms from SME's to big businesses

- b. Analyse the data collected in anticipation of finding common themes relating to the roles, attitudes, and competencies leaders need to develop to more effectively establish firm-level dynamic capabilities enabling transition from SME to big business
3. Develop a theoretical model presenting the specific leadership roles, attitudes, and competencies leaders need to develop to more effectively establish firm-level dynamic capabilities enabling transition from SME to big business

## **1.5 Research Motivation**

The researcher's motivation to conduct this study was two-fold.

The first motivation was to contribute to the academic endeavour of understanding the sources and methods of developing sustainable competitive advantage. The specific motivation to research within the dynamic capabilities framework originated because this perspective was the most recent on competitive advantage and because of the infrequent phenomenon of rapid growth in academic interest regarding this concept (Di Stefano, Peteraf, & Verona, 2014).

The second motivation of the researcher originated due to the severity of the macroeconomic consequences that ascend from high rates of entrepreneurial and business failure (Aparicio et al., 2015). The opportunity to contribute to the pool of knowledge that will assist future business leaders to avoid failure and succeed in their efforts to develop dynamic capabilities and effectively transition their firms into big businesses was perceived to be a purposeful effort.

## **1.6 Research Assumptions**

It is important to note upfront that throughout this study, two assumptions are presumed. The first assumption is that firm-level dynamic capabilities indeed assist firms to more effectively transition from SME's to big businesses and the second assumption is that leaders possessing individual-level dynamic managerial capabilities are better equipped to develop firm-level dynamic capabilities.

The first assumption is to some extent validated by Winter (2003) who stated that firms possessing dynamic capabilities undoubtedly hedge against obsolescence of operational capabilities (work routines).

## 2 LITERATURE REVIEW

This chapter begins by outlining the extant literature on the required competencies for effective leadership. Thereafter, the dynamic capabilities framework is reviewed followed by the most recent literature on dynamic managerial capabilities.

The review focuses on the dynamic capabilities framework and in this part of the review, the origins of the framework are studied by looking into the four historical perspectives of competitive advantage. Thereafter, due to the ample ambiguity in the key constructs of the framework, the review clarifies exactly what dynamic capabilities are.

Towards the end of the review, the most recent literature on dynamic managerial capabilities is covered that brings together the two discussions on a) leadership competencies and b) dynamic capabilities in the context of sustainable organizational growth.

### 2.1 Effective Leadership Competencies

This section focuses on the extant literature regarding leadership competencies that are required to lead and grow an organization effectively. Personal competencies of leaders are known to undoubtedly influence organizational performance and success (Bamiatzi, Jones, Mitchelmore, & Nikolopoulos, 2015).

Although the context of this study is organizational growth from SME to big business, the discussion that follows regarding leadership competencies, includes insights of literature from the fields of entrepreneurship, psychology, organizational development, and organizational behaviour. Therefore, the leadership competencies discussed and presented below are applicable across various stages of organizational growth.

#### 2.1.1 Passion, Perseverance, and Preparedness

Contrary to common belief, early studies on the effects of passion and perseverance found that there was no direct effect of these personal characteristics on organizational performance and growth (Baum & Locke, 2004). Instead, Baum and Locke (2004) stated that “the positive effects of these characteristics are in fact indirect and result from situational and task-specific factors” (p. 596). These factors include non-trait mechanisms such as setting goals and communicating a vision.

In contrast to this view and aligned to popular belief, passion, perseverance, and inspirational leadership have recently been found as three entrepreneurial competencies highly valued by investors because they result in favourable organization performance and growth (Murnieks, Cardon, Sudek, White, & Brooks, 2016). Murnieks et al. (2016) arrive at the conclusion that, of the three competencies mentioned above, the union of perseverance and passion is the most powerful followed by the union of perseverance and inspirational leadership. Individually, perseverance is found to be the most desirable competency of entrepreneurs.

The work conducted by Murnieks et al. (2016) was in partial development of the passion research done by Chen, Yao, and Kotha (2009) who state that passion is a dichotomized construct. Chen et al. (2009) define passion as an “intense affective state accompanied by cognitive and behavioural manifestations of high personal value” (p. 199). The dichotomy arises because the definition relates to cognition and behaviours; meaning that, passionate individuals are not only emotional but also continuously apply their minds to what it is that they are passionate about and thereby are more likely to take frequent action. Such cognition and behaviours are constructive competencies in the context of organization performance and growth.

The concept of passion is thus not limited to emotion. Chen et al. (2009) concur with the recent works of Murnieks et al. (2016) as they conclude that preparedness is indeed a more important competency than the emotional elements of passion. Preparedness derives from the cognitive and action-driven elements of passion and hence agrees with the findings of Murnieks et al. (2016) regarding the union of perseverance and passion being the most powerful competency.

### **2.1.2 Entrepreneurial Behaviour, Confidence, and Self-Efficacy**

There is a large volume of entrepreneurship literature that emphasizes the need for leaders to create organizations that are entrepreneurially focussed (Kupers & Weibler, 2008). This discussion has given birth to the concept of entrepreneurial leadership and links neatly with the strategic management literature that also stresses the need for leaders and managers to continuously think creatively and act entrepreneurially (Teece, 2014).

An entrepreneurial focus alludes to behaviours such as extraversion, energy, and ambition. Moreover, behaviours such as continuously setting SMART goals and having high levels of self-efficacy increase the chances of improved firm performance. Baum

and Locke (2004) state that these findings are in concert with hundreds of preceding studies. SMART goal refer to goals that are Specific, Measurable, Achievable, Realistic, and Timeous.

Bamiatzi et al. (2015) further support the necessity of entrepreneurial thinking by stating that many female entrepreneurs are successful because they exhibit entrepreneurial competencies such as being highly attuned to market stimuli and opportunities. In addition, they have a stronger propensity to create climates of creativity and innovation in their firms.

### **2.1.3 Self-Awareness, and Willingness to Learn**

The ability to recognise what competencies are relevant and necessary in a leadership role is a superior ability in itself (Gentry & Sparks, 2012; Yeow & Martin, 2013). This however, can only be known if leaders are open, willing to learn, and continuously engage in cycles of self-regulated learning (Bjork, Dunlosky, & Kornell, 2011).

Gentry and Sparks (2012) state that self-aware leaders are able to understand what learning initiatives are most required in their organizations. This means that self-aware leaders are cognisant of their imperfect knowledge and that of their employees. Furthermore, self-aware leaders are more capable of self-monitoring their behaviour and therefore are able to effectively lead in a wider range of business challenges (Sur & Prasad, 2011).

The construct of self-awareness appears to be a fundamental leadership competency and is deemed an appropriate starting point for interpreting what constitutes authentic leadership (Avolio & Gardner, 2005). Self-awareness thus has much to do with a broader and deeper understanding of the entire organisation and its employees.

### **2.1.4 Proactive Personality and Change Orientation**

Proactive behaviour was officially reformed into a an academic construct following seminal work conducted by Bateman and Crant (1993). Their study suggests that some people have a higher propensity to actively and intentionally change their environment by exhibiting certain behaviours.

Bateman and Crant (1993) state that “proactive behaviour is behaviour that directly alters environments” (p. 104). Crant (2000) continues to state that this includes “the

ability to identify opportunities and act on them, show initiative, take action, and persevere until meaningful change occurs” (p. 439).

More recent work integrating the proactive behaviour construct and the Big Five personality traits (neuroticism, extraversion, openness, agreeableness, and conscientiousness) states that proactive behaviours are positively correlated to extraversion, openness, and conscientiousness (Major, Turner, & Fletcher, 2006).

Caligiuri and Tarique (2012) agree and further develop these findings by stating that the personality traits of extraversion and openness enhance the ability of leaders to exhibit cultural flexibility and high levels of tolerance to ambiguity. Leaders with a proactive personality are therefore better equipped in today’s fast-paced business environment as they exhibit a more positive orientation to change.

As demonstrated earlier, the willingness and ability to continuously learn is a fundamental leadership competency. Proactive people are known to be more motivated and willing to learn (Major et al., 2006) and it has been found that perceptions of charismatic leadership are positively correlated to varying degrees of proactive behaviour (Crant & Bateman, 2000).

### **2.1.5 Communication**

The skill to effectively communicate is considered paramount by most authors writing about leadership competencies. In the entrepreneurship literature, it is known that clearly articulating targets creates a sense of urgency for entrepreneurial behaviour (Kor & Mesko, 2013).

Moreover, Roomi and Harrison (2011) state that clearly communicating a vision to employees is critical to developing and taking advantage of opportunities and gaining a competitive advantage.

## **2.2 Dynamic Capabilities**

In this section, the dynamic capabilities framework is reviewed. The section begins by explaining the meaning of terminology that is frequently used within the literature. It then continues to explicate the origins of the framework, then explains exactly what dynamic capabilities are and finally, the most recent literature on dynamic managerial capabilities is reviewed.

## **2.2.1 Terminology**

Despite ample ambiguity in the literature on dynamic capabilities, consensus has been reached that dynamic capabilities deal with change (Zahra et al., 2006). Therefore throughout this study, the original definition of dynamic capabilities is used. Dynamic capabilities were defined by Teece et al. (1997) as “a firm’s ability to integrate, build, and reconfigure, internal and external competencies to address rapidly changing environments” (p. 516).

In the above definition, the word dynamic implies that this ability relates to continuously aligning a firm’s idiosyncratic resources to its strategy in fast-paced business environments (Teece, 2014).

Moreover, a competitive advantage is considered that which allows a firm to earn supernatural profits in the long term, resources are considered potentially productive tangible and intangible assets and people that are semi-permanently attached to a firm, and a capability is the capacity to perform a particular activity in a reliable and at least minimally satisfactory manner (Helfat & Winter, 2011)

## **2.2.2 Origins of Dynamic Capabilities**

The dynamic capabilities framework falls under the faculty of strategic management. Strategic management in turn is largely concerned with how firms generate and sustain competitive advantage (Ambrosini & Bowman, 2009). The literature on competitive advantage is broadly divided into four historical perspectives.

The main question pursued in the discussions on competitive advantage is how do firms establish temporary competitive success and sustain this in the long-run? The extant literature makes it explicit that there are two broad schools of thought regarding the origins of competitive advantage. The first school of thought relates to the discussion on the industrial organization and the second is the resource-based view of the firm (Huang, Dyerson, Wu, & Harindranath, 2015). The dynamic capabilities framework is a direct extension of the resource-based view of the firm.

### **2.2.2.1 The industrial organization perspective of competitive advantage**

The industrial organization perspectives support that firms are better suited to attain a competitive advantage by leveraging external industry forces and best positioning

themselves strategically in relation to these forces. Michael Porter (1979, 1996, 2008) and Carl Shapiro (1989) are thought leaders in this field.

Porter (2008), famous for his five forces theory, states that leaders must endeavour to position their companies where industry forces are weakest, exploit changes in the industry forces, and reshape industry forces in their favour. These industry forces include the threats of new entrants and substitute products, the bargaining power of suppliers and buyers, and the level of rivalry existing in the industry. Porter (2008) states that “understanding the competitive forces, and their underlying causes, reveals the roots of an industry’s current profitability while providing a framework for anticipating and influencing competition (and profitability) over time” (p. 26).

This concept of anticipation, influence, and manipulation of competitors as a source of competitive advantage is further supported by Shapiro (1989) in his discussion about game theory. Shapiro explains that game theory allows for competitor actions and behaviours to be anticipated in advance and hence gives the deliberating firm a competitive advantage. Shapiro confidently states that he has discovered the theory of business strategy by using game theory as the only coherent way of logically analysing strategic behaviour and supports that game theory is possibly the only tool able to provide the diversity needed to successfully understand the complexity of business strategies and industries.

The fundamental agreement between Shapiro (1989) and Porter (2008), that classifies them as industrial organization economists, is that they both support the need to look closely at industry structure and the competition that prevails within it (external factors) to assist in decision-making that will lead to a sustainable competitive advantage and superior rents.

#### **2.2.2.2 The resource-based view perspective of competitive advantage**

The resource-based view of the firm is the second school of thought regarding competitive advantage. The main difference between the resource-based perspective and the industrial organization perspective is that the former is inward looking whereas the latter is externally focussed. Both perspectives however, have competitive success at heart (Huang et al., 2015).

The work of Wernerfelt (1984) states, “the idea of looking at firms as a broader set of resources goes back to the seminal work of Penrose” (p. 171). Some authors however, think that the work of Penrose has been misinterpreted and was not intended to



contribute so extensively to the extant literature on the resource-based view (Rugman & Verbeke, 2002).

Despite this however, Rugman and Verbeke (2002) continue to say that Penrose did inspire many of the questions for research conducted on the resource-based view and did indeed share many similarities with the descriptive building blocks of this perspective. They maintain that her normative premises were very different but, despite this misalignment, general consensus exists that Edith Penrose was the mother of the strategic management perspective on competitive advantage.

The central theme of the resource-based view is that managers and entrepreneurs must consider internal resources equally as important as their final products (Wernerfelt, 1984). In other words, leveraging internal resources, instead of focusing on industries, competitors, or end products, will enable firms to better seize external opportunities.

This perspective therefore suggests that competitive advantages lie upstream of product markets and not on industry-level. They are found in internal resources that are idiosyncratic, non-tradable, and are built over long periods of time (Teece et al., 1997). These resources include assets such as technological know-how, intellectual property, business processes, customer relations, reputation, brand names, machinery, capital, and core competencies (Prahalad & Hamel, 1990; Teece, 2016).

Further rationale for the resource-based view states that company resources are heterogeneous and that the susceptibility of a firm to capability lifecycles enables a firm to have unique resources and remain competitive (Helfat & Peteraf, 2003). Additionally, Helfat and Peteraf (2003) in their discussion of capability lifecycles explain that all organizational capabilities are subject to a developmental path, similar to how products follow a product lifecycle. Whilst passing through the founding, development, and maturity stages, capabilities are transformed by firm-specific internal and external influences. This process alters the developmental trajectory of each capability and helps explain the heterogeneity of firm resources and capabilities.

To reiterate, the resource-based view differs from the industrial organization perspectives because the latter places little emphasis on the importance of internal resources. They are focussed on industry forces and behaviours of competitors. The resource-based view emphasizes the importance of internal resources to the extent that Eisenhardt and Martin (2000) state that if internal resources are indeed valuable, rare, imperfectly imitable and difficult to substitute (Barney, 1991) then a firm is able to

achieve a sustainable competitive advantage by exploiting emerging markets or is even capable of inventing new markets.

The discussion on sustainable competitive advantage has been going on for many decades but has yet to reach a definitive consensus. The two schools of thought discussed above have dominated the discussions and appear to be complimentary. Teece et al. (1997) stated that an appreciation of all perspectives is needed to fully understand the origins of sustainable competitive advantage. Huang et al. (2015) further support this view by stating that a firm's competitive advantage is determined by two major forces, an endogenous force from resources and capabilities (the resource-based perspective), and an exogenous force from market position (the industrial organization perspective).

This integrated thinking, coupled with the dynamic capabilities framework that specifically accounts for competitive advantage in fast-paced business environments, has dominated current research in the faculty of strategic management.

### **2.2.3 The Dynamic Capabilities Framework**

According to Teece et al. (1997), the main difference between the resource-based view and dynamic capabilities framework is that dynamic capabilities are most needed in times of rapid change and dynamism. In addition, they state that being endogenous and inward looking is necessary but insufficient.

The resource-based view considers the nature of firm resources fundamental in developing competitive advantage whereas the dynamic capabilities view considers the superior ability of a firm's managers fundamental in developing competitive advantage (Eisenhardt & Martin, 2000; Helfat & Peteraf, 2003). This point is amplified further in the recent discussion by Teece (2016) who stated that dynamic capabilities are indeed a superior ability of a firm's managers.

Although the framework is a direct extension of the resource-based view, the theoretical roots of dynamic capabilities come from seven different schools of thought (Di Stefano et al., 2014) (Appendix 1).

The dynamic capabilities perspective is the most current perspective on sustainable competitive advantage and Teece et al. (1997) developed the concept because they identified that although many well-known companies had followed a resource-based approach, and consequently had accumulated many valuable resources, they were

unable to maintain a competitive advantage in the modern, fast-paced, and highly technological business environment. The framework therefore, provides insight into how firms can obtain sustainable competitive advantage in fast-paced business environments.

Such insights include that firms need to maintain a competitive advantage by being highly responsive, flexible, innovative, and effective at redeploying internal and external competencies (Teece et al., 1997).

Over the years, the academic discussion on dynamic capabilities has seen much bifurcation on many levels. This is made apparent by Zahra et al. (2006) who said that the dynamic capabilities literature is “riddled with inconsistencies, overlapping definitions, and outright contradictions” (p. 917). This is further illustrated in the fact that the views of Teece et al. (1997) differ from many other authors on seemingly simple issues.

For instance, consensus has not been reached with regards to the term dynamic. Teece (2016) maintains that the term dynamic refers to the business environment being fast-paced and ever changing whereas Helfat and Winter (2011) mention that they often encounter authors qualifying a capability as dynamic if it seemingly brings about large amounts of change in short periods of time.

Due to the bifurcation and lack of consensus, at this point it is useful to review the definitions provided for the concept throughout its development. Di Stefano et al. (2014) neatly present a consolidation of these definitions (Appendix 2).

Teece (2007) attempted to explicate the understanding of dynamic capabilities by stating that “the ambition of the dynamic capabilities framework is nothing less than to explain the sources of enterprise-level competitive advantage over time” (p. 1320). He continued to say that, dynamic capabilities cannot be bought or acquired but must be built over many years. The only exception to this would be if resources and capabilities were bought through mergers and acquisitions or acquired through alliances.

Despite this attempt to clarify the framework, Di Stefano et al. (2014) maintain that the academic discussion is still experiencing much confusion and that the understandings of the framework are not converging around its core elements.

The fundamental logic of the framework is that supernatural profits and a sustainable competitive advantage can only be attained through close alignment of company

resources, ordinary capabilities, strategy, and existing dynamic capabilities (Teece, 2014). This in turn can only be achieved if managers and leaders of organizations possess the superior ability of effectively realigning their organization and its internal competencies to the fast-paced changes in the external business environment (Teece, 2016).

### **2.2.3.1 Operational vs. dynamic capabilities**

The strategic management literature in general is saturated with articles on capabilities. Helfat and Winter (2011) state that capabilities refer to an organization having the “capacity to perform a particular activity in a reliable and at least minimally satisfactory manner” (p. 1244). Moreover, there appears to be a unanimous consensus from scholars that capabilities follow a hierarchy.

What is meant by this is that, first-level capabilities are routines that are rooted in knowledge. Second-level capabilities are dynamic capabilities that are needed to create first-level capabilities. Thereafter, the output of dynamic capabilities is a new configuration of resources and operational routines (Cepeda & Vera, 2007). First-level capabilities are interchangeably referred to in the literature as operational, first-order, or zero-level capabilities.

Operational capabilities involve activities required to achieve an end or solve a certain problem. They involve administrative, operational, and governance related functions needed to ensure work is completed satisfactorily, enabling a firm to sell its products and survive (Koryak et al., 2015). In other words, operational capabilities involve the ability of a firm to repeat an activity on an on-going basis to provide its products and services to the same customer population (Helfat & Winter, 2011).

In contrast, dynamic capabilities refer to the superior ability of a firm’s managers to alter its ordinary capabilities and hence maintain a competitive advantage (Teece, 2016). Any intentional routine work that results in a changed product, procedure or process is considered a dynamic capability (Koryak et al., 2015). Examples of dynamic capabilities include those needed to conduct acquisitions, alliances, new product development, and strategic decision making (Cepeda & Vera, 2007; Helfat & Winter, 2011).

In his explanation on the difference between operational and dynamic capabilities, Teece (2014) stated that at best, fine-tuned, efficient operational capabilities can provide an advantage to firms operating in competitive markets for a short period of

time. However, in order to benefit from long-run sustainable competitive advantages, firms need to have dynamic capabilities and a focus on innovation.

Moreover, dynamic capabilities improve firm competitiveness in the long-run because they involve the ability to orchestrate operational activities towards high-payoff endeavours in fast-paced environments.

It is apparent that the key difference between the two constructs is that operational capabilities refer to the routine ways in which firms make a living whereas dynamic capabilities talk to a superior ability of managers. This superior ability refers to ways in which managers must continuously alter the resource base and operational routines of their firms as to ensure that their firms constantly benefit from short-term competitive advantages.

### **2.2.3.2 Other perspectives on competitive advantage**

One argument against the need to develop dynamic capabilities ascended from Winter (2003) who stated that organizations can consider not investing in dynamic capabilities but choose to deal with change by adopting an ad hoc problem solving approach.

An ad hoc problem solving approach entails that employees, usually doing ordinary routine work can from time to time be diverted to solving problems as they arise from the external environment. The rationale behind this approach is that dynamic capabilities are costly and that the cost of ad hoc problem solving is considerably less.

Despite his opposing view however, Winter (2003) concludes by supporting that, firms possessing dynamic capabilities undoubtedly hedge against obsolescence of operational capabilities.

Another view is presented in the influential work by Eisenhardt and Martin (2000). In fact, their work is also considered to be seminal work in the domain of dynamic capabilities as it has created a schism in the conversation of the dynamic capabilities concept and caused it to take two directions (Peteraf, Di Stefano, & Verona, 2013).

The thrust of their argument is that sustainable competitive advantage comes from continuous new configurations of resources and operational capabilities. Although appearing tautological, Eisenhardt and Martin (2000) insist that dynamic capabilities are not a superior ability of managers but merely well performed organizational and strategic processes such as alliancing and product development. In other words, Eisenhardt and Martin (2000) argue that the concept of dynamic capabilities is in fact

not a new concept but merely a new way of framing the good performance of organizational capabilities.

Eisenhardt and Martin (2000) do however acknowledge that these processes are idiosyncratic in their detail but maintain that they are simply best practices exhibited by leading firms and not a superior ability of managers and leaders per se.

### 2.3 Dynamic Managerial Capabilities

Since this study seeks insights into the individual-level leadership roles, attitudes, and competencies leaders need to develop to more effectively establish firm-level dynamic capabilities, the current under-developed literature on dynamic managerial capabilities is highly relevant. The concept of dynamic managerial capabilities was first introduced by Adner and Helfat (2003) and built upon by Teece (2007).

Adner and Helfat (2003) introduced the concept of dynamic managerial capabilities to help explain the significant heterogeneity they found in managerial decision making of people that were faced with the same external changing environment. They conclude that dynamic managerial capabilities are underpinned by three attributes. These include managerial human capital, managerial social capital, and managerial cognition.

Teece (2007) placed particular emphasis on the individual-level competencies that managers require in order to develop firm-level dynamic capabilities. He spoke about the micro-foundations of dynamic capabilities which include the managerial ability to *sense* the environment, *seize* opportunities, and *reconfiguring* resources. These abilities form the three foundational classes of dynamic managerial capabilities (Helfat & Peteraf, 2015)

What Adner and Helfat (2003) basically advocated is that, in order to *sense*, *seize*, and *reconfigure* effectively; managers need to have a certain level of education and experience (human capital), strong social networks (social capital), and high levels of managerial cognition. Adner and Helfat (2003) state that managerial cognition refers to “knowledge or assumptions about future events, knowledge of alternatives, and knowledge of alternatives of future events” (p. 1021).

In addition to this, Kor and Mesko (2013) add that, CEO’s need to have the superior abilities of continuously orchestrating and configuring top executives. Configuring top executives relates to the capability of identifying, recruiting, and bringing together the managerial skills needed to sense, seize, and reconfigure. Orchestrating relates to the

capability of a CEO to facilitate individual and team efforts by aligning a firm's assets to the human capital that it possesses.

The most recent literature on the concept of dynamic managerial capabilities delves specifically into one of the three attributes underpinning the concept: managerial cognition. In this regard, Helfat and Peteraf (2015) argue that the need for leaders to perform cognitive tasks is as important as the need for them to perform physical tasks.

The first cognitive managerial capabilities that Helfat and Peteraf (2015) speak of include, perception and attention. These capabilities enable leaders to *sense* the environment and effect strategic change by recognizing and creating opportunities.

The second cognitive managerial capabilities include problem solving and reasoning. These capabilities enable leaders to *seize* opportunities and hence improve firm performance by choosing profitable business models and securing institutional investment.

The final cognitive managerial capabilities include social cognition and good use of language for effective communication. These capabilities empower leaders to *reconfigure* and hence improve competitive advantage by overcoming resistance to change and strategically aligning firm assets.

It is apparent that firms will differ in their dynamic managerial capabilities, which evidently results in the heterogeneity of firm performance and the allocation of sustainable competitive advantage (Helfat & Martin, 2015).

## 2.4 Conclusion

The literature review above covered what scholars have discussed regarding desirable leadership competencies required to effectively grow firms. Thereafter, the review discussed the two broad schools of thought regarding competitive advantage. Within this discussion, the four perspectives on competitive advantage: industry forces, game theory, resource-based view of the firm, and dynamic capabilities we reviewed.

Throughout the emphasis on the perspective of dynamic capabilities, specific mention was made to the difference between operational and dynamic capabilities. Moreover, various views opposing the dynamic capabilities framework were presented.

In concluding the review, the academic discussion regarding the current concept of dynamic managerial capabilities was reviewed making special mention of one of the attributes that underpin this concept: managerial cognition.



### **3 RESEARCH OBJECTIVES**

This study is concerned with the strategic management literature regarding sustainable competitive advantage. More specifically, this study is focussed on the most recent perspective of competitive advantage called the dynamic capabilities framework.

The precise purpose of this study was to research the dynamic capabilities framework, from the unexplored perspective of human capital competencies needed to establish dynamic managerial capabilities. Specifically, to establish what roles, attitudes, and competencies leaders need to acquire to develop firm-level dynamic capabilities and more effectively transition their firms from SME's to big businesses.

The contributions of this study intend to build on the current body of knowledge regarding the dynamic capabilities framework and competitive advantage at large.

Specifically, this study intends to build on the underdeveloped concept of dynamic managerial capabilities by focussing on one of its unexplored underpinning attributes: human capital.

The overarching research objectives of this study were hence to:

1. Understand, synthesize, and present the extant literature on leadership competencies, dynamic capabilities, and dynamic managerial capabilities
2. Conduct exploratory research into the specific leadership roles, attitudes, and competencies leaders need to develop to more effectively establish firm-level dynamic capabilities enabling transition from SME to big business.
3. Develop a theoretical model presenting the specific leadership roles, attitudes, and competencies leaders need to develop to more effectively establish firm-level dynamic capabilities enabling transition from SME to big business

#### **3.1 Research Questions**

This study commits to answering the following four research questions in anticipation of finding common themes illustrating the specific roles, attitudes, and competencies that leaders need to acquire to develop dynamic capabilities.

##### **3.1.1 Research Question 1**

What are the roles of leaders in shifting firms to greater levels of dynamic capabilities?

### **3.1.2 Research Question 2**

What are the external enablers and inhibitors for leaders to transition from SME to big business?

### **3.1.3 Research Question 3**

What are the attitudes to change that enable leaders to develop dynamic capabilities?

### **3.1.4 Research Question 4**

What are the specific leadership competencies required to develop dynamic capabilities and ensure effective transition from SME to big business?

## **4 RESEARCH DESIGN AND METHODOLOGY**

The layout of this chapter follows the recommendations of Hofstee (2006). To begin with, the research design is explained which discusses the strengths and weaknesses of the data collection techniques used as well as the rationale for choosing them within the context of this study. Thereafter, the research methodology is explained which rigorously discusses the particular use and appropriateness of the data collection techniques used as well as the process of data analysis. The chapter ends off with a brief discussion regarding the limitations of this study.

### **4.1 Research Design**

An inductive exploratory approach to research was adopted in this study. Furthermore, data collection was designed to be a two stage process, each stage using a different data collection technique. The two data collection techniques used were, a) questionnaire and b) interview guideline.

#### **4.1.1 Inductive Exploratory Research**

Given that the focus of this research is the roles, attitudes, and competencies required of leaders to develop dynamic capabilities, the academic literature on dynamic managerial capabilities is very relevant. This literature however, is still in its nascent stages and is underdeveloped (Helfat & Martin, 2015). The underdevelopment results in a lack of concrete theories, frameworks, models, or propositions and therefore a deductive approach to research could not be used as there was no theory base to be tested (Saunders & Lewis, 2012). Consequently, an inductive approach was adopted with the ambition of developing theory from the data collected and analyzed.

An inductive approach was also deemed more relevant because the second stage of data collection involved exploratory interviews and open ended questions. Exploratory studies generally seek new insights and assess topics from a new perspective (Saunders & Lewis, 2012). The new perspective adopted in this study was researching dynamic managerial capabilities from the unexplored angle of roles, attitudes, and competencies required of leaders to develop dynamic capabilities.

#### **4.1.2 Strengths and Weaknesses of Data Collection Techniques**

Data collection was conducted as a two stage process with each stage using a different data collection technique. The first stage of data collection used a questionnaire and

the second stage used an interview guideline. The purpose of the first stage of data collection was to identify whether respondents would qualify to be interviewed. The purpose of the second stage of data collection was to explore the specific roles, attitudes, and competencies that leaders need to acquire to develop dynamic capabilities.

#### **4.1.2.1 Questionnaires**

The reasons why a structured questionnaire was chosen as the first data collection technique was because it offered a standard set of questions that could be asked to a wide range of prospective participants (Hofstee, 2006). Maintaining consistency in the questions was essential to eventually establishing a reliable research sample.

Although it is known that questionnaires pose the disadvantage of being rigid and not allowing easy analysis of open ended questions (Hofstee, 2006), this did not affect the effectiveness of the technique in this study because the first stage of data analysis was designed solely to qualify respondents. The data collected from this stage was not used to analyze roles, attitudes, and leadership competencies needed to develop dynamic capabilities.

#### **4.1.2.2 Interviews**

Exploratory studies are well suited for research questions that pose complex issues and situations with unknown answers (Saunders & Lewis, 2012). For this reason, the exploratory approach of in-person semi-structured interviews was deemed appropriate because the concepts of competitive advantage and roles, attitudes, and leadership competencies are complex and heterogeneous in nature (Helfat & Martin, 2015).

Interviews allowed the flexibility to explore past leadership experiences of participants and for open conversation to perspire. In addition, this technique enabled the researcher to identify at what point data saturation had been obtained. The open ended conversations enabled the researcher to identify when commonalities in leadership roles, attitudes, and competencies were repeatedly revealed by participants (Saunders & Lewis, 2012).

## 4.2 Research Methodology

This section provides a thorough description and justification of the appropriateness of the data collection techniques followed by a detailed explanation of how the data analysis process was conducted.

### 4.2.1 Stage 1 Data Collection: Questionnaires

The focus and context (transition from SME to big business) of this study demanded that data consisting of insights into which roles, attitudes, and competencies of leaders are required to develop dynamic capabilities were pursued *specifically* from respondents that have managed to lead their organizations through a growth transition from SME to big business. As such, the researcher needed to establish qualifying criteria that would enable the selection of the most appropriate respondents.

Three qualifying criteria were established by the researcher that participants needed to pass in order to qualifying for an interview. These criteria were as follows:

- a) Participants needed to have participated in a growth transition from SME to big business
- b) Participants needed to be leaders in their organizations
- c) Participants needed to be responsible for the establishment of competitive advantage in their organizations

A challenge was encountered with regards to distinguishing between a SME and a big business. The answer to this challenge was discovered from the National Small Business Act of 1996 (NSBA of 1996). The NSBA of 1996 schedule clearly stipulates criteria and limits to distinguish between micro, very small, small, and medium sized firms (Appendix 3). The criteria used by the NSBA of 1996 are:

1. Number of full-time equivalent of paid employees
2. Annual turnover
3. Total gross asset value (excluding fixed property)

It is important to clarify that only one of the above three criteria needed to fall within the parameters of an SME in order to classify the firm as an SME. In other words, if a firm had 1) the number of employees of a big business, 2) the annual turnover of a big business, but 3) the asset value of an SME, the firm was classified as an SME. In order to be classified as a big business, all three criteria needed to classify the firm as such.

Limits to the criteria of the NSBA of 1996 differ per industry. For this reason, participants were asked to disclose the industry in which their firm operated. Moreover, to establish qualifying criteria b) and c) above, participants were asked if they were leaders in their organizations and whether they were responsible for the establishment of competitive advantage in their organizations.

Respondents only qualified for an interview if they passed all three qualifying criteria. This methodology greatly assisted in identifying an appropriate research sample for this study.

The process of completing the questionnaire was designed to be simple and speedy for two reasons. Firstly, the purpose of the questionnaire was simply to gather data to identify if participants qualified for an interview. Secondly, the researcher intended on interviewing prominent entrepreneurs that were well-known for their successes in scaling their organizations. It was assumed that these people would not have the time to complete longer questionnaires. As such, the questionnaire consisted of only ten short closed ended questions. The questionnaire template can be seen in Appendix 4.

The questions of the questionnaire each had a specific purpose. These are outlined below:

- Question 1: asked participants to disclose how many years of working experience they had throughout their entire career. This data would be useful to compile statistics regarding the qualified sample. These statistics in turn would assist in presenting the validity and quality of the chosen sample.
- Question 2: asked participants to disclose the company that would form the context of an interview in their mind. In other words, which company would participants relate to if they were to partake in an interview? This data would be useful throughout the course of the interview by assisting the researcher to host personal and meaningful conversation.
- Question 3: asked participants to disclose what industry this company operated in. This data was needed to complete the benchmarking against the criteria of the NSBA of 1996.
- Question 4: asked participants to disclose how many years of working experience they had at this company. This data would be useful to compile statistics regarding the qualified sample.

- Question 5: asked participants to disclose their professional title at this company. This data would be useful to compile statistics regarding the qualified sample.
- Question 6, 7, and 8: asked participants to disclose information regarding the three criteria of the NSBA of 1996. In other words, participants were asked to disclose 1) the employee headcount, 2) the annual turnover, and 3) the asset value of this company when they started / joined the company and currently / when they left this company. This data was needed to complete the benchmarking against the criteria of the NSBA of 1996.
- Question 9 and 10: asked participants to disclose if they were leaders in this company and if they were responsible for the establishment of competitive advantage in this company. This data was needed to identify if participants qualified against criteria b) and c) as established by the researcher.

#### 4.2.2 Stage 2 Data Collection: Interviews

An interview guideline consisting of eight open ended questions was used to conduct the interviews. The questions were designed to probe respondents into mining their experiences for insights regarding the research questions. Although the guideline served to probe respondents, the questions were not leading and hence, allowed for open conversation to perspire.

Table 1 below shows the consistency between the interview guideline and the four research questions of this study. The interview guideline can be seen in Appendix 5.

**Table 1: Alignment of research questions and interview guideline**

Research Question	Interview Guideline Question
What are the roles of leaders in shifting firms to greater levels of dynamic capabilities?	2, 3, 8
What are the external enablers and inhibitors for leaders to transition from SME to big business?	5a
What are the attitudes to change that enable leaders to develop dynamic capabilities?	7
What are the specific leadership competencies required to develop dynamic capabilities and ensure effective transition from SME to big business?	4, 5b, 6

A total of 12 interviews were conducted with a total of 13 respondents. One interview was conducted with two respondents simultaneously. The shortest interview lasted for 16 minutes and the longest interview lasted 54 minutes.

Of the 12 interviews conducted, nine of them were conducted in person, two were conducted via Skype and one was conducted telephonically.

### **4.3 Data Analysis**

This section will focus on the process of data analysis. It begins by explaining how the stage 1 data (questionnaires) was analyzed and then continuous to explain how the stage 2 data (interviews) was analyzed.

#### **4.3.1 Stage 1 Data Analysis: Questionnaires**

The analysis of the data obtained from the questionnaires was a two-stage process in itself.

For the reason that all 13 participants were executive management people, they did not have time to complete the questionnaires on their own. Therefore, in good faith, the researcher set up meetings to actually conduct interviews and he asked the participants the ten qualifying questions before starting the interview process. Due to the seniority of the participants and the common knowledge of their growth transition successes, the researcher was certain that they would all qualify for the interviews. This was indeed the outcome.

Thus, the first stage of data analysis occurred in real time. Basically, the questionnaire data obtained from the participants was immediately benchmarked against the qualifying criteria of this study. In other words, the data obtained was used by the researcher to establish whether a) participants participated in a growth transition from SME to big business, b) participants were leaders in their organizations, and c) participants were responsible for the establishment of competitive advantage in their organizations.

The second stage of data analysis occurred once all the questionnaires and interviews had been completed. The researcher used Microsoft Excel spreadsheet software to tabulate the results. Throughout the process of entering raw data, the researcher made use of list data validation to eliminate human errors. Furthermore, colour coding was used to clearly differentiate the data that qualified the respondents and the data that did not. This second stage of data analysis served the purpose of double checking that indeed all participants did qualify to be interviewed.



### **4.3.2 Stage 2 Data Analysis: Interviews**

Once the interviews were completed, the voice files were transcribed into text using a professional outsourced company. Thereafter, two computer programs were used to analyze the interview transcripts: Atlas.ti 7 and Microsoft Excel.

Atlas.ti 7 was used to identify quotations in the data that were interesting and could potentially add value to answering the research questions. Atlas.ti 7 was used for two rounds of coding and to organize the initial descriptive codes. Thereafter, the codes and quotations were exported to Microsoft Excel whereby the sorting and conceptual arranging of the data happened. Microsoft Excel was used to convert the descriptive codes and quotations into meaningful information enabling the researcher to answer the research questions.

#### **4.3.2.1 Coding in Atlas.ti 7**

Once the hermeneutic unit in Atlas.ti 7 had been created and the primary documents added, the coding process began. Due to the inductive methodology adopted, the researcher was governed to read through the transcripts with an open mind, looking for interesting themes, insights, or experiences. Identifying codes and quotations was not done with any particular construct in mind. The coding process in Atlas.ti 7 was hence very descriptive and not at an abstract / conceptual level (Friese, 2014).

Two rounds of coding were conducted in Atlas.ti 7 to ensure that all interesting quotations had been identified and not overlooked. The first round of coding yielded 465 quotations and 151 descriptive codes. The second round of coding yielded an additional 149 quotations and 21 descriptive codes. Therefore, Atlas.ti 7 yielded a total of 614 quotations and 172 descriptive codes (Appendix 6). In percentage terms, 32% more quotations were identified over only 12% more codes. These figures illustrate a thorough coding process and that data saturation was reached after round two of coding.

#### **4.3.2.2 Organizing data in Atlas.ti 7**

After having completed the two rounds of coding in Atlas.ti 7, the code manager was used to tidy up the 172 descriptive codes. Codes that had similar meanings were merged together and some codes were renamed to more appropriately represent the quotations saved within them. Screenshots of the merging and renaming process can be seen in Appendix 9.

The 172 descriptive codes were reduced to 53 descriptive codes by means of merging and renaming. Examples of codes that were merged and renamed can be seen in Appendix 10.

#### **4.3.2.3 Coding in Microsoft Excel**

The inductive methodology used with Atlas.ti 7 resulted in 53 descriptive codes that could not be used to directly answer the research questions. These codes needed to be conceptually modified in order to be more meaningful.

Thus, the 614 quotations and 53 descriptive codes from Atlas.ti 7 were exported to Microsoft Excel. Microsoft Excel functionality such as filters and list data validation was used to allocate quotations to new refined and more conceptual codes. In turn, these codes were allocated to research questions. This process can be compared to the process of allocating codes to families and families to super families in Atlas.ti 7. This was a simple yet time consuming process due to the vast amount of rich data present in the interview transcripts (614 quotations). Appendix 11 shows a comparative list of the descriptive codes created in Atlas.ti 7 and the new conceptual codes created in Microsoft Excel.

This was essentially the third and final round of coding through which the number of codes and quotations was reduced to 41 and 472 respectively (Appendix 12). Once all quotations had been allocated to codes, and codes allocated to research questions, a pivot table was used to filter relevant information needed to answer each research question. Table 2 below shows the allocation of codes to research questions.

**Table 2: Allocation of conceptual codes to research questions**

<b>What are the roles of leaders in shifting firms to greater levels of dynamic capabilities?</b>	<b>What are the external enablers and inhibitors for leaders to transition from SME to big business?</b>	<b>What are the attitudes to change that enable leaders to develop dynamic capabilities?</b>	<b>What are the specific leadership competencies required to develop dynamic capabilities and ensure effective transition from SME to big business?</b>
Apply pressure for efficiency, innovation, and to get things done	Celebrity opinions and comments	Change is challenging and difficult	Ability to overcome challenges posed by rapid growth
Be fair but firm with staff	Currency and political instability	Change is exciting and fun	Apply wisdom and moderation
Choose the business model and which markets to serve	Education	Change is inevitable and necessary	Being open to learn
Ensure strong operational capabilities	Funding and capital	Change requires you to continuously respond and adapt	Build strong relationships
Ensure that fundamental values and principles are enforced	Luck and timing		Communicate well
Establish collaboration and strong organizational culture	Market maturity and acceptance of value proposition by the public		Confidence & self-efficacy
Having a systems focus	Retail outlet positioning		Drive, passion, ambition, and energy
Letting go and adopting a more strategic role	Technological improvements and trends		Education and experience
Listening, thinking, and reflecting	Trade restrictions		Emotional intelligence, humility, & respect
Proactive planning	Word of mouth		Enjoy working, working hard, and persevering
Recruiting people and establishing management teams			Managing and working well with people
Remain at the heartbeat of the organization			Self-awareness
Secure financial health and strong cash flow			
Understand the business			
Value proposition is accepted by customer & end consumer			

## 4.4 Population and Unit of Analysis

The population of this study involved people that had been part of a successful growth transition from SME to big business. Moreover, these people needed to be leaders in their organizations and be responsible for the establishment of competitive advantage in their organizations. These people primarily included company founders, CEO's, executives, directors, and members of senior management. The exact population and universe was therefore unknown as it was practically impossible to get a complete list of all such people.

The unit of analysis was the individual leaders of the organizations and not the organizations themselves. The rationale for this was because the focus of the study was the individual roles, attitudes, and competencies required by leader to develop dynamic capabilities and not the firm-level dynamic capabilities per se.

## 4.5 Sampling

Due to the unknown and heterogeneous population, well-chosen sampling was required to obtain reliable insights into the research questions. The unknown population meant that a sampling frame was absent and therefore, non-probability sampling techniques were used (Saunders & Lewis, 2012).

Non-probability sampling techniques resulted in the sample not being chosen with complete randomness. Therefore, findings obtained from the sample are not statistically representative of the entire population (Saunders & Lewis, 2012).

Purposive and convenience sampling techniques were used to obtain the sample of 13 respondents.

### 4.5.1 Sample Selection Criteria

As thoroughly explained earlier in this chapter, the research sample for this study was selected based on the following three criteria:

- a) Participants needed to have participated in a growth transition from SME to big business
- b) Participants needed to be leaders in their organizations
- c) Participants needed to be responsible for the establishment of competitive advantage in their organizations

In order to satisfy criteria a), the additional three criteria were used to benchmark data obtained from the participants, as adopted from the schedule of the NSBA of 1996 (Appendix 3).

1. Number of full-time equivalent of paid employees
2. Annual turnover
3. Total gross asset value (excluding fixed property)

#### **4.5.2 Purposive Sampling**

The first sampling technique used was purposive sampling. Purposive sampling is sampling based on the judgment of the researcher (Saunders & Lewis, 2012). The rationale supporting this choice of sampling technique is that this study sought insights into individual roles, attitudes, and competencies of leaders and therefore, the researcher chose to approach prominent entrepreneurs that are known to have successfully transitioned companies from SME's to big businesses.

Given the common knowledge of their successes and experience in firm growth transitions, it was deemed appropriate to approach these entrepreneurs for data collection as they would in all likelihood have an abundance of knowledge to share in this regard.

#### **4.5.3 Convenience Sampling**

The second sampling technique that was used was convenience sampling. Although this sampling technique was not recommended by Saunders and Lewis (2012), the researcher had potential access to a few very prominent business people in the food and retail industry of South Africa and therefore, did not want to forgo the opportunity of tapping into their long years of service and insights.

### **4.6 Research Limitations**

The main limitation of this study is that, respondents made it apparent that the leadership roles, attitudes, and competencies required to transition SME's to big businesses are different from the leadership roles, attitudes, and competencies required to transition entrepreneurial start-ups to SME's.

The majority of respondents of this study were start-up entrepreneurs who founded their companies and effectively managed to transition them to SME's. Thereafter, the transitions into big businesses were mainly achieved via the recruitment and on-

boarding of experienced executives and managers. The process however, was initiated and led by the entrepreneurs.

As such, the limitation is that the data collection was not conducted with the experienced executives per se but rather, with the founding entrepreneurs.

A further limitation to this study is that it was designed upon the first of the three attributes that underpin the concept of dynamic managerial capabilities as presented by Adner and Helfat (2003): human capital. However, competitive advantage and leadership roles, attitudes, and competencies are very complex and integrated constructs. Therefore, adopting a more integrated approach with regards to dynamic managerial capabilities could perhaps have yielded integrated insights. In other words, this research could have been designed to integrate all three attributes that underpin the concept of dynamic managerial capabilities: human capital, social capital, and managerial cognition.

## 5 RESULTS

The purpose of this chapter is two-fold. Firstly, to explain the context in which the research was conducted by presenting data reflecting details of the participants and secondly, to present findings to the research questions.

The layout of this chapter begins by presenting the results of the first stage of data collection (questionnaires) and then continues to present the findings of the second stage of data collection (interviews). The findings of the interviews are presented mainly in tables containing key illustrative quotations. The chapter is structured sequentially according to the research questions of this study. After presenting the findings, a conclusion is made per research question to summarize the insights that were received by respondents.

As a reminder, the research questions of this study are:

1. What are the roles of leaders in shifting firms to greater levels of dynamic capabilities?
2. What are the external enablers and inhibitors for leaders to transition from SME to big business?
3. What are the attitudes to change that enable leaders to develop dynamic capabilities?
4. What are the specific leadership competencies required to develop dynamic capabilities and ensure effective transition from SME to big business?

### 5.1 Research Context: Sample Identification and Description

Respondents needed to qualify for an interview by a) having participated in a growth transition from SME to big business, b) be leaders in their organizations, and c) be responsible for the establishment of competitive advantage in their organizations. It was rationally assumed that such a sample would be well suited to share insights regarding the roles, attitudes, and leadership competencies required to develop dynamic capabilities and effectively transition from SME to big business.

The classification criterion distinguishing SME's from big businesses was adopted from the schedule of the NSBA of 1996 (Appendix 3). A consolidation of this schedule is presented in table 3 on the next page. The rows highlighted in green represent the industries in which the 13 respondents of this study operated.

Table 3: Consolidated schedule of the NSBA of 1996

Sector or sub-sectors in accordance with the Standard Industrial Classification	Size	Total full-time equivalent of paid employees	Total annual turnover	Total gross asset value (fixed property excluded)
Agriculture	Big	> 100	> R 4m	> R 4m
Mining and Quarrying	Big	> 200	> R 30m	> R 18m
Manufacturing	Big	> 200	> R 40m	> R 15m
Electricity, Gas and Water	Big	> 200	> R 40m	> R 15m
Construction	Big	> 200	> R 20m	> R 4m
Retail, Motor Trade and Repair Services	Big	> 100	> R 30m	> R 5m
Wholesale Trade, Commercial Agents and Allied Services	Big	> 100	> R 50m	> R 8m
Catering, Accommodation and other Trade	Big	> 100	> R 10m	> R 2m
Transport, Storage and Communications	Big	> 100	> R 20m	> R 5m
Finance and Business Services	Big	> 100	> R 20m	> R 4m
Community, Social and Personal Services	Big	> 100	> R 10m	> R 5m

Table 4 below, further summarizes the criteria needed to be passed in order to qualify for an interview.

Table 4: Criteria to qualify for an interview

Criterion	Criteria description	Proof of qualification as represented in table 4
NSBA of 1996	Respondents needed to have worked for an organization throughout its transition from SME to big business according to the criteria of the NSBA of 1996: headcount, turnover, and asset value	Per respondent: <b>at least one</b> cell in columns F, H, or J need to be <b>red</b> and <b>all</b> the cells in columns G, I, and K need to be <b>green</b>
Leader?	Respondents were leaders in their organizations	Per respondent: the cell in column L must be <b>green</b>
Competitive advantage?	Respondents were responsible for the establishment of competitive advantage in their organizations	Per respondent: the cell in column M must be <b>green</b>

Table 5 on the next page presents a summary of the first stage of data collection (questionnaires). Each row represents the data collected from one participant. A total of 13 participants were questioned resulting in 13 rows of data. If all the qualifying criteria were met and passed, column N of table 5 is presented in green.



**Table 5: Summary of results: qualifying questionnaires**

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Participant	Career experience	Industry / sector	Company experience	Title	Employees at start	Employees currently / end	Annual turnover at start	Annual turnover currently / end	Asset value at start	Asset value currently / end	Leader ?	Responsible for competitive advantage?	Qualify ?
Participant 1	>41	Manufacturing	11-20	Managing Director	<50	>200	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 2	11-20	Agriculture	11-20	Managing Director	50-100	>200	>R40m	>R40m	R8m-R15m	>R18m	Yes	Yes	Yes
Participant 3	31-40	Retail and Motor Trade and Repair Services	31-40	Managing Director	50-100	>200	R10m-R20m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 4	31-40	Retail and Motor Trade and Repair Services	11-20	Senior Buyer	<50	>200	R20m-R30m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 5	1-10	Agriculture	1-10	Director	50-100	>200	>R40m	>R40m	>R18m	>R18m	Yes	Yes	Yes
Participant 6	21-30	Mining & Quarrying	11-20	Owner Founder	<50	>200	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 7	1-10	Finance and Business Services	1-10	Chief Financial Officer	<50	100-200	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 8	11-20	Wholesale, Commercial Agents and Allied Services	1-10	Financial Director	<50	100-200	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 9	21-30	Wholesale, Commercial Agents and Allied Services	1-10	Managing Director	<50	100-200	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 10	>41	Retail and Motor Trade and Repair Services	31-40	Owner Founder	<50	>200	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 11	11-20	Retail and Motor Trade and Repair Services	1-10	Non-Executive Director	<50	50-100	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 12	21-30	Catering, Accommodation and other Trade	11-20	Chief Executive Officer	50-100	>200	R10m-R20m	>R40m	<R2m	>R18m	Yes	Yes	Yes
Participant 13	31-40	Catering, Accommodation and other Trade	31-40	Owner Founder	<50	>200	<R5m	>R40m	<R2m	>R18m	Yes	Yes	Yes

Participant 11's company employed more than 90 and less than 100 people at the time of questioning. According to the schedule of the NSBA of 1996, firm's operating in the retail industry needed to employ at least 100 people to be classified as a big business. Nevertheless, the researcher decided to qualify respondent 11 for an interview for the below two reasons:

- a) Participant 11 worked for an online retailer that has very different characteristics to a conventional brick-and-mortar retailer. It is customary for online retail businesses to reach higher levels of turnover and asset values with fewer employees (Bartash, 2016). This is indeed the case of participant 11 and their company. In addition, participant 11's company employs more than 90 people and therefore, falls marginally short of the employee headcount requirements of the NSBA of 1996.
- b) Secondly, participant 11's company is one of the most successful and widely acknowledged online retailers in Africa. Participant 11 was heavily involved in the creation of the company from the early stages of nascent entrepreneurship up to its current well respected status. In fact, participant 11 was employee number three of the firm.

For these reasons, coupled with the very insightful knowledge received from participant 11, regarding the roles, attitudes, and leadership competencies required by leaders, the researcher deemed it appropriate to continue with the interview and include participant 11's insights in this chapter.

Table 5, on the previous page, shows that all 13 participants of this study held executive management positions in their organizations. Arguably, the most junior participant was participant 4, who's professional title was senior buyer. This title is misleading however; as the researcher was informed throughout the interview that participant 4 was indeed very operational in their duties. They were responsible for the profitability of more than 200 retail stores spanning the northern regions of South Africa. Their responsibilities span across procurement, operations, merchandising, human resources, and strategy.

Table 6 below presents statistics regarding the seniority of the research sample. The sample was experienced and diverse, consisting of 13 senior executives, operating in seven different industries. All but one respondent had managed to effectively transition their firms from SME's to big businesses and all participants were leaders and responsible for establishing competitive advantage in their organizations.

**Table 6: Statistics of seniority and growth transition success of chosen sample**

<b>Experience</b>	<b>Employee Growth</b>	<b>Turnover Growth</b>	<b>Asset Value Growth</b>	<b>Leader?</b>	<b>Competitive Advantage?</b>
62% have more than 21 years of working experience	92% have grown headcount to levels of big business	100% have grown turnover to levels of big business	100% have grown asset value to levels of big business	100% are considered leaders	100% are responsible for the establishment of competitive advantage

## 5.2 Findings

In this section, findings are presented for each research question separately. Findings are presented in the form of frequency tables that illustrate the diversity and density of codes and also in the form of individual illustrative quotations to highlight the themes that were identified for each research question.

### 5.2.1 RQ 1: What are the Roles of Leaders?

Table 7 below is a frequency table of codes and quotations answering what the roles of leaders are in shifting companies to greater levels of dynamic capabilities. The red dotted line in table 7 indicates the point at which more than half of the quotations were concentrated. The top five codes include 56% of the quotations identified referring to what the roles of leaders are in shifting firms to greater levels of dynamic capabilities. That is, 122 of the total 216 quotations.

The emphasis of the analysis for this research question will concentrate on the five codes above the red dotted line. The remaining codes and quotations will be presented together thereafter.

It is important to note that, although the presentation of results for this research question is structured according to frequency table 7, this does not mean that the codes below the red dotted line were not considered important by the respondents.

**Table 7: Frequency of quotes regarding the roles of leaders**

Research Question:	RQ1: Role of Leaders
	Count of Quote
Value proposition is accepted by customer & end consumer	33
Letting go and adopting a more strategic role	28
Recruiting people and establishing management teams	26
Understand the business	18
Apply pressure for efficiency, innovation, and to get things done	17
Ensure that fundamental values and principles are enforced	14
Secure financial health and strong cash flow	11
Having a systems focus	11
Establish collaboration and strong organizational culture	10
Listening, thinking, and reflecting	10
Proactive planning	9
Remain at the heartbeat of the organization	9
Ensure strong operational capabilities	8
Choose the business model and which markets to serve	7
Be fair but firm with staff	5
<b>Grand Total</b>	<b>216</b>

### 5.2.1.1 Value proposition is accepted by customer and end consumer

This code refers to the importance of leaders ensuring that a company’s value proposition indeed meets the needs of its customers and end consumers. Moreover, the quotations in table 8 on the next page actually indicate exactly what elements of the value proposition leaders need to consider when developing product offerings.

Table 8 on the next page shows that, leaders must be careful not to dictate the characteristics of the value proposition but rather allow the end consumer to decide what they want. This is made clear in the quotations from respondents 1 and 6 that stated:

*“We went out and did tests...and **let the consumer decide**”*

*“We are very customer centric...we get people in the field spending time with **customers developing the products...**”*

Interestingly, respondent 13 voiced a differing opinion by saying that:

*“We didn’t allow the consumer to dictate to us, because **the consumer didn’t know**”*

In general however, it is apparent from the quotations in table 8 below that most respondents agreed that leaders must allow consumers to guide and influence the course of product development.

Additionally, table 8 shows that the specific elements of the value proposition that leaders must take into consideration are price, service, quality, consistency, convenience, and range (variety).

The 33 quotations regarding the establishment of strong value propositions, ranks this as the number one role of leaders in shifting firms to greater levels of dynamic capabilities.

**Table 8: Quotes illustrating the importance of a good value proposition**

Theme	Quote	Respondent	No of Respondents	Frequency
Price	We came in with a very good price and supply ability...that is what led to a huge success	Respondent 01	3	8
Price	All we did was, we brought it to a level where the consumer could relate to the price	Respondent 13	3	8
Price	We never allowed the price out of control, we held price, we fought for price, I fought price every single day	Respondent 13	3	8
Service	Basic expectations need to be exceeded at all times, if you cannot exceed them, you're not worth it...the customer knows what he is paying for	Respondent 12	5	6
Let the consumer decide	We went out and did tests... and let the consumer decide	Respondent 01	3	5
Let the consumer decide	We are very customer centric, we don't believe in people coming up with products in the office, we get people in the field spending time with customers developing the products with our customers	Respondent 06	3	5
Quality	Consistency, quality, and service are critical	Respondent 03	4	4
Quality	Service must be a given, price must be a given, quality of food must be a given	Respondent 13	4	4
Consistency	Consumers found a universal and consistent product throughout the market, from one store to the next	Respondent 01	2	2
Convenience	But that's what we do, we try and make it easy for our customers	Respondent 08 and 09	2	2
Product range	The variety and range of your products ...needs to satisfy the customer's needs	Respondent 11	2	2
Don't let the consumer decide	We didn't allow the consumer to dictate to us, because the consumer didn't know	Respondent 13	1	2
Don't let the consumer decide	We told the consumer what to eat	Respondent 13	1	2
Sales quantities	Customers could turn around the sales that they never had before	Respondent 01	1	1

### 5.2.1.2 Letting go and adopting a more strategic role

Ranked second from the top, letting go and adopting a more strategic role in the organization was a prominent theme discussed amongst the respondents. Table 9 below shows some very illustrative quotation amplifying the importance of letting go and the difficulty for leaders to indeed possess this competency.

**Table 9: Quotes illustrating the need to let go and adopt a strategic role**

Theme	Quote	Respondent	No of Respondents	Frequency
Role has changed	My role is overseeing... basically, that everybody is doing what they're supposed to do, the way they're supposed to do it	Respondent 01	6	11
Role has changed	In the past operations was easy. You do, you drive, you know, you get... now it's different. You need to spend time with people, doing appraisals... and that's where the challenge is for me, it's a different management style	Respondent 02	6	11
Role has changed	That was a very pivotal personal moment for me, recognizing that the game had changed... recognizing that the role has fundamentally changed	Respondent 06	6	11
Role has changed	There is a difference between working in your business versus working on your business	Respondent 10	6	11
Role has changed	I think my role effectively has changed from micro-managing to overseeing	Respondent 12	6	11
Role has changed	You need to step back. You need to step back and look at it from a birds view	Respondent 13	6	11
Letting go allows people to perform	You got to let go to receive more. It's crazy	Respondent 07	5	6
Letting go allows people to perform	If we didn't release the obsession with the control, and let other people grow around us, we would not be where we are today	Respondent 10	5	6
Letting go allows people to perform	Appointing xxx and letting her run her team without our involvement was the best decision we ever made	Respondent 13	5	6
Letting go allows people to perform	She's turned the company around. We are no longer involved on the day to day running of the business. There is a full executive team	Respondent 13	5	6
Letting go is necessary	In reality, once you reach a certain point in the business... certain people need to play different roles of control	Respondent 12	3	5
Letting go is necessary	But we knew we couldn't take the company to the next level because firstly, we were too close to the company	Respondent 13	3	5
Figuring out how to let go is difficult	For me as an entrepreneur, the biggest challenge was working out how to let go in a way that you don't lose the obsession with quality and experience that you had in your business by no longer holding those reins, while at the same time building trust in other people and letting them grow	Respondent 10	2	4
Figuring out how to let go is difficult	Let the co-pilot fly for a while because he'll only ever get good at flying if you let go and let him fly... if you've got enough altitude and he makes mistakes, you will be able to regain control... it will wobble a little bit, but don't worry about those wobbles	Respondent 10	2	4
Figuring out how to let go is difficult	It's a painful because, I don't want to be redundant, I still want to be important	Respondent 12	2	4
Work load is too much	I need to change again because... you just can't do that anymore... you have to start relying on various managers, and start managing people more	Respondent 02	2	2
Work load is too much	As we got bigger and bigger and more had to be done... we realised that... we had to release control to other people in the business	Respondent 10	2	2

Table 9 above shows that respondents supported the need to let go because they believed their role had fundamentally changed throughout the growth transition of their firms. This is made explicit from the quotation by respondent 6 who mentioned that:

*“That was a very pivotal personal moment for me, recognizing that the game had changed... recognizing that **the role had fundamentally changed**”*

Certain quotations in table 9 explain the reasons why leaders should accept that their role fundamentally changes as their firms grow. This is illustrated in the below quotations from respondents 2, 7 and 10 that said:

*“I need to change again because...**you just can’t do that anymore**...you have to start relying on various managers, and start managing people more”*

*“You’ve got to let go more to **receive** more. It’s crazy”*

*“If we didn’t release the obsession with the control, and let other people grow around us, **we would not be where we are today**”*

*“Let the co-pilot fly for a while because **he’ll only ever get good at flying if you let go and let him fly**”*

There seems to be a unanimous consensus that letting go definitely forms part of a leaders role however, a few respondents spoke about the difficulty in achieving this. For example, respondents 10 and 12 said:

*“It’s painful because, **I don’t want to be redundant**; I still want to be important”*

*“For me as an entrepreneur, **the biggest challenge was working out how** to let go in a way that you don’t lose the obsession with quality and experience that you had in your business...”*

### **5.2.1.3 Recruiting people and establishing management teams**

Although recruiting people and letting go of control are slightly similar constructs, the researcher decided to create separate codes to ensure the gravity of each finding is presented justly and not diluted amongst the aggregated quotations. Having said this, it is noteworthy to mention that the sum of quotations in these two codes equate to a total of 54. This is equivalent 25% of the quotations regarding what the roles of leaders are in shifting firms to greater levels of dynamic capabilities. This emphasizes the vital importance of adopting a more strategic role, recruiting people, and establishing management teams.

Table 10 on the next page illustrates the importance of leaders to recruit people and establish management teams in order to shift firms to greater levels of dynamic capabilities.

**Table 10: Quotes illustrating the need to recruit and establish management teams**

Theme	Quote	Respondent	No of Respondents	Frequency
Management teams are critical to effectively transition from SME to big	That's the biggest thing, the people, the resource of people is massive because you can't do it on your own, especially when you reach this size	Respondent 05	8	15
Management teams are critical to effectively transition from SME to big	As the company changes...its about building teams and knowing who the people are that you're bring into these various roles. So its all about recruiting teams, managing teams, motivating teams, and crystal clear communication	Respondent 06	8	15
Management teams are critical to effectively transition from SME to big	It's the people that have done this, not just us, it's the staff. It's the team, we've got a good team which we built out from the beginning	Respondent 08 and 09	8	15
Management teams are critical to effectively transition from SME to big	My advice would be to hire people	Respondent 10	8	15
Management teams are critical to effectively transition from SME to big	We had big problems. The day we appointed a CEO was the day we turned the company around	Respondent 13	8	15
Establishing competent management teams is difficult	That's the challenge: good managers	Respondent 02	4	6
Establishing competent management teams is difficult	What's not easy to replace is your middle management	Respondent 02	4	6
Establishing competent management teams is difficult	It's all passion and about finding people with passion, it's rare	Respondent 03	4	6
Establishing competent management teams is difficult	You've got to go in and get your own people... and if you realise but this is not the right person for the application...you got to start getting new people in again	Respondent 05	4	6
Management teams are needed to overcome challenges	It's going to be very hard but it is possible if you create the correct framework...with the correct managers...that's where the challenge comes...if something happens to me, what's going to happen?	Respondent 02	3	4
Management teams are needed to overcome challenges	In order to turn it...we had to start employing clever people. We had to start employing people that think before they talk	Respondent 13	3	4
Management teams need to be aligned with the company values	We have a very detailed on boarding process when we have new staff coming on-board in the company. No matter what level they are coming in at, they have to go through an on boarding before we will engage with them...it's almost like brainwashing them into our way of thinking of how we see the world.	Respondent 06	1	1

Table 10 above shows a frequency of 15 quotations by eight different respondents supporting that management teams are critical in effectively transitioning firms into big businesses. The below quotations by respondents 5 and 6 illustrate this point:

*“That’s the **biggest thing**, the people. The resource of people is massive because you can’t do it on your own, especially when you reach this size”*

*“As the company changes...it’s **all about** recruiting teams, managing teams, motivating teams, and crystal clear communication”.*

Similar to letting go and adopting a more strategic role, respondents 2 and 3 expressed that establishing competent management teams is indeed very difficult. This is clear from what they said below:



*“What’s **not easy** to replace is your middle management”*

*“...finding people with passion...is **rare**”*

However, despite the difficulty in achieving this requirement, respondent 2 maintained that the role of leaders is to create the framework through which it is possible to overcome the challenges in establishing management teams. Respondent 2 said:

*“It’s going to be very hard but **it is possible** if you create the correct framework...”*

This framework of which respondent 2 spoke about is perhaps illustrated in what the company of respondent 6 have done below:

*“We have a very detailed **on boarding process**... No matter what level they are coming in at, they have to go through an on boarding before we will engage with them...it’s almost like we’re brainwashing them into our way of thinking of how we see the world”.*

These quotations amplify that, in order for leaders to empower themselves to lead an organization through a growth transition, they must recognize that their role has fundamentally changed. Leaders need to step back and adopt a more strategic role focused on recruitment and establishing competent management teams.

#### **5.2.1.4 Understand the business**

The idea that leaders need to understand their businesses may appear obvious from the offset. However, the respondents of this study made mention of its importance in 18 different quotations. The frequency of quotations is indicative that the importance of having a true deep understanding of a business is not so obvious and hence, explicit representation of these results needed to be made. Table 11 on the next page, shows the quotations from the respondents in this regard.

Interestingly, respondent 1 seems to have contradicted what has been presented so far as a unanimous consensus, regarding the role of leaders and the need to step back and let go. Respondent 1 mentioned:

*“I don’t think it (the role) really differs...I think you need to **understand** your business...”*

**Table 11: Quotes illustrating the need to understand the business**

Theme	Quote	Respondent	No of Respondents	Frequency
Role of leader	I don't think it really differs, I think you need to understand your business, you need to know your business	Respondent 01	5	8
Role of leader	You need to know everything of... basically everything	Respondent 02	5	8
Role of leader	I'm often asked, who's my customer? My franchisee or the customer in the shop? And at the end of the day you've got to realise... both are	Respondent 12	5	8
Role of leader	You need to understand it... you need to sit back and say where do I want to be going... but first, you've got to understand what's gone wrong	Respondent 13	5	8
Usefulness of understanding	If you understand your business you prevent a lot of block points	Respondent 01	4	8
Usefulness of understanding	It's obviously challenging because as the business changes you need to understand it, you need to be one step ahead of what the requirements of the business are before the staff actually come and tell you "we need this"	Respondent 01	4	8
Usefulness of understanding	Attention is in the detail. You need to know what's going in order to lead and in order to be a success	Respondent 02	4	8
Usefulness of understanding	If we didn't control the source and our product we would have never grown the group	Respondent 13	4	8
Root cause analysis	If a customer talks to you, you need to listen... listen to each complaint and analyse where its coming from... you need to find its root cause	Respondent 01	2	2
Root cause analysis	From those days, I was always thinking, where are the problems	Respondent 11	2	2

From this quotation, it appears that respondent 1 believes that having a true and deep understanding of a business is so important that in fact, as a firm transitions into a big business, the role of the leader does not really change provided that the leader has a deep and thorough understanding of their business.

Although radical, this opinion seems to be shared by respondent 13 who said:

*"...you need to sit back and say where do I want to be going...but first, you've got to understand..."*

In their quotation, respondent 13 supports that before doing any sort of analysis or planning for a business, a true and deep understanding of the business is necessary.

The usefulness of understanding the business at core level is presented in the below quotations by respondents 1, 2, and 13:

*"If you understand your business you **prevent** a lot of block points"*

*"...you need to know what's going on in order to **lead**"*

*"If we didn't control the source and the product we would never have **grown** the group"*

Finally, respondent 1 explains one method that leaders can use to gain a true deep understanding of their business by saying that:

*“...you need to **listen**...listen...and analyse where it’s coming from...you need to find its root cause”*

### 5.2.1.5 Apply pressure for efficiency, innovation, and to get things done

A total of 17 quotations were identified from the respondents referring to the necessity of leaders to apply pressure for efficiency, innovation, and to generally get things done. A few of the key quotations are presented in table 12 below.

**Table 12: Quotes illustrating the need to apply pressure**

Theme	Quote	Respondent	No of Respondents	Frequency
Innovation	You need to keep on re-inventing, you need to keep on adding lines, you need to keep on looking for new customers...and you got to look at changes within your manufacturing and distribution patterns to make it work feasibly for the company as well as for the customer	Respondent 01	5	10
Innovation	We’ve found that as we expanded across to different provinces and different towns...there needs to be adaptations that take place to provide the success	Respondent 12	5	10
Innovation	I got complacent, I became fat...I didn’t create opportunities anymore and my meals stopped being sexy, they stopped being attractive	Respondent 13	5	10
Innovation	See what I’m saying, the industry has become so competitive that you need to recreate yourself all the time, and that’s what we didn’t do	Respondent 13	5	10
Innovation	We stopped innovation ten years ago, that’s why we went backwards	Respondent 13	5	10
Pressure	The pressure helped us a lot, we knew we had a cheque going off on the 15th	Respondent 13	1	5
Pressure	We couldn’t allow them to grow faster than us, when we were on one store, they were on 12...two years later we had double them	Respondent 13	1	5
Pressure	We had confidence in ourselves, but we built the company on post-dated cheques	Respondent 13	1	5
Efficiency	I had to play a very constraining role in the business where there was expenditure we couldn’t afford. I had to be a...dementor in the business for a while. I just shut things down and got rid of unrequired staff so that we could get a cash run rate	Respondent 06	2	2
Efficiency	Fifty five people left the group and we’ve only replaced four. Do you know why they left the group? Because now you had to be accountable, now you had to earn your salary, now you had to earn your profit, now you had to earn your dividend, now you had to earn your bonus, now you had to earn...	Respondent 13	2	2

The high frequency of quotations regarding the need for innovation implies that a big reason for leaders to continuously apply pressure is so that their firms remain relevant and don’t regress.

The need to continuously innovate is made apparent in the below words of respondents 1 and 13:

*“You need to keep on **re-inventing**, you need to keep on **adding** lines, and you need to keep on **looking** for new customers...”*

*“...the industry has become so competitive that you need to **recreate** yourself all the time”*

Respondent 13 interestingly continues to make mention of the consequences of leaders do not continuously recreating themselves:

*“I got **complacent**, I became fat...I didn’t create opportunities anymore and my meals stopped being sexy, they stopped being attractive”*

*“We stopped innovation ten years ago and, that’s why we went **backwards**”*

Beyond innovation, pressure appears to assist organizations to achieve efficiencies and get things done. This is apparent in the below quotations from respondent 13:

*“**The pressure helped** us a lot; we knew we had a cheque going off on the 15<sup>th</sup>”*

*“**We couldn’t allow them** to grow faster than us, when we were on one store; they were on 12...two years later we doubled them...”*

With regards to efficiencies, it is interesting to notice that both respondents 6 and 13 applied pressure to the point of losing human capital (see the bottom two quotations of table 12 on the previous page). Whether these actions were right or wrong are beyond this discussion. The point being made here is that if leaders want to get things done and effectively transition their firms into big businesses, they need to apply significant amounts of pressure on employees.

#### **5.2.1.6 Other roles of leaders**

The analysis for research question 1 focused on the five codes above the red dotted line in table 7. The rationale behind this decision was that more than half of the quotations identified from the respondents regarding the roles of leaders were concentrated in these codes.

This does not mean that the remaining codes and quotations were not important or insightful. However, for the purposes of conciseness and conclusiveness, the discussion was limited to these five codes. The remaining codes and quotations are more aggregately presented below:

**Table 13: Quotes illustrating other roles of leaders**

Theme	Quote	Respondent
Be fair but firm with staff	Part of the success is to be approachable, be firm and fair with your staff, and gain confidence in people	Respondent 03
Be fair but firm with staff	First of all, you have to be good with your people	Respondent 11
Choose the business model and which markets to serve	The reason for success is your initial investments in good markets...supplying strong markets form the basic foundation	Respondent 02
Ensure strong operational capabilities	Operations needs to be strong because that's what makes the wheels turn	Respondent 02
Ensure strong operational capabilities	I think there is some value in the muscle memory of doing the same thing over and over again	Respondent 10
Ensure that fundamental values and principles are enforced	At the end of the day, it's price, quality, and service that counts	Respondent 01
Ensure that fundamental values and principles are enforced	All that we do is, we basically regroup...and stick to how we do things, the basics	Respondent 05
Ensure that fundamental values and principles are enforced	Some of the things will be mistakes, and some of the things we will be successful...your core principles must remain the foundation of your business	Respondent 12
Establish collaboration and strong organizational culture	You must work with people...and get involved as much as you can to get that group of people working comfortably together. Try and keep animosities or disagreements between groups at bay very diplomatically	Respondent 01
Establish collaboration and strong organizational culture	When you remove culture from an organization it's like removing the heartbeat	Respondent 13
Having a systems focus	The benefits of systems are unbelievable. Just in my job alone, you can imagine. Firstly, we'll be working off true cost	Respondent 04
Having a systems focus	I'd say that in the middle phases, being conscious of systems is critical to scale	Respondent 10
Listening, thinking, and reflecting	You need to listen to them and you should have thought about the solution before it becomes a problem	Respondent 01
Listening, thinking, and reflecting	Taking time to reflect is absolutely vital...when you're heads down with the details, it's very difficult to see the woods from the trees	Respondent 06
Listening, thinking, and reflecting	Our biggest problem was that because we controlled everything we had nobody thinking underneath us	Respondent 13
Proactive planning	In order to take it to the next level you need to have a plan, know where you going, and get the right people on-board	Respondent 05
Proactive planning	You must pick up the problem before it becomes big	Respondent 11
Remain at the heartbeat	I think that's the bottom line, you don't have to spend a lot of time there but...you can't sit far away. You need to be close to the music	Respondent 02
Remain at the heartbeat	You've got to be at the heartbeat, you've got to be right there, you can't distance yourself and people	Respondent 03
Remain at the heartbeat	You have to basically micromanage your business, you have to know exactly what is going on in each department, you can't just leave it	Respondent 08 and 09
Secure financial health cash flow	I purposefully took that decision that we would not lose on bottom line, although we were losing on top line	Respondent 04
Secure financial health cash flow	And the only other thing is, leave your money in the business	Respondent 08 and 09
Secure financial health cash flow	All we had to do is look after the Rands and the cents. We knew the rest would come on its own	Respondent 13

Interestingly, some quotations in table 13 above complement, yet others conflict, the discussion thus far regarding the roles of leaders in shifting firms to greater levels of dynamic capabilities.

For example, the quotations by respondents 1 and 3 complement the earlier discussion stating that the role of leaders is to recruit people and establish management teams. This is illustrated in the below quotations:

*“You must **work with people**...and get involved as much as you can to get that group of people working comfortably together...”*

*“Part of the success is to be **approachable**...”*

A case of contradiction is evident in the quotations by respondents 3, 8, and 9 when they spoke about the need to remain at the heartbeat of an organization:

*“You’ve got to be at the heartbeat, you’ve got to be right there, **you can’t distance yourself...**”*

*“You have to basically **micromanage** your business, you have to know exactly what is going on in each department, and you can’t just leave it”*

These opinions are in direct contradiction to respondent 10 who earlier spoke about the need to let go:

*“If we didn’t **release** the obsession with control...”*

Another very insightful quotation was identified from respondent 2 that spoke about the role of leaders being to carefully select which markets to serve:

*“The reason for success is your initial investment in **good markets...**supplying strong markets form the **basic foundation**”*

Moreover, the quotations in table 13 show that the respondents considered the other roles of leaders to be:

- Ensuring strong operational capabilities
- Ensuring that fundamental values and principles are enforced
- Having a systems focus
- Listening, thinking, and reflecting
- Proactive planning
- Securing financial health and positive cash flow

### 5.2.2 Conclusion

It is fascinating to see that the findings of this section strongly present a situation depicting that the role of leaders is indeed multifaceted. This is evident from certain quotations that illustrate the roles of leaders being linear and simple whilst others illustrate how incredibly interlinked and complicated the roles of leaders actually are. Below are a few quotations that illustrate this point:

*Respondent 13: “**All we had to do** was look after the Rands and the cents. We knew the rest would come on its own”*

Respondent 5: *“**All that we do** is, we basically regroup...and stick to how we do things, the basics”*

Respondent 2: *“The reason for success is your **initial** investment in strong markets...”*

Respondent 1: *“It’s obviously **challenging** because as the business changes you need to understand it, you need to be one step ahead of what the requirements of the business are”*

Respondent 10: *There is a **difference** between working in your business and working on your business”*

Respondent 2: *“In the past operations was easy...now it’s different...that’s what the **challenge** is...it’s a different management style”*

The data that has been presented in answering this research question, suggests that the role of leaders is to ensure competency and responsibility for all the themes discussed. For example, the role of leaders is to ensure a good value proposition is developed, establish management teams, and so forth.

However, the conceptual conclusion drawn is that beyond the practical and physical role that leaders must adopt, in order to shift firms to greater levels of dynamic capabilities, and effectively transit them into big business, leaders must adopt the role of delicately balancing all these requirements and competencies simultaneously.

### **5.2.3 RQ2: What are the External Enablers and Inhibitors?**

Table 14 below is a frequency table of quotations answering what are the external enablers and inhibitors for leaders to transition from SME to big business.

It is important to mention that the quantity of quotations identified to answer this research question were significantly less than for the first research question. This is because only question 5a of the interview guideline was designed to probe for insights into this research question.

**Table 14: Frequency of quotes regarding external enablers and inhibitors**

Research Question:	RQ2: External Enablers & Inhibitors
	Count of Quote
Funding and capital	6
Technological improvements and trends	4
Retail outlet positioning	3
Market maturity and acceptance of value proposition by the public	3
Luck and timing	2
Trade restrictions	1
Education	1
Word of mouth	1
Currency and political instability	1
Celebrity opinions and comments	1
<b>Grand Total</b>	<b>23</b>

Emphasis will be placed on the codes above the red dotted line as they contain the bulk of the quotations regarding the external enablers and inhibitors for leaders to grow their businesses (16 of 23 quotations; equating to 70%). The codes and quotations below the red dotted line will be presented together at the end of this section followed by the conclusion.

### 5.2.3.1 Funding and capital

Table 15 below presents all the quotations that were identified regarding funding and capital as an enabler / inhibitor for leader's to grow their firms.

**Table 15: Quotes illustrating the impact of funding / capital in growing a business**

Quote	Respondent
Having...sufficient capital to do your business helps a lot	Respondent 01
Funding helps do things differently	Respondent 03
We had the financial capacity to do it	Respondent 05
Suddenly we went from being a business with absolutely no money to being a business with some money, which created a completely different problem	Respondent 06
We received funding from a US venture capitalist	Respondent 10
You took 20% whether you had money or not, we would finance it for you	Respondent 13

The quotations in table 15 above make it apparent that growth options become available with financial backing. Respondent 6 refers to the availability of funds posing a problem to their organization. In the context of the interview, it was clear that this problem referred to the challenge of how the funds should be allocated in order to scale the business. The interpretation should not be mistaken for the funds themselves being the problem.



The quote by respondent 13 refers to the expansion of franchise stores. Regardless of whether franchisees had sufficient capital to purchase the franchise license, and set up the new store, respondent 13 (as franchise holder) would seed the required capital thus enabling the expansion to materialize.

In summary, it is clear that funding and capital is a big enabler in assisting leaders to effectively grow their businesses. Also, as presented in the previous section, for this reason, respondents seemingly agreed that part of a leader's role is to ensure financial health and strong positive cash flow.

### 5.2.3.2 Technological improvements and trends

Table 16 below shows all the quotations identified regarding how technological improvements and trends affect leaders in transitioning their firms to big businesses.

**Table 16: Quotes illustrating the impact of technological advancements and trends**

Quote	Respondent
The advent of the cell phone... huge, huge thing and how quickly it's scaled across Africa is a big enabler for what we do	Respondent 06
I suppose the internet has also helped us tell those stories	Respondent 10
The advent of the internet and the continually improving access to broadband	Respondent 10
Things have changed a lot because... information has become extremely quick. People are travelling and trends have changed... we've become a throw-away society	Respondent 12

The quotations above basically illustrate that the advent and expansion of the internet and cell phones have greatly assisted some leaders in growing their businesses. These quotations came as no surprise to the researcher as the businesses of respondents 6 and 10 both operate via online and cellular platforms.

Respondent 12's business however, is not an online or cellular business. This quotation is interesting because, in the context of the interview, respondent 12 was referring to the need for leaders to continuously innovate and recreate because of the pressure applied on business from ever changing trends.

The referral to travel and the throw-away society was indicative of the pressure applied on businesses from the public continuously become more aware of global trends.

### 5.2.3.3 Retail outlet position and market maturity

The importance of retail outlet position and market maturity were highlighted by three respondents as being enablers for leaders to transition their firms to big businesses. Table 11 below presents all the quotations identified relating to these external factors.

**Table 17: Quotes illustrating the importance of retail position and market maturity**

Market maturity and acceptance of value proposition by the public	
Quote	Respondent
Consumers found a universal and consistent product throughout the market, from one store to the next...so they took to the brand and that is the external factor that makes us a success	Respondent 01
I think that's the most critical point at the end of the day: the consumer must accept your product. The demand then drives the consumer to the retailer, who then reverts back to you as the manufacturer	Respondent 01
The market matured and became more ready	Respondent 10
Retail outlet positioning	
Quote	Respondent
We always knew position, position, position, is the key element to success	Respondent 13
We identified where the top positions are	Respondent 13
We paid position, we paid positions three, four, five times until we could get the brand out there it was very important	Respondent 13

Respondent 1, being a manufacturer, makes it clear that an external enabler for their company's successful transition to big business was due to their value proposition being accepted by customers and end consumers. This point is made apparent in their below quotation:

*"...the **most critical** point at the end of the day: the **consumer must accept** your product"*

They continue to explain the methodology by which they achieved this. They explain that they offered:

*"...a **universal** and **consistent** product throughout the market"*

This is interesting because respondent 3 earlier stated that:

*"**Consistency, quality, and service are critical**"*

Therefore, respondent 1 and 3 provide the insight that, from a manufacturing perspective, supplying products that are consistently of a high quality is critical in

getting the end consumer to accept the value proposition. From a retail perspective however, respondent 13 made it apparent that operating out of the best and busiest retail positions is vital to the success of such business. This is illustrated in the below quotations:

*“We always knew **position, position, position**, is the key element to success”*

#### 5.2.3.4 Other external enablers and inhibitors

An additional seven quotations were identified relating to external factors enabling or inhibiting leaders to effectively transition their firms to big businesses. These are all presented in table 18 below.

**Table 18: Quotes illustrating other external enablers and inhibitors**

Other external enablers and inhibitors		
External factor	Quote	Respondent
Celebrity opinions and comments	Oprah...had an opinion about red meat and it affected everything in the whole world actually with regards to how people eat meat	Respondent 05
Currency and political instability	Volatile currencies is a massive thing for us and...same thing with volatile political environments. We're going to the DRC so it's a fairly volatile political environment with all sorts of corruption	Respondent 06
Education	I think our biggest issue in this country is education, not everyone got the formal education they should have	Respondent 03
Luck and timing	It positioned itself well at that point, the other opportunities developed because of the initial luck...the starting point was luck	Respondent 12
Luck and timing	Luck and timing is everything. We were in the right place at the right time	Respondent 12
Trade restrictions	We had restriction on trading hours, coffee, liquor, desserts, bread, salads...	Respondent 13
Word of mouth	The shop was a success because it had feet...the feet became three times more by word of mouth	Respondent 11

The quotation regarding the effects of celebrity opinions and comments supports the quotation by respondent 12 in the previous discussion on technological improvements and trends. Interestingly, it is apparent that celebrity opinions have the potential of affecting demand for businesses across borders.

Word of mouth was also identified as an external enabler for firm growth. This is illustrated in the quotation by respondent 11 that said:

*“The feet became three times more by **word of mouth**”*

Respondent 3 talked about a very prominent and serious macroeconomic problem facing South Africa: the quality of the educational system. South Africa’s educational system has been ranked 134<sup>th</sup> of 138 countries in the latest Global Competitiveness Report by the World Economic Forum (Schwab, 2016). In this regard respondent 3 said:

*“I think our biggest issue in this country is **education**, not everyone got the formal education they should have”*

Table 18 on the previous page makes it clear that for firms operating across borders, external inhibitors include currency and political instability. Furthermore, trade restrictions can be an inhibitor to growth. This is particularly prominent for retail businesses as is evident from the quotation by respondent 13 in table 18.

#### **5.2.4 Conclusion**

This research question sought to identify what the external enablers and inhibitors for leaders to effectively transition from SME’s to big businesses. The results presented here show unanimous consensus that sufficient capital and funding is certainly an enabler in this regard.

In addition, for retail type businesses, outlet position is critical in assisting leaders to grow their firms whereas from a manufacturing perspective, having the end consumer demand the company’s product offerings is found to be the strongest external enabler.

Trade restrictions, volatile currencies, and volatile political environments were found to be inhibiting factors for company growth. In contrast, luck and timing were considered external enablers for leaders in their efforts to transition firms to big businesses.

#### **5.2.5 RQ3: What are the Attitudes to Change**

Table 19 on the next page is a frequency table of quotations answering what are the attitudes to change that enable leaders to develop dynamic capabilities?

Table 19: Frequency of quotes regarding the attitudes to change

Research Question:	RQ3: Attitudes to Change
	Count of Quote
Change requires you to continuously respond and adapt	24
Change is inevitable and necessary	10
Change is challenging and difficult	10
Change is exciting and fun	10
<b>Grand Total</b>	<b>54</b>

The findings concentrated in the code above the red dotted line will be presented independently because the bulk of quotations for this research question were concentrated in this code (44% of the quotations). The remaining codes and quotations will be presented together, followed by the conclusion to this research question.

#### 5.2.5.1 Change requires you to continuously respond and adapt

Table 20 on the next page presents some key quotations regarding the need to continuously respond and adapt.

There appears to be a conflicting discussion emerging from some of the quotations in table 20 regarding the origin of change. Seven respondents quoted ten times that change originates from internal decisions. On the contrary, four respondents quoted six times that change is initiated by the needs of the market and therefore originates from external sources. This is clearly illustrated in the below two quotations from respondents 6 and 11.

*“That was a very pivotal personal moment for me...**recognizing** that the role had fundamentally changed...”*

*“The need for change wasn’t just a matter of today...the need for change came from the public, more than anything else, **it came from the customer**”*

Regardless of origin however, the respondents made it apparent that the imperative to respond and adapt to ever changing business environments is a matter of survive and a necessity to remain relevant and competitive. This is illustrated from the below quotations by respondents 3, 6, 12, and 13:

**Table 20: Quotes illustrating the need to continuously respond and adapt**

Theme	Quote	Respondent	No of Respondents	Frequency
Change affects a leader's role and is internal	You need the flexibility...and versatility, you need to create it, that is what makes you win at the end of the day	Respondent 01	7	10
Change affects a leader's role and is internal	I think managing people more. In the past, operations was easy. You do, you drive, you know, you get,...now it's different. You need to spend time with people, do appraisals, etc...and that's where the challenge is for me, it's a different management style. I need to adapt in order to get things done	Respondent 02	7	10
Change affects a leader's role and is internal	You have to use the newest stuff wherever or whenever you get the opportunity...I think capital expenditure needs to be on high tech	Respondent 02	7	10
Change affects a leader's role and is internal	As a management team, we essentially had to completely change how we managed the business	Respondent 06	7	10
Change affects a leader's role and is internal	Like I said, we took on...that required a very different kind of thinking and, personally I got very lost in that process because I didn't adjust my thinking quickly enough	Respondent 06	7	10
Change affects a leader's role and is internal	That was a very pivotal personal moment for me, recognizing that the game had changed...recognizing that the role has fundamentally changed from what it was before, to something completely new...instead of me doing a lot of things and being the technical expert in one area to instead building capacity underneath me	Respondent 06	7	10
Change or die	The market had changed...and you had to change with that market. Your customers change, your suppliers change, the products that people eat change, the way they eat has changed, so you definitely have to keep up with change, otherwise you'll die	Respondent 01	5	8
Change or die	If you're going to stand in its way, it's going to bulldoze you, so you've got to accept it, adapt it to the best of your ability and then move forward with that in mind	Respondent 03	5	8
Change or die	The other skills I think are adaptability to change. When an organization is scaling and changing at a rate that we are, its constantly changing...you need to be able to adapt and deal quickly with the change otherwise you get left behind	Respondent 06	5	8
Change or die	If you don't adapt you won't survive	Respondent 12	5	8
Change is driven by the customer	If sales are dropping because the consumer keeps on changing: you need to keep up with the consumers trends	Respondent 01	4	6
Change is driven by the customer	The need for change wasn't just a matter of today...the need for change came from the public, more than anything else, it came from the customers	Respondent 11	4	6
Change is driven by the customer	Obviously it's got to adapt to the times as the market changes...we've seen significant changes...we will continue to adapt it	Respondent 12	4	6
Change is driven by the customer	See what I'm saying, the industry has become so competitive that you need to recreate yourself all the time, and that's what we didn't do	Respondent 13	4	6

*"If you're going to stand in its way, it's going to bulldoze you so you've got to accept it, **adapt** to it to the best of your ability, and then move forward with that in mind"*

*"Like I said...personally, I got very lost in the process because I didn't **adjust** my thinking quickly enough"*

*"If you don't **adapt**, you won't survive"*

*"See what I'm saying, the industry has become so competitive that you need to **recreate** yourself all the time, and that's what we didn't do"*

### 5.2.5.2 Other attitudes to change

A total of 30 more quotations were identified from the respondents regarding different attitudes to change. The three attitudes identified from the respondents are that a)

change is inevitable and necessary, b) change is challenging and difficult, and c) change is exciting and fun. Some key quotations per theme are presented in table 21 below.

**Table 21: Quotes illustrating other attitudes to change**

Theme	Quote	Respondent	No of Respondents	Frequency
Change is challenging and difficult	It's obviously challenging because as the business changes you need to understand it, you need to be one step ahead of what the requirements of the business are before the staff actually come and tell you "we need this"	Respondent 01	7	10
Change is challenging and difficult	Its painful, it's not easy hey!	Respondent 02	7	10
Change is challenging and difficult	We are very regulated with regards to systems and a hygiene system, to change something takes very long...so change for us is much more difficult...	Respondent 05	7	10
Change is challenging and difficult	Last year we had a currency crisis in the markets where we're in, we lost 65% of our revenue in two weeks because currencies crashed	Respondent 06	7	10
Change is challenging and difficult	Everyone is resistant to change by nature	Respondent 12	7	10
Change is challenging and difficult	It's a painful because, I don't want to be redundant, I still want to be important	Respondent 12	7	10
Change is exciting and fun	It's actually really exciting	Respondent 02	7	10
Change is exciting and fun	Our CEO would like to change more than we can keep up with	Respondent 05	7	10
Change is exciting and fun	Instead of being a passive victim of change I'm actually a change agent	Respondent 06	7	10
Change is exciting and fun	It's fantastic. It's always great...	Respondent 07	7	10
Change is exciting and fun	He can just grow and grow and grow, we've now got Joburg, Durban, Cape Town, Port Elizabeth... he loves it	Respondent 08 and 09	7	10
Change is exciting and fun	As I got older, I've definitely become more welcoming of change	Respondent 10	7	10
Change is exciting and fun	But generally speaking I'd say I'm open and excited by change	Respondent 10	7	10
Change is inevitable and necessary	All good things have sell-by-dates	Respondent 01	8	10
Change is inevitable and necessary	Change is constant... change and growth is constant, you know, so we see it as normal. I think if you don't change then you go backwards	Respondent 02	8	10
Change is inevitable and necessary	if I'm not driving change, not only am I going to be behind the curve, but all my teams are too	Respondent 06	8	10
Change is inevitable and necessary	Don't be too convinced that what you're doing is what you're going to carry on doing for the next five years	Respondent 10	8	10
Change is inevitable and necessary	Stuff changes all the time faster and faster every year	Respondent 10	8	10
Change is inevitable and necessary	Change has got to take place... change is a necessity to survival	Respondent 12	8	10
Change is inevitable and necessary	No, change is taking place constantly...there is research and development that happens on a weekly basis	Respondent 12	8	10

What is interesting from the above findings is the diversity of respondents representing all three themes. More than half of the respondents mentioned that change is inevitable and necessary, change is challenging and difficult, and that change is exciting and fun. This is visibly illustrated from the below quotations by respondent 2.

*"Change is constant...I think if you don't change then you go **backwards**"*

*"It's actually really **exciting**"*

*"It's **painful**, it's not easy hey!"*

Furthermore, what is also interesting is the density of quotations per theme. For instance, an equal amount of ten quotations were identified per theme. This suggests that respondents agreed to the fact illustrated from the above three quotations of respondent 2. They agreed that change is concurrently inevitable, necessary, exciting, fun, challenging, and difficult.

In summary, it is clear that the general attitude from respondents towards change is that it is necessary in order to remain competitive. This is illustrated in the below quotations from respondents 1, 5, 6, and 10

*“...as the business changes...**you need to be** one step ahead of what the requirements of the business are...”*

*“Our CEO **would like to** change more than we can keep up”*

*“Instead of being a passive victim of change, I’m actually a **change agent**”*

*“**Don’t be too convinced** that what you’re doing is what you’re going to be doing for the next five years”*

### 5.2.6 Conclusion

The findings of this section show conflicting opinions regarding the origin of the imperative to continuously change. However, there seems to be an undisputed consensus in the attitude that, change requires leaders to adapt for survival.

In addition, some other attitudes to change appear to be conflicting between respondents yet others are unanimous. For instance, most respondents did agree that change is necessary, albeit that it poses difficulties to leaders, whereas not all respondents agreed to the fact that change is exciting and fun. The differing opinions are illustrated in the quotations below by respondents 7 and 12:

*“It’s **fantastic**. It’s always great”*

*“Everyone is **resistant** to change by nature”*

### 5.2.7 RQ4: What are the Specific Leadership Competencies

The quotations identified for this research question provide insight into individual-level personal competencies that are required for leaders to develop dynamic capabilities in their firms and effectively transition from SME’s to big businesses. Table 22 below is a



frequency table presenting the codes and quotations identified from the respondents in this regard.

**Table 22: Frequency of quotes regarding personal competencies**

Research Question:	RQ4: Personal Competencies
	Count of Quote
Self-awareness	37
Emotional intelligence, humility, & respect	22
Ability to overcome challenges posed by rapid growth	20
Confidence & self-efficacy	20
Enjoy working, working hard, and persevering	19
Apply wisdom and moderation	11
Build strong relationships	10
Managing and working well with people	9
Communicate well	9
Drive, passion, ambition, and energy	8
Being open to learn	7
Education and experience	7
<b>Grand Total</b>	<b>179</b>

The five codes above the red dotted line consist of 118 of the total 179 quotations identified for this research question. This equates to a total of 66% of the quotations. The quotations within these codes will be presented individually and the quotations within the codes below the red dotted line will be presented together towards the end of this section, followed by the conclusion.

### 5.2.7.1 Self-awareness

Self-awareness appears at the top of table 22 in terms of quotation frequency. Eight of the 13 respondents contributed a total of 37 quotations regarding this competency. Table 23 on the next page presents some key quotations and themes identified for self-awareness.

As is evident from table 23 on the next page, the competency of self-awareness expands beyond recognizing only personality characteristics. True self-awareness, as indicated by the respondents, involves understanding self-limitations, weaknesses, and failures, as well as one's strengths and role in an organization. Respondent 6 amplifies the importance of this holistic understanding by stating:

**Table 23: Quotes illustrating self-awareness as a required personal competence**

Theme	Quote	Respondent	No of Respondents	Frequency
Personality awareness	I think the biggest failure has been my temper	Respondent 05	6	11
Personality awareness	As a senior leadership team... you understand what your values are, how we think about our world, and what is our true north	Respondent 06	6	11
Personality awareness	You got to be selfish to make certain decisions	Respondent 07	6	11
Personality awareness	I don't believe I lacked any competencies... I think circumstances in life makes you take the wrong decisions at times	Respondent 11	6	11
Personality awareness	You know, success after success after success...you become arrogant and don't pay attention to detail	Respondent 12	6	11
Personality awareness	But you know what the biggest challenge was? To acknowledge it. If you know that you can't do that, acknowledge it	Respondent 13	6	11
Limitations awareness	That's the biggest thing, the people, the resource of people is massive because you can't do it on your own, especially when you reach this size	Respondent 05	4	10
Limitations awareness	And as we got bigger and bigger and more had to be done...we realised that soon we'd go crazy if that continued, so we had to release control to other people in the business	Respondent 10	4	10
Limitations awareness	Because of the management I had that was not doing their job correctly...I said, okay, now it's time for me to scale down	Respondent 11	4	10
Limitations awareness	In order to turn it...we had to start employing clever people... you've got to remember something, we grew up in the streets so, we were street wise but we weren't strategy wise	Respondent 13	4	10
Limitations awareness	My 'boet' and I knew we had limited capabilities, my 'boet' has got a standard 7 and I have a matric with a diploma in marketing	Respondent 13	4	10
Strengths and weaknesses	I think that the core is self-awareness. I mean it's crucial to know what you can bring to the organization...at the different phases that the organization is in. In order to do that you need to be quite honest with yourself about where you are	Respondent 06	6	8
Strengths and weaknesses	And perhaps the times when I'm best is when I'm in those first three, four years of ambiguity guessing who we are and trying to win the world over. Whereas, I'm not so good with transitioning into this big business where it's more about systems and scale and optimisation and management	Respondent 10	6	8
Strengths and weaknesses	If you don't take your weaknesses into consideration you are bound to fail	Respondent 12	6	8
Strengths and weaknesses	So what were we good at? Looking after the consumer, selling, our word of mouth. Our confidence was our mouth	Respondent 13	6	8
Role awareness	There's workers and there's a boss...not everybody can be a boss and not everybody can work, but there has to be someone that leads	Respondent 03	5	8
Role awareness	Until later I wrapped my head around the fact that...this was a new game that we were fighting	Respondent 06	5	8
Role awareness	I think I was really battling with working out what my role needed to be in the business	Respondent 10	5	8
Role awareness	We were going to do more damage than good	Respondent 13	5	8
Failure awareness	You've got to realise if you've failed and then you've got to continue	Respondent 03	3	3

*“...it's **crucial** to know what you can bring to the organization...at the different phases that the organization is in. In order to do that, you need to be quite **honest** with yourself about who you are”*

Many respondents did show an understanding of the importance of self-awareness. This is illustrated from the below quotations by respondents 12 and 13:

*“If you don't take your weaknesses into consideration, you are bound to **fail**”*

*“We were going to do more **damage** than good”*

A different view was offered by respondent 11 who stated:

*“I don’t believe I lacked any competencies...I think **circumstances** in life make you take the wrong decisions at times”*

Interestingly, respondent 13 seems to have provided an answer to respondent 11 by saying:

*“But you know what the biggest challenge was? To **acknowledge** it...”*

Respondent 13 continued to show that they indeed had acknowledged their limitations and were very self-aware by saying:

*“My ‘boet’ and I **knew** we had limited capabilities, my ‘boet’ has got a standard 7 and I have a matric with a diploma in marketing”*

*“...you’ve got to remember something, we grew up in the streets so, we **were** street wise but we **weren’t** strategy wise”*

*“So what **were** we good at? Looking after the consumer...”*

#### **5.2.7.2 Emotional intelligence, humility, and respect**

A total of eight respondents spoke about emotional intelligence, humility, and respect. Of these three personal competencies / characteristics, humility received more attention and was quoted as much as ten times from six different respondents. Table 24 on the next page shows the quotations identified in this regard.

The importance of remaining humble throughout professional success and company growth transitions was spoken about frequently by the respondents. Respondent 3 advised that leaders ought to always remember their beginnings and as such remain humble. A similar attitude was adopted by respondent 11 who mentioned that leaders must accept that they will lose occasionally and cannot expect to just be winners forever. These views are illustrated in the below quotes:

*“...you cannot ever forget where you come from. **Humble, humble, humble**”*

*“But then again, there’s a time that you **have to lose**...you can’t just win all the time”*

**Table 24: Quotes illustrating emotional intelligence, humility, and respect**

Theme	Quote	Respondent	No of Respondents	Frequency
Humility	I think it's just that you cannot ever forget where you come from. Humble, humble, humble	Respondent 03	6	10
Humility	My role didn't change too much. It's just that you have to keep focused and not become big headed	Respondent 03	6	10
Humility	People get successful and everything goes to their head. You know you're still the same person, we're still the same people, it doesn't matter... at one point we had xxx that was that size, then we had xxx which is this size, when we started it was this size, it doesn't make any difference. Nothing's changed	Respondent 08 and 09	6	10
Humility	But then again, there's times that you have to lose...you can't just win all the time	Respondent 11	6	10
Humility	Success is your worst enemy, listen to me, success is your biggest and worst enemy...we thought we had made it and success was just slapping us every day but we couldn't see it	Respondent 13	6	10
Emotional intelligence	It's not what you say to somebody, it's how you say it	Respondent 03	3	5
Emotional intelligence	You've got to create somewhere where people feel comfortable, they feel welcomed, and...they get acknowledged. I think in life too few people get acknowledged	Respondent 03	3	5
Arrogance	You get to a point where you think you're bullet proof and then...you've got to realise that the market is not stupid, people can see through you	Respondent 12	1	4
Arrogance	You know, success after success after success...you become arrogant and don't pay attention to detail	Respondent 12	1	4
Respect	I always try and treat them to the best of my ability, how I would want to be treated	Respondent 03	1	1

Respondents 3, 8, and 9 complemented these views but highlighting the importance of remaining focused and not becoming 'big headed'. A profound quotation regarding humility is found in the words of respondent 13 that said:

*“**Success** is your worst **enemy**, listen to me, success is your biggest and worst enemy...we thought we had made it and success was just slapping us every day but we couldn't see it”*

These words by respondent 13 are echoed in the quotations from respondent 12 who spoke four times about the consequences of being arrogant and losing sight of humility. Respondent 12 said:

*“...success after success after success...you become **arrogant** and don't pay attention to detail”*

*“...you think you are **bulletproof** and then...you've got to realise that the market is not stupid, people can see through you”*

In terms of emotional intelligence, respondent 3 illustrated clearly that emotional intelligence is indeed a competence and not a personal characteristic by stating:

*“It’s not what you say to somebody, it’s **how** you say it”*

Throughout all the quotations presented in table 24 on the previous page, it is apparent that there is an undivided agreement between the respondents that the competence of emotional intelligence coupled with the noble personal characteristics of humility and respect are indeed beneficial to business leaders and will serve them in good stead throughout transitioning firms into big businesses.

### **5.2.7.3 Ability to overcome challenges posed by rapid growth**

A common theme ascended whilst interviewing the respondents regarding the required competence of actually being able to overcome difficulties that arise when transitioning into big business. The quotations illustrating this theme are presented in table 25 on the next page.

Four superior abilities were identified from the quotations of the respondents.

The first superior ability related to keeping up with growth demands and the way by which leaders act or react in moments of crisis. Respondent 10 previously reminded us that:

*“Stuff changes all the time, **faster and faster** every year”*

In this rapidly changing environment, it is rational to assume that, occasionally, phases of crisis are likely to occur within organizations. With this in mind, abilities such as the ones described by respondents 1, 6, and 13 below are needed:

*“We had to keep the factory going and **coping** with demand...”*

*“...they invested in a management team that had the ability to **reframe** the problem, when hit by a crisis”*

*“We knew we had to go to 20 stores...**critical mass**”*

The second superior ability related to collaborating and aligning people to a common goal as well as ensuring that fundamental principles are always adhered to. This point is illustrated in the quotations from respondents 1, 5, and 6 that said:

**Table 25: Quotes illustrating the ability to overcome challenges of firm growth**

Theme	Quote	Respondent	No of Respondents	Frequency
Ability to grow and overcome crises	The growth was so rapid that we had to have the ability to cover our orders, or else that would have killed our product	Respondent 01	6	8
Ability to grow and overcome crises	We had to keep the factory going and coping with the demand, I think that was the biggest challenge	Respondent 01	6	8
Ability to grow and overcome crises	Last year we had a currency crisis...we lost 65% of our revenue in two weeks	Respondent 06	6	8
Ability to grow and overcome crises	There is a lot of risk aversion...they feel comfort that they invested in a management team that had the ability to reframe the problem, when hit by a crisis	Respondent 06	6	8
Ability to grow and overcome crises	The problems were that we didn't have computers and that I just didn't have the money to employ the right hands to look after my business	Respondent 11	6	8
Ability to grow and overcome crises	We knew we had to go to 20 stores, you know what it's called? It's called critical mass	Respondent 13	6	8
Ability to create collaboration and alignment	Keeping the service and quality there whilst being versatile enough to accommodate changes...the ability to be able to pull people together at that growth is what's needed	Respondent 01	4	5
Ability to create collaboration and alignment	Managing the 200 people...at the bottom, compared to managing the middle management, is a totally different skillset	Respondent 02	4	5
Ability to create collaboration and alignment	Because you see what the end goal is going to be but you lose a lot of other people who have got different opinions with regards to the business	Respondent 05	4	5
Ability to create collaboration and alignment	When you take on institutional investment, you're taking other people's money, and can't just do whatever you feel like. You have to make sure everyone is engaged in the process...	Respondent 06	4	5
Ability to adapt and change	You need the flexibility... and versatility, you need to create it, that is what makes you win at the end of the day	Respondent 01	3	5
Ability to adapt and change	The other skills I think are adaptability to change. When an organization is scaling and changing at a rate that we are, its constantly changing...you need to be able to adapt and deal quickly with the change otherwise you get left behind	Respondent 06	3	5
Ability to adapt and change	For me as an entrepreneur, the biggest challenge was working out how to let go in a way that you don't lose the obsession with quality and experience that you had in your business	Respondent 10	3	5
Ability to adapt and change	I think I was really battling with working out what my role needed to be in the business	Respondent 10	3	5
Ability to remain at the heartbeat	It presents a very different challenge...how do we prove to people that this is a sustainable model without losing the magic of what got us to here in terms of culture, how do we stay close to our customers, how do we keep our staff happy, how do we keep up the entrepreneurial spirit in the organization	Respondent 06	2	2
Ability to remain at the heartbeat	If you start going corporate then they bypass you, the system bypasses you quite easily	Respondent 07	2	2

*“Keeping the **quality** and **service** there...the ability to be able to **pull people together** at that growth is what's needed”*

*“...you lose a lot of other people who have got **different opinions** with regards to the business”*

*“When you take on institutional investment...you have to make sure **everyone is engaged** in the process”*

The third superior ability related to adaptation to change. Respondents 1 and 6 stress the importance of this ability in the below quotations:

*“You need the **flexibility**...and **versatility**, you need to **create** it. That is what makes you win at the end of the day”*

*“...when an organization is scaling and changing at the rate we are...you need to be able to **adapt** and deal **quickly** with the change otherwise you get left behind”*

The fourth and final superior ability related to being able to remain at the heartbeat of an organization whilst simultaneously letting go of control and allowing other people to take over. This point was previously discussed, and the difficulty of mastering this ability is concisely explained in the words of respondent 10 who said:

*“...the **biggest challenge** was working out **how** to let go...while at the same time building trust in other people and letting them grow”*

The difficulty in achieving this delicate balance is further emphasized by respondent 6 who said:

*“...**how** do we prove to people that this is a sustainable model without losing the magic of what got us here in terms of culture,..., **how** do we keep the entrepreneurial spirit in the organization”*

In summary, the four superior abilities identified from the quotations of the respondents regarding the ability overcome challenges when scaling an organization from a SME to a big business are:

- a) The ability to overcome crises
- b) The ability to aligning people and create strong collaborations
- c) The ability to swiftly and effectively adapt to change
- d) The ability to master how much and in what manner to let go of control whilst at the same time remaining at the heartbeat of the organization

#### **5.2.7.4 Confidence and self-efficacy**

Confidence and self-efficacy was a personal competency mentioned by eight respondents in 20 quotations. Table 26 on the next page shows the themes and quotations identified within this code.

It is apparent from the data that self-confidence is an important personal competence for leaders to grow their firms into big businesses. Respondent 5 was the only person to mention something regarding self-doubt by saying:

*“Having the **confidence** to lead and to do is the **biggest thing**, and I think that’s my biggest challenge”*

**Table 26: Quotes illustrating confidence and self-efficacy**

Theme	Quote	Respondent	No of Respondents	Frequency
Self-confidence	I always said, even if I had a small café, I'd do as well in that as I would do in a bigger store, because you would use the same principles, and stick to that	Respondent 03	7	12
Self-confidence	I believed in myself and I believed in my product	Respondent 01	7	12
Self-confidence	I felt that I can manage two or three stores if I really put my efforts in it	Respondent 11	7	12
Self-confidence	I said, I don't need to be bullied, I do a better job than most and if you don't like the way I do it, let's part ways amicably	Respondent 03	7	12
Self-confidence	So what were we good at? Looking after the consumer, selling, our word of mouth. Our confidence was our mouth	Respondent 13	7	12
Self-confidence	The whole thing is just having confidence to be able to do it	Respondent 05	7	12
Self-confidence	To be honest, I think I've always had leadership. I come from the military	Respondent 04	7	12
Self-confidence	We believed, don't wait for an opportunity to come to you, you've got to go fetch it	Respondent 13	7	12
Self-confidence	We didn't allow the consumer to dictate to us, because the consumer didn't know	Respondent 13	7	12
Self-confidence	We had confidence in ourselves, but we built the company on post-dated cheques	Respondent 13	7	12
Self-confidence	You've got to believe in yourself, you've got to believe	Respondent 07	7	12
Self-confidence	You've got to have experience, you've got to have faith. Believe in yourself as a human being. That's my goal	Respondent 07	7	12
No fear	Everything was at risk but we had nothing to lose	Respondent 13	4	5
No fear	His focus is work all the time. He will carry on and when I am thinking, slow down and think about what we're doing, he just goes ahead full steam, no worries	Respondent 08 and 09	4	5
No fear	Our expansion drive, what was it? Guts	Respondent 13	4	5
No fear	There was nothing clever, none of that, do you understand? It was all guts, we were more guts than anything else	Respondent 13	4	5
No fear	We had the backing to go out and do it and...we were a bit daring	Respondent 05	4	5
Optimism	I borrowed left right and centre...but I was going to make it work...honestly, my intention was to start flying from day one, whether I had money or not	Respondent 11	2	2
Optimism	You've got to get up and you've got to be positive in the morning	Respondent 03	2	2
Self-doubt	Having the confidence to lead and to do is the biggest thing, and I think that's my biggest challenge	Respondent 05	1	1

In support of this are the words of respondents 7 and 13 who further stated:

*"You've got to **believe** in yourself, you've got to believe"*

*"We believed, don't wait for an opportunity to come to you, you've got to go **fetch** it"*

In addition to self-confidence, the themes of having no fear and optimism ascended from the respondents. The below quotations of respondents 8, 9, and 11 illustrate these themes:

*"...he just goes ahead full steam, **no worries**"*

*"...but I was going to make it work...honestly, my intention was to start flying from day one, **whether I had money or not**"*



*“There was nothing clever...it was all **guts**, we were more guts than anything else”*

In general, the quotations in table 26 present a unanimous picture of the respondents being confident, risk taking, and optimistic. Given that they have all managed to successfully transition their firms from SME's into big businesses, it is rational to conclude that confidence and self-efficacy are necessary competencies for leaders to possess.

### 5.2.7.5 Enjoy working, working hard, and perseverance

Throughout the discussions with the respondents, an interesting theme ascended regarding the need to work hard and persevere through the various challenges that leaders face when growing their firms. Some key quotations identified from the respondents are illustrated presented in table 27 below.

**Table 27: Quotes illustrating the need to work hard, preserve, and enjoy working**

Theme	Quote	Respondent	No of Respondents	Frequency
Hard work	We weren't, we didn't have kids, so we could work 15 or 16 hours a day and just push, that's the thing	Respondent 05	7	12
Hard work	Above anything else, above all else, it's just bloody hard work...I think I have a higher capacity for hard work than most do...you need to do that in order to succeed in a start-up environment	Respondent 06	7	12
Hard work	It's been hard work. There's nothing special that happened. At the end of the day, it's easy to deal with us...our service is good	Respondent 08 and 09	7	12
Hard work	And they said: blood, sweat, and tears and we'll give you an equal piece of the pie	Respondent 10	7	12
Hard work	I keep on telling my children: work hard and play. Don't play hard and work	Respondent 11	7	12
Hard work	Those partners came in hungry, you've got to remember something, if you're hungry...you're going to work...we were hungry!	Respondent 13	7	12
Perseverance	Whether it's hard work or whether it's honesty or whether...I don't know what to say to you but, if you're aiming high, you've got to ride that wave at all times to the best of your ability	Respondent 11	3	4
Perseverance	Don't give up, don't give up	Respondent 13	3	4
Enjoy working	I wouldn't have been happy elsewhere, but yeah it's the journey I've enjoyed	Respondent 03	2	3
Enjoy working	I've enjoyed it, to be honest with you, I love what I do...I'm happy with it	Respondent 12	2	3

From the 19 quotations identified, 12 illustrate that working hard is required from leaders when trying to grow their firms into big business. This is made apparent by respondent 11 who stated:

*“...**work hard** and play, don't play hard and work”*

Respondents 5, 6, 10, and 13 further support this view by saying:

*“...we could work 15 or 16 hours a day and just **push**...”*

*“Above anything else...it’s just **bloody hard work**...I think I have a higher capacity for hard work than most do...”*

*“...**blood, sweat, and tears**...”*

*“...you’ve got to remember something, if you’re hungry...you’re going to work...**we were hungry**”*

The final two themes identified were the need to persevere and the imperative of enjoying to work. With respect to perseverance, respondents 11 and 13 said:

*“...if you’re aiming high, you’ve got to **ride that wave** at all times to the best of your ability”*

*“**Don’t give up, don’t give up**”*

In regards to enjoying work, respondents 3 and 12 stated that:

*“I wouldn’t have been happy elsewhere...**it’s the journey I’ve enjoyed**”*

*“I’ve enjoyed it, to be honest...**I love what I do**...I’m happy with it”*

#### **5.2.7.6 Other personal competencies**

In this section, all other personal competencies that were identified throughout the interviews with the respondents are presented. The key themes and quotations are presented in table 28 on the next page.

The theme of wisdom ascended and aligns strongly to the earlier discussions regarding the delicate balance of letting go control and yet remaining at the heartbeat of the organization. The below quotation by respondent 10 illustrates this:

*“The trickiness of knowing **how much** to be involved and **how much** just to give broad guidance was a very difficult transition for me”*

A theme of moderation was also identified that asks the question: how much growth is enough? Respondent 3 answers this question by stating the following:

**Table 28: Quotes illustrating other personal competencies**

Theme	Quote	Respondent	No of Respondents	Frequency
Apply wisdom and moderation	Sometimes you have to actually stand back and smell the roses, you know, bigger isn't always better	Respondent 03	6	11
Apply wisdom and moderation	There's two things, there's vanity and there's sanity	Respondent 03	6	11
Apply wisdom and moderation	The trickiness of knowing how much to be involved and how much just to give broad guidance was a very difficult transition for me	Respondent 10	6	11
Build strong relationships	And that's what it's all about, it's about having relationships	Respondent 08 and 09	5	10
Build strong relationships	But I'd say that first event, that first moment of gratitude to say thank you to our customers has been a completely pivotal point in our business culture, in our attitude to our customers, in the systems we built	Respondent 10	5	10
Build strong relationships	I think...my age was working for me...my network was quite significant...and my age group, at the time, were looking for opportunities	Respondent 12	5	10
Managing and working well with people	I don't think it's any different from...very small to small, medium sized, or to a large business. You are still handling people, you are still working with people	Respondent 01	7	9
Communicate well	As the organization scales...communication becomes increasingly important	Respondent 06	4	9
Communicate well	I'm not a strong communicator, it's been a weakness of mine because it creates confusion, it creates misalignment, it creates assumptions that are seldom good and therefore are problematic	Respondent 06	4	9
Communicate well	So our approach is to communicate why we're excited about the change we're trying to bring about. Communicate and be open about the fact that we don't know what the future looks like but we think it's going to be better and then encourage people to come along with us for the ride	Respondent 10	4	9
Drive, passion, ambition, and energy	I think that first of all we just had the energy to do it, that was the main thing	Respondent 05	3	8
Drive, passion, ambition, and energy	I think the biggest demand for growth has been...our age, something different happens to a person when they grow older within their business...	Respondent 05	3	8
Drive, passion, ambition, and energy	We created the hype, there was no hype	Respondent 13	3	8
Education and experience	I discovered, once I got to...that I knew absolutely nothing about retail. I thought I knew but I had no real knowledge of how retail works	Respondent 04	6	7
Education and experience	I came from an investment banking/finance background so obviously having that finance knowledge was valuable. I've also been a programmer for a long time so having good technical skills in a FinTech space is useful	Respondent 06	6	7
Being open to learn	Becoming a learning organization is very important to us...we have a saying in the company that knowledge is the enemy of learning...if you think you know about something, you don't bother spending time to challenge your assumptions	Respondent 06	4	7
Being open to learn	People who thrive are the people who can learn the fastest	Respondent 10	4	7

*“There are two things, there’s **vanity** and there’s **sanity**”*

*“Sometimes you have to stand back and smell the roses, you know, **bigger isn’t always better**”*

With regards to building and maintaining strong social relationships, respondents 8, 9, and 10 agree by saying that:

*“...that’s what **it’s all about**, it’s about having **relationships**”*

*“...my **network** was significant...and my age group, at the time, were looking for opportunities”*

Furthermore, respondents 1, 5, and 6 reiterate again that leaders need to be competent in working well with people, establishing good communication channels, and have a passion for their work. Respondent 6 specifically explains the consequences of being a poor communicator by bravely stating that:

*“I’m not a strong communicator, it’s...a weakness...because it creates **confusion**, it creates **misalignment**, and it creates **assumptions** that are seldom good...”*

Finally, and not surprisingly, up to six respondents talked about the importance of education and experience and another four stressed the importance of being open to learning. These competencies are illustrated in the below quotations by respondents 4 and 10:

*“I discovered...that I knew absolutely **nothing** about retail, I thought I knew but I had no real knowledge of how retail works”*

*“People who **thrive** are the people who can **learn the fastest**”*

### 5.2.8 Conclusion

The leadership competencies necessary to develop dynamic capabilities and effectively transition firms from SME’s to big business were presented in this section. Respondents made it apparent that leaders need to be honest with themselves and have a holistic perspective of what their strengths and weaknesses are. In so doing, they need to be aware not only of their personality traits but also their limitations, past failures, and leadership role in their firms.

Moreover, leaders need to be self-confident and persevere in their efforts to grow their firms. Upon successfully, achieving the transition, respondents illustrated that leaders must always remain humble and full of humility.

Additional insights were given by respondents with regards to communicating well and having high levels of emotional intelligence. Throughout this journey, leaders must ensure to build strong and functional relationships whilst managing and working well with people.

Leaders also need to have the competency of being optimistic and enjoying their work. They need to be passionate, driven, and full of energy.

Finally, leaders must be equipped with knowledge and experience and need to be competent in applying wisdom when leading an organization. An example of this is figuring out the delicate balance of letting go of operational control whilst remaining at the heartbeat of the organization.

It was also identified that leaders need to have the superior abilities of being able to overcome crises, align people to a common goal, and swiftly adapt to change.

## 6 DISCUSSION

The purpose of this chapter is to discuss the results of this study in collaboration with the results of other scholars. In other words, the results presented in chapter five are compared and contrasted with the insights presented in the literature review of chapter two. In addition, the discussion presented below, aims to provide closure to the research questions of this study and therefore, the discussion is outlined according to the sequence of the four research questions.

The precise purpose of this study was to research the dynamic capabilities framework, from the unexplored perspective of human capital competencies needed to establish dynamic managerial capabilities. Therefore, the roles, attitudes, and leadership competencies that enable leaders to develop dynamic capabilities were sought.

### 6.1 Research Question 1

The first role identified for leaders to shift firms to greater levels of dynamic capabilities is that leaders need to acquire a deep and thorough understanding of their organization.

In their definition of dynamic capabilities, Teece et al. (1997) imply that the role of leaders is to improve a firm's ability to integrate, build, and reconfigure internal and external competencies. In order to achieve this, leaders need to have a thorough understanding of their organization. This is illustrated from the quotation below by respondent 1:

*"...as the business changes you need to understand it, you need to be one step ahead of what the requirements of the business are..."*

The second role of leaders is to step back from operational control and adopt a more strategic role. Helfat and Peteraf (2015) state that the role of a leader is to perform more cognitive activities and less physical tasks. Respondent 6 below illustrates clearly that the role of leaders change throughout growth transitions:

*"That was a very pivotal personal moment for me, recognizing that the game had changed...recognizing that the role has fundamentally changed from what it was before, to something completely new...instead of me doing a lot of things and being the technical expert in one area to instead building capacity underneath me"*

Managing to let go of control is very difficult, complicated, and very crucial. This is illustrated in the below quotation by respondents 10 and 13:

*“For me as an entrepreneur, the biggest challenge was working out how to let go...”*

*“We knew we couldn’t take the company to the next level because firstly, we were too close to the company”.*

In order to figure out how to optimise this delicate balance of maintaining control yet also adopting a strategic role, leaders need to deeply understand their businesses and step back from the daily operations. The consequence of not successfully achieving this balance is illustrated in the below quotation from respondent 6:

*“...that required a very different type of thinking and, personally I got very lost in that process because I didn’t adjust my thinking quickly enough”.*

Another reason why leaders need to let go of control and spend more time on cognitive tasks is because they are responsible for identifying and choosing which markets to serve and what business models to adopt. Helfat and Peteraf (2015) state that leaders need to have the cognitive managerial capabilities of problem solving and reasoning to be able to seize opportunities and improve firm performance by choosing profitable business models and securing institutional investment. In order to do this, leaders need the time to think. This is clearly illustrated in the below quotes by respondents 6 and 13:

*“Taking time to reflect is absolutely vital...when you’re heads down with the details, it’s very difficult to see the woods from the trees”*

*“Our biggest problem was that because we controlled everything we had nobody thinking underneath us”*

The third role of leaders is to establish competent management teams and good collaboration amongst them. Kor and Mesko (2013) state that one of the key roles of leaders is to have the superior ability of configuring top executives. They continue to explain that configuration means “identifying, recruiting, and bringing together the relevant bundle of specialized and general managerial skills, and considering the trade-offs among them” (p. 237).

The need to recruit and on-board people was agreed upon by respondents 5 and 6 of this study who stated that:

*“The resource of people is massive because you can’t do it on your own”*

*“...it’s all about recruiting teams, managing teams, and motivating teams...”*

The need for productive collaboration amongst management teams was further amplified by respondent 1 who stated:

*“...get involved as much as you can to get that group of people working comfortably together. Try and keep animosities and disagreements at bay...”*

The fourth role of leaders is to continuously apply pressure for innovation and to ensure that the entrepreneurial spirit of the organization is never diluted, regardless of how big the firm grows. Teece (2014) highlights this by saying that leaders must ensure managers think creatively and act entrepreneurially. Moreover, Bamiatzi et al. (2015) state that female entrepreneurs are commonly successful because of their ability to create climates of creativity and maintain innovation. Interestingly, respondent 6 agrees with this view by stating:

*“...how do we prove to people that this is a sustainable model without losing the magic of what got us to here...how do we keep up the entrepreneurial spirit in the organization?”*

Respondent 13 continues to state the consequences of complacency and a lack of innovation by saying:

*“We stopped innovation ten years ago, that’s why we went backwards”*

*“I got complacent, I became fat...I didn’t create opportunities anymore...”*

In addition to applying pressure for innovation, leaders need to apply pressure to ensure that their firms have strong operational capabilities. Firms can never shift to greater levels of dynamic capabilities if they do not have processes in place ensuring sound operational capabilities. Operational capabilities include functions such as product development and recruitment of staff.

This point is made apparent in the influential work of Eisenhardt and Martin (2000) who argue against the concept of dynamic capabilities and actually suggest that sustainable competitive advantage comes from continuous new configurations of operational capabilities. In fact, they argue that effectively configuring operational capabilities to the



ever-changing external environment is what Teece et al. (1997) refer to as dynamic capabilities.

Respondents 2 and 10 highlight the critical importance of ensuring sound operational capabilities by stating:

*“Operations needs to be strong because that’s what makes the wheels turn”*

*“...there is some value in the muscle memory of doing the same thing over and over again”*

Having strong operational capabilities in place to ensure, for instance, that effective product development and staff recruitment takes place can lead to massive enablers for organizations to transition into big businesses. This is illustrated in the below quotations from respondents 1 and 6:

*“I think that’s the most critical point at the end of the day: the consumer must accept your product...”*

*“And so people who are getting onto this bus need to share our culture and if they don’t, we need to not even let them onto the bus”*

*“Culture is everything. I mean, you get the culture wrong, everything goes wrong. If you get the culture right, you can fix anything”*

The fifth role of leaders identified from this study is the need for leaders to always remain at the heartbeat of the organization. Despite the necessity to let go, leaders need to find a way of remaining relevant and informed in order to maintain the deep understanding that they have of their firms. This role was clearly illustrated by respondents 2, 3, and 11:

*“...you can’t sit far away. You need to be close to the music”*

*“You’ve got to be at the heartbeat, you’ve got to be right there...”*

*“At the end of the day, if you want to be in business, you’ve got to have your thumb on the button...”*

In order to position their companies where industry forces are weakest and exploit changes in the industry forces (Porter, 2008) leaders need to remain at the heartbeat of their organizations.

The sixth role of leaders identified in this study was the role of being proactive. Bateman and Crant (1993) state that proactive behaviour includes “the ability to identify opportunities and act on them, show initiative, take action, and persevere until meaningful change happens” (p. 439). Respondent 5 and 13 of this study add to this by saying:

*“In order to take it to the next level you need to have a plan, know where you going, and get the right people on-board”*

*“We used to drive around and look for opportunities every day”*

The above two quotations align to the thoughts of Bateman and Crant (1993) as they illustrate the need to have a plan, take action, and show initiative.

The additional roles that were identified for leaders to shift their firms to greater levels of dynamic capabilities include having a systems focus and being firm with staff. These roles are illustrated below by respondents 4 and 10.

*“Why do you think...is the number one retailer in Africa? Because years ago, they started investing in systems”*

*“...in the middle phases, being conscious of systems is critical to scale”*

*“Part of the success is to be...firm and fair with your staff...”*

## **6.2 Research Question 2**

The external enablers that were identified to assist leaders in transitioning from SME's to big businesses are discussed below, followed by the external inhibitors.

The most prominent theme that emerged with regards to external enablers was the need for funding and capital. Flamholtz and Randle (2016) explain that when organizations scale, they encounter a new set of problems and challenges. For instance, they have ever increasing needs for more people, equipment, and space. In order to resolve these operational needs, it is evident from the below quotations, that leaders require sufficient funding. Respondents 1 and 3 stated:

*“Having...sufficient capital to do your business helps a lot”*

*“Funding helps do things differently”*

In today's world of globalization and online networks, the respondents of this study highlighted that technological improvements can assist leaders greatly in transitioning into big businesses. Respondents 7 and 10 stated:

*"The advent of the cell phone...huge, huge thing and how quickly it's scaled across Africa is a big enabler for what we do"*

*"The advent of the internet and the continually improving access to broadband"*

Furthermore, for retail type businesses, respondent 13 illustrated clearly that retail outlet position is critical in assisting leaders to grow their firms:

*"We always knew position, position, position, is the key element to success"*

*"We paid positions three, four, five times until we could get the brand out there it was very important"*

In their discussions on dynamic managerial capabilities, Adner and Helfat (2003) mentioned that one of the attributes underpinning the concept was human capital. Part of what they refer to in this element is that, leaders need to possess a certain level of education and experience in order to shift firms to greater levels of dynamic capabilities and effectively transition them into big businesses. The respondents of this study agreed that education and experience are enablers for leaders. Respondents 5, 6, and 7 said:

*"...part of the frustration is... not having enough experience on how to actually deal with such problems"*

*"I came from an investment banking / finance background so obviously...having that finance knowledge was valuable. I've also been a programmer for a long time so having good technical skills in a FinTech space is useful"*

*"You've got to have experience"*

Interestingly, the topic of education was also mentioned as an inhibitor to growth by respondent 3 who mentioned that:

*"I think our biggest issue in this country is education..."*

Considering that South Africa's educational system is ranked 134<sup>th</sup> of 138 countries (Schwab, 2016) the quotation by respondent 3 cannot be ignored and seems to be very relevant in the context of macroeconomic inhibitors.

In conclusion, the final inhibitors for leaders to achieve organizational growth appeared to be volatile currencies and unstable political environments. These inhibitors are illustrated below by respondent 6 and mainly applicable to businesses that operate across borders:

*"Volatile currencies are a massive thing for us...Same thing with volatile political environments..."*

### **6.3 Research Question 3**

Throughout this study, conflicting attitudes to change were identified from the respondents, however, simultaneously, there appears to be a unanimous consensus about what attitudes to change leaders ought to adopt in order for them to develop dynamic capabilities in their firms.

Bateman and Crant (1993) stated that certain people have a higher propensity to actively and intentionally change their environments. This was most certainly illustrated in the below two quotations from respondents 6 and 12 that mentioned:

*"Instead of being a passive victim of change, I'm actually a change agent"*

*"Everyone is resistant to change by nature"*

In general, the attitudes to change that were identified in this study were a) change is exciting and fun, b) change is challenging and difficult, and c) change is inevitable and necessary. These attitudes are briefly illustrated in the below three quotations from respondents 2 and 10.

*"...generally speaking I'd say I'm open and excited by change"*

*"It's painful, it's not easy hey!"*

*"Don't be too convinced that what you're doing is what you're going to carry on doing for the next five years"*

Caligiuri and Tarique (2012) stated that people with the personality trait of openness, tend to have higher levels of tolerance to ambiguity and are more able to exhibit

cultural flexibility. Interestingly, in order to develop higher levels of dynamic capabilities and effectively transition firms into big businesses, respondent 10 agreed to this by saying:

*“I think we have to always change to evolve and to keep learning”*

*“One competency is comfort with ambiguity and lack of clarity...”*

The unanimous consensus received from the respondents was in connection with the need for leaders to continuously respond and adapt to changes in the business environment as a matter of survival and competitiveness. A few quotations illustrating this consensus can be seen below from respondents 1, 3, 5, 6, and 12.

*“You need to keep on re-inventing, you need to keep on adding lines, you need to keep on looking for new customers...and you got to look at changes within your manufacturing and distribution patterns...”*

*“If you’re going to stand in its way, it’s going to bulldoze you, so you’ve got to accept it, adapt it to the best of your ability and then move forward with that in mind”*

*“Change is always good, you have to...otherwise you regress or become stalemate”*

*“The other skills I think are adaptability to change. When an organization is scaling and changing at a rate that we are...you need to be able to adapt and deal quickly with the change otherwise you get left behind”*

*“If you don’t adapt you won’t survive”*

The above attitudes to change are interesting as they strongly align to the academic literature on dynamic capabilities. Teece et al. (1997) and Zahra et al. (2006) made it apparent that, despite all the bifurcation and tautological opinions within the dynamic capabilities discussions; dynamical capabilities are known to best suited and most relevant in times of change.

Rapidly changing environments require of leaders to have the superior ability to continuously integrate, build, and reconfigure company resources in spite of the all the challenges posed by rapid organizational growth and changes in the external business environment. As such, it is encouraging to note that the respondents of this study (that were all leaders of their organizations) appeared to unanimously agree that they need

to adopt a positive attitude towards change, as change is as much a necessary and it is inevitable.

#### 6.4 Research Question 4

From the review conducted in chapter two, and the findings of this study, it is rationale to state that the most necessary competencies for leaders, to develop dynamic capabilities and effectively transition their firms into big businesses are self-awareness, self-confidence, working well with people and building strong relationships, and having the superior abilities to overcome challenges posed by rapid organizational growth.

Whilst having these competencies, respondents made it apparent that leaders need to always remain humble, respectful, open to learning, and be prepared to work hard.

In addition, some insights were provided illustrating that leaders need to be competent in emotional intelligence and applying moderation to their business decisions and even their personal lives.

Gentry and Sparks (2012) spoke about the need to be self-aware and explained that the ability to recognise what competencies are necessary in a leadership role is a super ability in itself. This view was also voiced by respondent 6 who stated:

*“I think that the core is self-awareness. I mean, it's crucial to know what you can bring to the organization...at the different phases that the organization is in. In order to do that you need to be quite honest with yourself about where you are”*

Bjork et al. (2011) respond to this view by saying that leaders are only able to be truly self-aware if they are willing to learn. Throughout the discussion of dynamic capabilities, respondent 10 agreed to the need of being willing to learn and in fact advised future leaders by saying that they should focus on:

*“Hiring people who have the capability and inclination to learn and the appetite to learn”*

Self-confidence was the second competency that respondents unanimously agreed to as being necessary for leaders. Baum and Locke (2004) also stated that self-confidence was a competency that hundreds of preceding studies agreed to as being a necessary leadership trait. The below quotations by respondents 5 and 7 illustrate the importance of self-confidence.

*“Having the confidence to lead and to do is the biggest thing...”*

*“The whole thing is just having confidence to be able to do it”*

*“You’ve got to believe in yourself, you’ve got to believe”*

The third personal competency required by leaders when growing their firms into big businesses is the ability to work well with people and establish strong relationships. In their discussion on dynamic managerial capabilities, Adner and Helfat (2003) stated that one of the attributes leaders must possess is strong social capital. Social capital refers to internal and external social ties that leaders must have in order to provide access to external needs of the business i.e. financing, and to gather information that the business may require.

Respondents 1, 8, 9, and 12 below, further illustrate the importance of working well with people and building strong relationships.

*“Keeping the service and quality there whilst being versatile enough to accommodate changes...The ability to be able to pull people together at that growth is what’s needed”*

*And that’s what it’s all about, it’s about having relationships*

*“I think...my network was quite significant...and my age group, at the time, were looking for opportunities”*

Fourthly, leaders need to have the personal competence and ability to overcome the challenges presented to them throughout periods of change and rapid organizational growth. Four superior abilities were identified in this study, as being necessary for leaders to possess. These superior abilities encompass elements that have already been presented and discussed and as such, ample detail will not be further provided here. For the sake of convenience, these four superior abilities are listed below:

- a) The ability to overcome crises
- b) The ability to aligning people and create strong collaborations
- c) The ability to swiftly and effectively adapt to change
- d) The ability to master how much and in what manner to let go of control whilst at the same time remaining at the heartbeat of the organization

These findings align with the literature on dynamic capabilities as Teece (2016) states that dynamic capabilities are the superior ability of leaders and managers to effectively realigning their organization and its internal competencies to the fast-paced changes in the external business environment.

Other personal leadership competences required by leaders is to be emotionally intelligent, wise in applying moderation, and the ability to work hard. These competencies are illustrated in the below quotations by respondents 3,

*"It's not what you say to somebody, it's how you say it"*

*"There are two things, there's vanity and there's sanity"*

*"Above anything else, above all else, it's just bloody hard work...I think I have a higher capacity for hard work than most do..."*

To conclude this section, it is important to mention that the respondents of this study made it very apparent that throughout the journey or organizational growth and professional success, leaders need to remain humble and full of humility. This is illustrated in the below quotations by respondents 3 and 13

*"...you cannot ever forget where you come from. Humble, humble, humble"*

*"People get successful and everything goes to their head. You know, you're still the same person..."*

*"Success is your worst enemy, listen to me, success is your biggest and worst enemy...we thought we had made it and success was just slapping us every day but we couldn't see it"*



## 7 CONCLUSION

Small and medium sized enterprises are known to fail for a plethora of reasons (Mellor, 2014; Sridharan, 2016; Wagner, 2013), however; it is apparent that, the most prevalent reason for SME failure is leadership and managerial incompetence (Brownlee, 2014).

SME's fail because their leaders and managers are unable to establish viable business propositions and sustainable competitive advantages for their firms. This study focussed on what leaders are required to do, in order to more effectively establish competitive advantages for their firms.

It is known that, short lived competitive advantage can be obtained by means of establishing and efficiently conducting operational capabilities (Eisenhardt & Martin, 2000). That is, to efficiently perform routine work activities. Sustainable competitive advantage on the other hand, requires a superior ability of leaders and managers to continuously reconfigure the operational activities of a firm in order to adapt to the requirements of the ever-changing external business environment (Teece, 2014). If a firm is able to do this, it is said to possess the superior ability of dynamic capabilities.

In order for leaders to establish dynamic capabilities for their firms, it is known that they too need to possess super abilities. The individual-level super abilities of leaders are called dynamic managerial capabilities; and they include the ability of a leader to repeatedly orchestrate and configure firm resources (Kor & Mesko, 2013). It is known that dynamic managerial capabilities are underpinned by three attributes; namely, a leader's human capital, social capital, and managerial cognition (Adner & Helfat, 2003).

The precise purpose of this study was to understand what the specific roles, attitudes, and competencies are, that leaders require, with regards to the human capital attribute of the dynamic managerial capabilities concept, in order to develop dynamic capabilities for their firms and, as such, more effectively enable transition from SME to big business. In so doing, this study committed to answering the following four research questions:

1. What are the roles of leaders in shifting firms to greater levels of dynamic capabilities?
2. What are the external enablers and inhibitors for leaders to transition from SME to big business?
3. What are the attitudes to change that enable leaders to develop dynamic capabilities?

4. What are the specific leadership competencies required to develop dynamic capabilities and ensure effective transition from SME to big business?

In order to achieve this objective, an inductive exploratory study was conducted. Firstly, an extensive review of the strategic management literature was performed in order to understand what was already known with regards to competitive advantage, dynamic capabilities, and dynamic managerial capabilities. Secondly, exploratory research was conducted by means of 12 in-person semi-structured interviews with a pre-qualified research sample. The research sample only included people who qualified against the following three criteria:

- a) Participants needed to have participated in a growth transition from SME to big business
- b) Participants needed to be leaders in their organizations
- c) Participants needed to be responsible for the establishment of competitive advantage in their organizations

## 7.1 Principal Findings

The findings of this study enabled the creation of an illustrative model that is presented on the following page in figure 1.

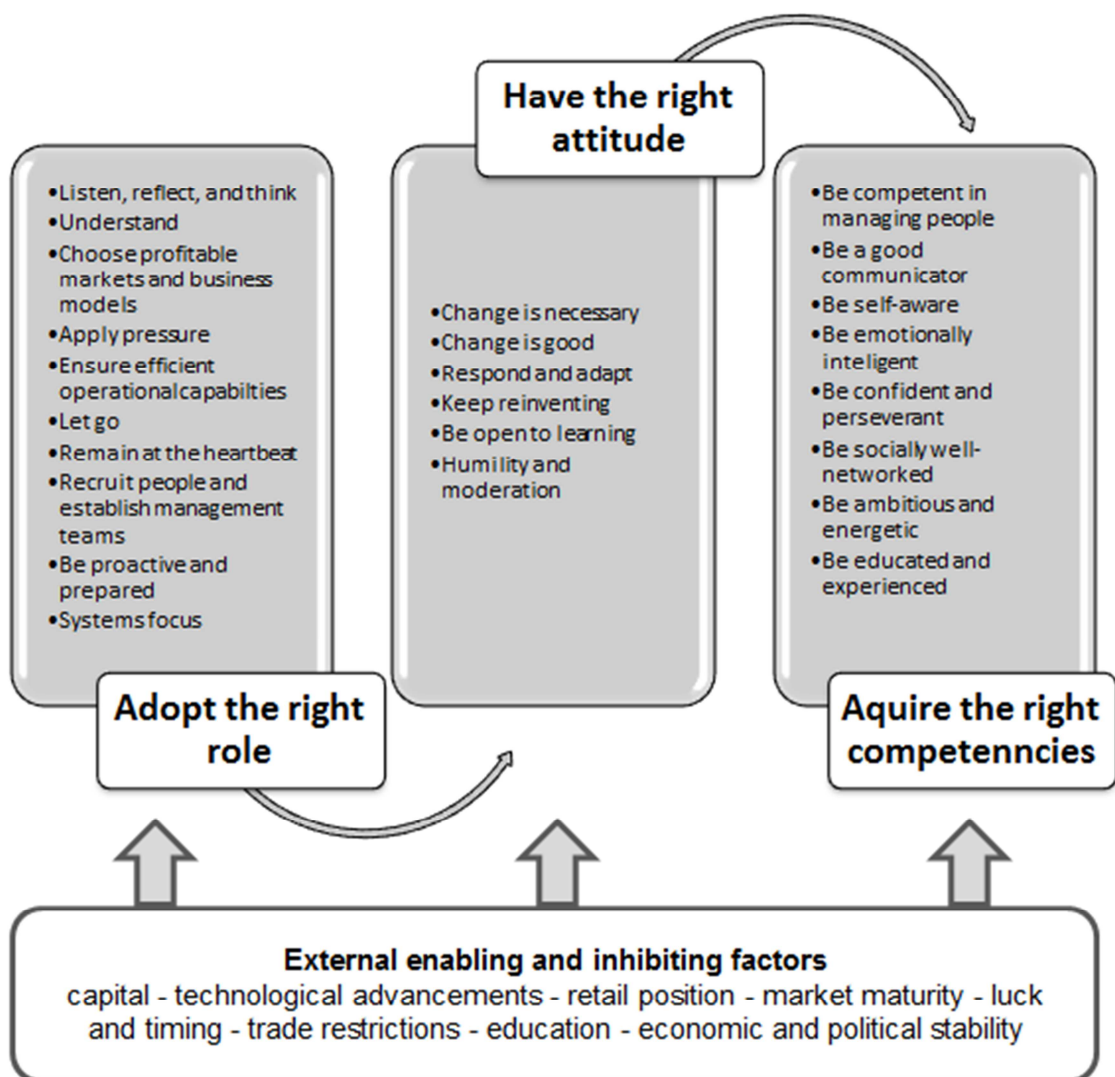
Figure 1 shows that, the human capital that leaders need to possess in order to develop dynamic capabilities in their firms is firstly, an understanding of the new *role* they serve in an organization as it transitions from SME to big business. Secondly, leaders need to subscribe to the right *attitudes* regarding change and finally, leaders need to acquire the right *competencies* to effectively manage the challenges posed by firm growth. In so doing, leaders need to be mindful of various external factors that have the potential to enable or inhibit the goal of transitioning into big businesses.

The *roles* that leaders need to adopt are, first and foremost, a role of listening, reflecting, and thinking in order to acquire a deep and thorough understanding of their business. This is required for leaders to be competent in choosing which markets to serve and which business models to subscribe to. Furthermore, the role of leaders is to continuously apply pressure for the firm's operational capabilities to run efficiently, as well as to apply pressure for constant innovation and recreation of routines, products, and value propositions.

Most evidently throughout this study, it was found that, as firms grow, the role of leaders is to master the delicate balance of letting go of operational control whilst still remaining at the heartbeat of the organization. In order to achieve this overwhelmingly difficult equilibrium, leaders need the understanding of their businesses discussed earlier, as well as to effectively recruit and onboard competent people. Leaders thus, need to have a system focus and be proactive with regards to establishing operational capabilities that will allow for the effective recruitment of managerial staff.

## 7.2 Illustrative Model

Figure 1: Model illustrating roles, attitudes, and competencies required by leaders



In alignment with the dynamic capabilities literature, the findings of this study support that leaders need to possess the right *attitudes* towards change in order to succeed in

developing dynamic capabilities. Change is constant and is necessary for sustained competitive advantage.

The attitudes that leaders need to adopt is that change is indeed good and productive. Leaders must endeavour to embrace change, be excited by it, and in fact, be change agents. Moreover, it is critically important for leaders to accept that they do not know everything and as such, remain receptive and open to learning. Leaders need to continuously educate themselves and pursue experience.

Another highlight of the findings of this study is that, throughout firm growth and successful transition into big business, leaders must remain humble. The negative consequences of arrogance were made apparent and as such, the advice obtained for future leaders is to remain full of humility.

In regards to the specific *competencies* required by leaders to more effectively develop dynamic capabilities, it was found that leaders need to be competent in managing people and establishing functional and collaborative working teams. To do this, leaders need to be good communicators, be emotionally intelligent, and perseverant. Leaders must be competent in forming strong relationships and as such, be well-networked.

Self-awareness was also found to be a key competence required by leaders. Leaders must have the knowledge, not only of their personality traits but also of their strengths, weaknesses, limitations, past failures, and new leadership role. Finally, leaders must have the competence of once again, finding the healthy and functional balance of being confident, energetic, passionate, and ambitious, without becoming arrogant and losing sight of humility.

Whilst adopting the right role, the right attitudes to change, and acquiring the right competencies to more effectively develop dynamic capabilities, leaders need to be mindful of the various external enablers and inhibitors to firm growth. This study revealed that sufficient financial backing is critical when transitioning into big business and therefore, it is the role of the leader to ensure that this requirement is in check when transition the firm. Moreover, leaders must be alert to technological trends, levels of market maturity, as well as macroeconomic factors such as economic and political stability. Depending on industry type, leaders must also consider practical elements such as the importance of retail outlet position.

### **7.3 Implications for Management**

The academic contribution of this study has been to further the dynamic managerial capabilities conversation regarding the human capital attribute.

The managerial implications of this study is that, if future leaders subscribe to the key findings presented, they should be better equipped to more effectively develop dynamic capabilities for their firms and as such, stand a better chance of successfully transitioning their firms from SME's into big businesses.

The vital importance of this achievement spans beyond the survival and competitiveness of individual firms but rather, is a matter of macroeconomic prosperity and country competitiveness (Aparicio et al., 2015; Prieger et al., 2016)

### **7.4 Limitations**

The main limitation of this study is that, respondents made it apparent that the leadership roles, attitudes, and competencies required to transition SME's to big businesses are different from the leadership roles, attitudes, and competencies required to transition entrepreneurial start-ups to SME's.

The majority of respondents of this study were start-up entrepreneurs who founded their companies and effectively managed to transition them to SME's. Thereafter, the transitions into big businesses were mainly achieved via the recruitment and on-boarding of experienced executives and managers. The process however, was initiated and led by the entrepreneurs.

As such, the limitation is that the data collection was not conducted with the experienced executives per se but rather, with the founding entrepreneurs.

A further limitation to this study is that it was designed upon the first of the three attributes that underpin the concept of dynamic managerial capabilities as presented by Adner and Helfat (2003): human capital. However, competitive advantage and leadership roles, attitudes, and competencies are very complex and integrated constructs. Therefore, adopting a more integrated approach with regards to dynamic managerial capabilities could perhaps have yielded integrated insights. In other words, this research could have been designed to integrate all three attributes that underpin the concept of dynamic managerial capabilities: human capital, social capital, and managerial cognition.

## 7.5 Recommendations for Future Research

It is recommended that future research is conducted on the concept of dynamic managerial capabilities by integrating all three attributes that underpin the concept: human capital, social capital, and managerial cognition. Thus far, to the knowledge of the researcher, Helfat and Peteraf (2015) have researched the third attribute: managerial cognition, and this study researched the first attribute: human capital, but no study has researched all three attributes together.

Furthermore, to gain further insights into the dynamic managerial capabilities required by leaders to transition from SME's to big businesses, it is recommended that future scholars conduct research using a sample of senior executives that have been recruited for the sole purpose of assisting in the growth transition, and not necessarily, the founding entrepreneurs that led the transition.

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## 9 APPENDICES

### 9.1 Appendix 1: Theoretical Roots of the Dynamic Capabilities Framework

Theoretical Roots of the Dynamic Capabilities Work <sup>a</sup>							
	Resource-based view	Knowledge-based view	Behavioral theory	Evolutionary economics	Network theory	Transaction cost economics	Positioning view
<b>Core work</b>	Wernerfelt, 1984	Kogut and Zander, 1992	Cyert and March, 1963	Nelson and Winter, 1982	Granovetter, 1985	Williamson, 1975	Porter, 1980
<b>Citations</b>	<b>28</b>	<b>20</b>	<b>10</b>	<b>27</b>	<b>8</b>	<b>13</b>	<b>9</b>
<b>Related reference(s)</b>	Amit and Schoemaker, 1993 Barney, 1986 Barney, 1991 Barney, 2001 Bharadwaj, 2000 Collis, 1991 Dierickx and Cool, 1989 Dyer and Singh, 1998 Galunic and Rodan, 1998 Grant, 1991 Henderson and Cockburn, 1994 Hitt et al., 2001 Iansiti and Clark, 1994 Lepak and Snell, 1999 Lippman and Rumelt, 1982 Mahoney and Pandian, 1992 Penrose, 1959 Peteraf, 1993 Powell and Dent-Micallef, 1997 Prahalad and Hamel, 1990 Priem and Butler, 2001 Ross et al., 1996 Rumelt, 1984	Ahuja and Lampert, 2001 Brown and Duguid, 2001 Conner and Prahalad, 1996 Grant, 1996a Grant, 1996b Henderson and Clark, 1990 Leonard-Barton, 1992 Leonard-Barton, 1995 Nahapiet and Ghoshal, 1998 Nonaka, 1994 Nonaka and Takeuchi, 1995 Szulanski, 1996 Zahra et al., 2001 Zander and Kogut, 1995	Brown and Eisenhardt, 1997 Cohen and Bacdayan, 1994 Cohen and Levinthal, 1990 Eisenhardt, 1989 Gavetti and Levinthal, 2000 Huber, 1991 Lane and Lubatkin, 1998 Levinthal and March, 1993 Levitt and March, 1988 March, 1991 March and Simon, 1958 Tripsas and Gavetti, 2000	Adler et al., 1999 Helfat and Raubitschek, 2000 Karim and Mitchell, 2000 Tushman and Anderson, 1986	Burt, 1982 Gulati, 1999 Hansen, 1999 Kogut, 2000	Williamson, 1985	Porter, 1996
<b>Citations</b>	<b>274</b>	<b>139</b>	<b>129</b>	<b>30</b>	<b>24</b>	<b>7</b>	<b>7</b>

<sup>a</sup> Cohen's kappa for inter-coder agreement: 0.607. Related references are ranked according to the number of citations received by papers in the collection. Unless works are cited in the text, please refer to the original papers for complete references.

## 9.2 Appendix 2: Developmental Definitions of Dynamic Capabilities

Defining Dynamic Capabilities (DC): A Bifurcated Domain			
Domain	Approach	Papers	Example
Nature	Ability/capacity/enabling device	Teece et al., 1997; Teece, 2000; Zahra and George, 2002; Benner and Tushman, 2003; Winter, 2003; Knight and Cavusgil, 2004; Zahra et al., 2006; Kale and Singh, 2007; Teece, 2007	DC refers to the <i>capacity</i> of an organization to purposefully create, extend, or modify its resources or skills (Kale and Singh, 2007: 982).
	Process/routine	Eisenhardt and Martin, 2000; Amit and Zott, 2001; Galunic and Eisenhardt, 2001; Zollo and Winter, 2002; Aragon-Correa and Sharma, 2003; Colbert, 2004; Santos and Eisenhardt, 2005; Sapienza, Autio, George, & Zahra, 2006	We define DC as the firm's <i>processes</i> that use resources—specifically the processes to integrate, reconfigure, gain and release resources—to match and even create market change (Eisenhardt and Martin, 2000: 1,107).
Agent	Managers	Galunic and Eisenhardt, 2001; Colbert, 2004; Knight and Cavusgil, 2004; Santos and Eisenhardt, 2005; Sapienza et al., 2006; Zahra et al., 2006	We define [DC] as the abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its <i>principal decision-maker(s)</i> (Zahra et al., 2006: 918).
	Organizations/firms	Teece et al., 1997; Eisenhardt and Martin, 2000; Teece, 2000; Amit and Zott, 2001; Zahra and George, 2002; Zollo and Winter, 2002; Aragon-Correa and Sharma, 2003; Benner and Tushman, 2003; Kale and Singh, 2007	A DC is a learned and stable pattern of collective activity through which <i>organizations</i> systematically generate and modify operating routines for improved effectiveness (Zollo and Winter, 2002: 340).
Action	Change existing	Teece et al., 1997; Eisenhardt and Martin, 2000; Galunic and Eisenhardt, 2001; Zahra and George, 2002; Zollo and Winter, 2002; Benner and Tushman, 2003; Winter, 2003; Colbert, 2004; Santos and Eisenhardt, 2005; Sapienza et al., 2006; Zahra et al., 2006; Kale and Singh, 2007	DC are the organizational and strategic routines by which managers <i>alter their firms' resource base</i> through acquiring, shedding, integrating, and recombining resources to generate new value creating strategies (Sapienza et al., 2006: 914).
	Develop new	Eisenhardt and Martin, 2000; Teece, 2000; Galunic and Eisenhardt, 2001; Aragon-Correa and Sharma, 2003; Benner and Tushman, 2003; Colbert, 2004; Knight and Cavusgil, 2004; Santos and Eisenhardt, 2005; Sapienza et al., 2006; Teece, 2007	DC consist of a set of specific and identifiable processes that, although idiosyncratic to firms in their details and path dependent in their emergence, have significant commonality in the form of best practices across firms, <i>allowing them to generate new, value creating strategies</i> (Aragon-Correa and Sharma, 2003: 73).
Object of the action	Competences/resources	Teece et al., 1997; Eisenhardt and Martin, 2000; Galunic and Eisenhardt, 2001; Zahra and George, 2002; Benner and Tushman, 2003; Winter, 2003; Colbert, 2004; Knight and Cavusgil, 2004; Santos and Eisenhardt, 2005; Zahra et al., 2006; Sapienza et al., 2006; Kale and Singh, 2007; Teece, 2007	One can define DC as those that operate to extend, modify, or create <i>ordinary capabilities</i> (Winter, 2003: 991).
	Opportunities	Teece, 2000; Zollo and Winter, 2002; Aragon-Correa and Sharma, 2003; Santos and Eisenhardt, 2005; Sapienza et al., 2006; Teece, 2007	DC . . . the ability to sense and then seize <i>opportunities</i> quickly and proficiently (Teece, 2000: 35).
Aim	Adapt to changing conditions	Teece et al., 1997; Eisenhardt and Martin, 2000; Knight and Cavusgil, 2004; Benner and Tushman, 2003	<i>We define dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments</i> (Teece et al., 1997: 1229).
	Achieve an advantage over market rivals	Teece, 2000; Zahra and George, 2002; Zollo and Winter, 2002; Teece, 2007; Amit and Zott, 2001	[DC] enable the firm to reconfigure its resource base and adapt to changing market conditions to <i>achieve a competitive advantage</i> (Zahra and George, 2002: 185)

### 9.3 Appendix 3: Schedule of the NSBA of 1996

Sector or sub-sectors in accordance with the Standard Industrial Classification	Size or class	Total full-time equivalent of paid employees	Total annual turnover	Total gross asset value (fixed property excluded)
		<i>Less than:</i>	<i>Less than:</i>	<i>Less than:</i>
<b>Agriculture</b>	Medium	100	R 4.00 m	R 4.00 m
	Small	50	R 2.00 m	R 2.00 m
	Very small	10	R 0.40 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Mining and Quarrying</b>	Medium	200	R30.00 m	R18.00 m
	Small	50	R 7.50 m	R 4.50 m
	Very small	20	R 3.00 m	R 1.80 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Manufacturing</b>	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Electricity, Gas and Water</b>	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Construction</b>	Medium	200	R20.00 m	R 4.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	20	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Retail and Motor Trade and Repair Services</b>	Medium	100	R30.00 m	R 5.00 m
	Small	50	R15.00 m	R 2.50 m
	Very small	10	R 3.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Wholesale Trade, Commercial Agents and Allied Services</b>	Medium	100	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Catering, Accommodation and other Trade</b>	Medium	100	R10.00 m	R 2.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	10	R 1.00 m	R 0.20 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Transport, Storage and Communications</b>	Medium	100	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Finance and Business Services</b>	Medium	100	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
<b>Community, Social and Personal Services</b>	Medium	100	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m

## 9.4 Appendix 4: Qualifying Questionnaire Template

### RESEARCH QUESTIONNAIRE

***Research Title: Perceived leadership competencies required to develop firm-level dynamic capabilities enabling transition from SME to big business***

Researcher: Miltiades Cambanis (Milton)

University of Pretoria: Gordon Institute of Business Science

Master's in Business Administration

#### ***Introduction***

I am a graduate student at the Gordon Institute of Business Science (GIBS) of the University of Pretoria. As part of my master's degree thesis, I am conducting research under the supervision of Dr. Charlene Lew. I would firstly like to thank you for taking the time to participate in my study.

This questionnaire is a first step towards identifying a sample for in-person semi-structured interviews that I intend to conduct. The interviews would then serve the purpose of exploring for answers to the research title outlined above. Throughout this research endeavour, I hope to discover leadership behaviours and competency commonalities that future leaders can try map assisting them to more effectively establish competitive advantages for their firms.

Your participation at this stage will be in the form of answering the below ten questions. Once completed, please electronically save the completed questionnaire and return via email to [15389422@mygibs.co.za](mailto:15389422@mygibs.co.za).

Please note, your participation in this study is voluntary and you can withdraw at any time without penalty. By completing this questionnaire, you indicate that you voluntarily participate in this research. All information obtained will be kept confidential. If you have any concerns, please contact my supervisor or me on the below details:

Researcher Name: Miltiades Cambanis (Milton)

Supervisor Name: Charlene Lew

Researcher Email: [15389422@mygibs.co.za](mailto:15389422@mygibs.co.za)

Supervisor Email: [lewc@gibs.co.za](mailto:lewc@gibs.co.za)

Researcher Phone: 078 799 4207

Supervisor Phone: 011 771 4000

Researcher Signature: \_\_\_\_\_

Participant Full Name and Company: \_\_\_\_\_

Participant Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Page 1 of 4



**Question 1**

Please indicate with an **x** in the appropriate box, how many years of working experience you have at a senior level of leadership. Your answer should include your **entire** professional career.

1-10       11-20       21-30       31-40       > 41

**Question 2**

If you were to partake in an in-person semi-structured interview for this research, which company would be the context of the interview? In other words, if we were to have a discussion on leadership competencies, which company that you work / worked for would you relate back to the most?

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**Question 3**

In which industries / sectors does the above mentioned company operate?

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**Question 4**

Please indicate with an **x** in the appropriate box, how many years of working experience you have at the **above mentioned** company.

1-10       11-20       21-30       31-40       > 41

**Question 5**

What is / was your professional title in the above mentioned company (you can stipulate more than one if appropriate)?

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### Question 6

Please mark with an **x**, in the appropriate spaces below, the total number of full-time (or equivalent paid) employees that worked for the above mentioned company:

- a) when you **started** working at the company
- b) **currently** (or at the end of your employment with the company)

a) Number of employees at the start of your employment?		b) Number of employees currently or at the end of your employment?	
Less than 50		Less than 50	
50 – 100		50 – 100	
100 – 200		100 – 200	
More than 200		More than 200	

### Question 7

Please mark with an **x**, in the appropriate spaces below, the total annual turnover for the above mentioned company:

- a) when you **started** working at the company
- b) **currently** (or at the end of your employment with the company)

a) Annual turnover at start of your employment?		b) Annual turnover currently or at the end of your employment?	
Less than R 5m		Less than R 5m	
R 5m – R 10m		R 5m – R 10m	
R 10m – R 20m		R 10m – R 20m	
R 20m – R 30m		R 20m – R 30m	
R 30m – R 40m		R 30m – R 40m	
More than R 40m		More than R 40m	





**Question 8**

Please mark with an **x**, in the appropriate spaces below, the total annual asset value (excluding fixed property) for the above mentioned company:

- a) when you **started** working at the company
- b) **currently** (or at the end of your employment with the company)

a) Asset value at start of your employment?		b) Asset value currently or at the end of your employment?	
Less than R 2m		Less than R 2m	
R 2m – R 4m		R 2m – R 4m	
R 4m – R 6m		R 4m – R 6m	
R 6m – R 8m		R 6m – R 8m	
R 8m – R 15m		R 8m – R 15m	
R 15m – R 18m		R 15m – R 18m	
More than R 18m		More than R 18m	

**Question 9**

Please mark with an **x**, in the appropriate space below, if throughout your employment at the above mentioned company, you are / were considered to be a leader?

Yes		No	
-----	--	----	--

**Question 10**

If you answered “yes” to question 9 above, please mark with an **x**, in the appropriate space below, if your leadership role at the above mentioned company requires / required you to partake in the establishment of long-term sustainable competitive advantages for the firm?

Yes		No	
-----	--	----	--

## 9.5 Appendix 5: Interview Guidelines

### INTERVIEW GUIDELINES

#### *Introduction*

As a start, I would like to sincerely thank you for taking the time and allowing me the opportunity to interview you. The title of my research is “perceived leadership competencies required to develop firm-level dynamic capabilities enabling growth from SME to big business”.

Simply put, dynamic capabilities are seen as “a firm’s ability to build, integrate, and reconfigure internal and external competencies to address rapidly changing environments” (Teece, Pisano, & Shuen, 1997, p. 516).

#### *Motivation and Research Objectives*

The motivation behind this study is two-fold. Firstly, the level of academic interest in the dynamic capabilities framework is rare in the history of management disciplines (di Stefano, Peteraf, & Verona, 2014) making this an exciting area of research. Secondly, through this endeavour, I hope to discover behavioural and competency commonalities that managers and leaders can try map to assist them in more effectively establishing competitive advantages for their firms.

As such, the focus of my questions will be regarding your professional career and the personal competencies that you believe you possess, or the competencies you could further develop, in your efforts to establish a sustainable competitive advantage for xxx.

#### *Questions*

1. To begin with, can you tell me a little about:
  - a. What is the core business activities of xxx
  - b. Your current role at xxx
  - c. How you joined / started xxx
  - d. The three most critical / biggest events in the history of xxx’s growth
2. Throughout the critical periods you just described to me, how did your **role** as a leader have to **evolve** to assist the continuous growth of the company?
3. In your experiences, how does the **role** of leadership change in nascent entrepreneurship vs. growing an SME into a big business?
4. Can you describe the different **personal competencies** required when shifting from an owner / manager to a CEO?
5. Reflecting on the growth of xxx:
  - a. Is it possible for you to identify a few **external** factors that assisted you in growing xxx and establishing a competitive advantage?
  - b. What **personal competencies** do you think assisted you in leveraging these factors?



6. Reflecting on the so called “failures” in your career, what **personal competencies**, if any, do you think you lacked which contributed to these failures?
7. Over the years, and throughout the growth of xxx, no doubt you have had to deal with **change**. How do you view change and how have you dealt with change throughout your career?
8. Dynamic capabilities are all about a firm’s ability to build, integrate, and reconfigure internal and external **competencies** to address rapidly changing environments. What is your advice for future leaders to be more effective in establishing management teams that are able to do this?

That brings us to the end of the interview. I want to thank you once again for your time and imparting with your insightful experiences and knowledge.

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## 9.7 Appendix 7: Atlas.ti 7 Quotation List after Round 1 of Coding

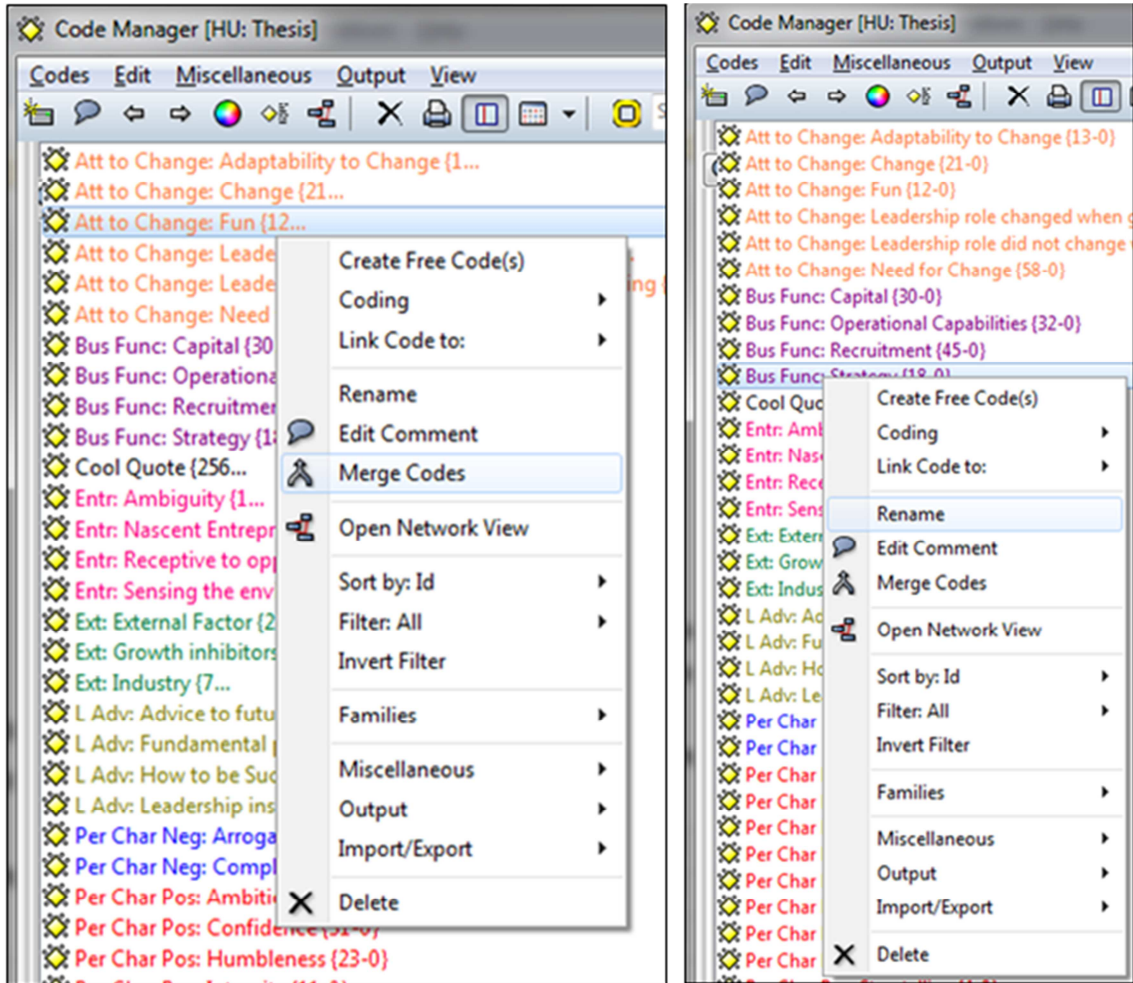
Quote List from Round 1 of Coding			
1.1 I'm a managing director (63/83)	4/9 So I preserved the bottom line... (208/208)	7/1 And if you're starting going c... (180/180)	10/23 Second item was the variety of... (171/171)
1.2 I'm hands on the day to day... (63/83)	4/10 Healy, not a hell of a lot be... (218/218)	7/2 And that's always a problem... (180/180)	10/24 But it takes a lot of taking... (171/171)
1.3 My role is overseeing that... (65/65)	4/11 It's in terms of doing things... (220/220)	7/3 It's fantastic. It's always gr... (212/212)	10/25 I had to eat it I must be h... (173/173)
1.4 I found the company from night... (67/67)	4/12 And he just developed that... (232/232)	7/4 Yeah. Otherwise you stagnate... (214/214)	10/26 Look it's difficult to say if... (177/177)
1.5 The business started as a sole... (89/89)	4/13 To be honest, I think I've... (236/236)	7/5 Yeah, you just let go to the... (244/244)	10/27 From those days, I was always... (179/179)
1.6 While doing a sales analyst (71/71)	4/14 It increased because we had... (242/242)	7/6 I don't perform. Yeah, so... (250/250)	10/28 You got to write down how much... (181/181)
1.7 We out of it because there was... (77/77)	4/15 Because then people can come... (264/264)	7/7 MD and she was the FD (54/54)	10/29 You've got to sit down and th... (185/185)
1.8 I was turning over money very... (81/81)	4/16 What a lot of people tend to... (280/280)	7/8 I took me obviously had a good... (69/69)	10/30 Whether it's hard work or what... (187/187)
1.9 Because they could turn around... (81/81)	4/17 Realize what you're doing on... (280/280)	7/9 Our customers supported us, ba... (72/72)	10/31 Today that store is doing s... (191/191)
1.10 I think that's the most critic... (81/81)	5/1 Director (67/67)	7/10 And the others were... (195/195)	10/32 I said guys, it's too far from... (195/195)
1.11 When we came in with a very... (81/81)	5/2 but he didn't have financial b... (113/113)	7/11 So that's what we do, I'm... (79/79)	10/33 Yes the external factor, I kn... (197/197)
1.12 I basically filtered down to... (85/85)	5/3 my father was the first lead... (121/121)	7/12 For me, I learned the financ... (85/85)	10/34 These partners came in hurg... (214/214)
1.13 Well, the growth was rapid... (85/85)	5/4 So it made sense to build the... (125/125)	7/13 People get successful and ever... (87/87)	10/35 See the need – the need for... (205/205)
1.14 We had to keep the family... (85/85)	5/5 one person couldn't do this... (133/133)	7/14 Yeah, you just let go to the... (244/244)	10/36 the need for anyone to grow h... (205/205)
1.15 Keeping the service, keeping... (87/87)	5/6 You're going to sound very... (137/137)	7/15 If it's been hard work, there's... (101/101)	10/37 I don't believe I lacked any... (207/207)
1.16 being versatile enough to... (87/87)	5/7 So I think it's the confidence... (137/137)	7/16 It's not just grow and grow... (101/101)	10/38 I maintain, I grow it and... (151/151)
1.17 that ability to be able to... (87/87)	5/8 That's a lot, so I think that... (141/141)	7/17 But that's what we do, we... (103/103)	10/39 It's got core values of honest... (55/55)
1.18 it's different to having a... (89/89)	5/9 Second of all I think we had... (141/141)	7/18 It's the people. It's the peop... (106/106)	10/40 we've maintained those for... (57/57)
1.19 if you understand your busin... (89/89)	5/10 so we could've had the backg... (141/141)	7/19 Yeah we started off with the... (107/107)	10/41 And they have certain expect... (65/65)
1.20 you need that flexibility, you... (91/91)	5/11 I mean I wasn't married, he... (145/145)	7/20 And they said, you know, blood... (166/166)	10/42 Which is moving this from a... (75/75)
1.21 I don't think I really offer... (91/91)	5/12 Quickly with a bit of difficu... (149/149)	7/21 Maybe not being so hard on the... (117/117)	10/43 Which was then, out of town... (77/77)
1.22 And I don't think it's any di... (93/93)	5/13 And that when I came in I... (151/151)	7/22 He can just grow and grow... (128/128)	10/44 Well the way I worked has... (95/95)
1.23 you still working with people... (93/93)	5/14 top management and getting... (151/151)	7/23 He changed all the time (130/130)	10/45 Well the day I started working... (97/97)
1.24 It's obviously challenging bec... (97/97)	5/15 basically within three years... (151/151)	7/24 But he does, his focus is work... (131/131)	10/46 Training people to train op... (99/99)
1.25 You need to listen to them and... (97/97)	5/16 It was the entire management... (153/153)	7/25 Well, you, you got to buy a... (133/133)	10/47 I think I think of I think on... (103/103)
1.26 I always try to lead by exampl... (99/99)	5/17 you got to actually go in and... (153/153)	7/26 you've got to be loyal, you ha... (136/136)	10/48 I disappear tomorrow other... (107/107)
1.27 at the end of the day, it's... (103/103)	5/18 we've got a much more shared... (163/163)	7/27 I mean, you can't always be... (138/138)	10/49 I've got competent people a... (109/109)
1.28 so they found a universal... (103/103)	5/19 I think the driving force need... (163/163)	7/28 online retail (164/164)	10/50 I think there is empowerment... (109/109)
1.29 believed in myself and I... (107/107)	5/20 No you lose a certain person... (165/165)	7/29 non-executive director (108/108)	10/51 I don't see my role effectively... (109/109)
1.30 And we went out and made tests... (107/107)	5/21 two kinds of people follow th... (165/165)	7/30 And then you build another o... (160/160)	10/52 Well, luck and timing. We we... (117/117)
1.31 Let the consumer decide (107/107)	5/22 Because you see what the end... (167/167)	7/31 And they said, you know, blood... (166/166)	10/53 so I positioned itself well... (119/119)
1.32 You talk about the... (111/111)	5/23 because most of the people th... (169/169)	7/32 So I was very much a kind of... (166/166)	10/54 I think I think there is, ma... (133/133)
1.33 I'm a medical doctor (51/51)	5/24 the whole thing is just havin... (169/169)	7/33 And I said, you know, blood... (166/166)	10/55 So and we look advantage of... (123/123)
1.34 Managing director (53/53)	5/25 because most of the people th... (169/169)	7/34 And I said, you know, blood... (166/166)	10/56 I think that at one of the... (125/125)
1.35 Locality, Agriculture (77/77)	5/26 I'm more on an organisational... (169/169)	7/35 I was very much a kind of... (166/166)	10/57 I mean, you can't always be... (138/138)
1.36 guys and animal feed (79/79)	5/27 Oparah, she has this bag thing... (179/179)	7/36 Sure, Okay, Sure, it started... (174/174)	10/58 I don't believe stuff arrived... (178/178)
1.37 first of all we established a... (89/89)	5/28 people becoming conscious of... (179/179)	7/37 And I said, you know, blood... (166/166)	10/59 I think I think there is, ma... (133/133)
1.38 Yeah and then the feed mill... (89/89)	5/29 I think the biggest failure ha... (187/187)	7/38 And I said, you know, blood... (166/166)	10/60 I think that at one of the... (125/125)
1.39 you need to know everything of... (99/99)	5/30 I think the biggest failure ha... (187/187)	7/39 And I said, you know, blood... (166/166)	10/61 I think that at one of the... (125/125)
1.40 I just keep on going, it's... (103/103)	5/31 it's difficult moving people... (187/187)	7/40 And I said, you know, blood... (166/166)	10/62 I think that at one of the... (125/125)
1.41 you actually really... (106/106)	5/32 I'm more on an organisational... (169/169)	7/41 And I said, you know, blood... (166/166)	10/63 I think that at one of the... (125/125)
1.42 The reality is, I'm in a phase... (111/111)	5/33 I just get cross, so now you... (187/187)	7/42 And I said, you know, blood... (166/166)	10/64 I think that at one of the... (125/125)
1.43 It's painful, it's not easy... (115/115)	5/34 in the past 3 years the more... (191/191)	7/43 And I said, you know, blood... (166/166)	10/65 I think that at one of the... (125/125)
1.44 Strategic and managing your... (121/121)	5/35 But the argument stays the... (193/193)	7/44 And I said, you know, blood... (166/166)	10/66 I think that at one of the... (125/125)
1.45 And the reason for that is... (125/125)	5/36 But the argument stays the... (193/193)	7/45 And I said, you know, blood... (166/166)	10/67 I think that at one of the... (125/125)
1.46 So I think that basic found... (125/125)	5/37 so those challenges you've... (193/193)	7/46 And I said, you know, blood... (166/166)	10/68 I think that at one of the... (125/125)
1.47 I think I've got a lot of... (133/133)	5/38 I'm not a business (87/87)	7/47 And I said, you know, blood... (166/166)	10/69 I think that at one of the... (125/125)
1.48 Very important. And I said... (139/139)	5/39 I'm not a business (87/87)	7/48 And I said, you know, blood... (166/166)	10/70 I think that at one of the... (125/125)
1.49 Yeah, I think what we said... (143/143)	5/40 so we basically provide financ... (81/81)	7/49 And I said, you know, blood... (166/166)	10/71 I think that at one of the... (125/125)
1.50 Yeah, there are certain things... (147/147)	5/41 we lost 80% of our revenue in... (99/99)	7/50 And I said, you know, blood... (166/166)	10/72 I think that at one of the... (125/125)
1.51 No, no, change is constant... (149/149)	5/42 I mean obviously, it was a... (99/99)	7/51 And I said, you know, blood... (166/166)	10/73 I think that at one of the... (125/125)
1.52 I think if you don't change... (149/149)	5/43 there is a lot of risk aware... (101/101)	7/52 And I said, you know, blood... (166/166)	10/74 I think that at one of the... (125/125)
1.53 It's actually really exciting... (155/155)	5/44 there is a lot of risk aware... (101/101)	7/53 And I said, you know, blood... (166/166)	10/75 I think that at one of the... (125/125)
1.54 No, no, you have to and... (155/155)	5/45 the next was our series a... (103/103)	7/54 And I said, you know, blood... (166/166)	10/76 I think that at one of the... (125/125)
1.55 I know what my biggest thing... (159/159)	5/46 I'm more on an organisational... (169/169)	7/55 And I said, you know, blood... (166/166)	10/77 I think that at one of the... (125/125)
1.56 I know what my biggest thing... (159/159)	5/47 So we really as a management... (103/103)	7/56 And I said, you know, blood... (166/166)	10/78 I think that at one of the... (125/125)
1.57 You know, so, obviously it... (161/161)	5/48 I'm more on an organisational... (169/169)	7/57 And I said, you know, blood... (166/166)	10/79 I think that at one of the... (125/125)
1.58 I know what my biggest thing... (165/165)	5/49 So we really as a management... (103/103)	7/58 And I said, you know, blood... (166/166)	10/80 I think that at one of the... (125/125)
1.59 It's important that you never... (165/165)	5/50 I'm more on an organisational... (169/169)	7/59 And I said, you know, blood... (166/166)	10/81 I think that at one of the... (125/125)
1.60 I know what my biggest thing... (169/169)	5/51 So, obviously when I first came... (107/107)	7/60 And I said, you know, blood... (166/166)	10/82 I think that at one of the... (125/125)
1.61 I know what my biggest thing... (169/169)	5/52 So, obviously when I first came... (107/107)	7/61 And I said, you know, blood... (166/166)	10/83 I think that at one of the... (125/125)
1.62 I know what my biggest thing... (169/169)	5/53 I'm more on an organisational... (169/169)	7/62 And I said, you know, blood... (166/166)	10/84 I think that at one of the... (125/125)
1.63 I know what my biggest thing... (169/169)	5/54 I'm more on an organisational... (169/169)	7/63 And I said, you know, blood... (166/166)	10/85 I think that at one of the... (125/125)
1.64 I know what my biggest thing... (169/169)	5/55 I'm more on an organisational... (169/169)	7/64 And I said, you know, blood... (166/166)	10/86 I think that at one of the... (125/125)
1.65 I know what my biggest thing... (169/169)	5/56 I'm more on an organisational... (169/169)	7/65 And I said, you know, blood... (166/166)	10/87 I think that at one of the... (125/125)
1.66 I know what my biggest thing... (169/169)	5/57 I'm more on an organisational... (169/169)	7/66 And I said, you know, blood... (166/166)	10/88 I think that at one of the... (125/125)
1.67 I know what my biggest thing... (169/169)	5/58 I'm more on an organisational... (169/169)	7/67 And I said, you know, blood... (166/166)	10/89 I think that at one of the... (125/125)
1.68 I know what my biggest thing... (169/169)	5/59 I'm more on an organisational... (169/169)	7/68 And I said, you know, blood... (166/166)	10/90 I think that at one of the... (125/125)
1.69 I know what my biggest thing... (169/169)	5/60 I'm more on an organisational... (169/169)	7/69 And I said, you know, blood... (166/166)	10/91 I think that at one of the... (125/125)
1.70 I know what my biggest thing... (169/169)	5/61 I'm more on an organisational... (169/169)	7/70 And I said, you know, blood... (166/166)	10/92 I think that at one of the... (125/125)
1.71 I know what my biggest thing... (169/169)	5/62 I'm more on an organisational... (169/169)	7/71 And I said, you know, blood... (166/166)	10/93 I think that at one of the... (125/125)
1.72 I know what my biggest thing... (169/169)	5/63 I'm more on an organisational... (169/169)	7/72 And I said, you know, blood... (166/166)	10/94 I think that at one of the... (125/125)
1.73 I know what my biggest thing... (169/169)	5/64 I'm more on an organisational... (169/169)	7/73 And I said, you know, blood... (166/166)	10/95 I think that at one of the... (125/125)
1.74 I know what my biggest thing... (169/169)	5/65 I'm more on an organisational... (169/169)	7/74 And I said, you know, blood... (166/166)	10/96 I think that at one of the... (125/125)
1.75 I know what my biggest thing... (169/169)	5/66 I'm more on an organisational... (169/169)	7/75 And I said, you know, blood... (166/166)	10/97 I think that at one of the... (125/125)
1.76 I know what my biggest thing... (169/169)	5/67 I'm more on an organisational... (169/169)	7/76 And I said, you know, blood... (166/166)	10/98 I think that at one of the... (125/125)
1.77 I know what my biggest thing... (169/169)	5/68 I'm more on an organisational... (169/169)	7/77 And I said, you know, blood... (166/166)	10/99 I think that at one of the... (125/125)
1.78 I know what my biggest thing... (169/169)	5/69 I'm more on an organisational... (169/169)	7/78 And I said, you know, blood... (166/166)	10/100 I think that at one of the... (125/125)
1.79 I know what my biggest thing... (169/169)	5/70 I'm more on an organisational... (169/169)	7/79 And I said, you know, blood... (166/166)	10/101 I think that at one of the... (125/125)
1.80 I know what my biggest thing... (169/169)	5/71 I'm more on an organisational... (169/169)	7/80 And I said, you know, blood... (166/166)	10/102 I think that at one of the... (125/125)
1.81 I know what my biggest thing... (169/169)	5/72 I'm more on an organisational... (169/169)	7/81 And I said, you know, blood... (166/166)	10/103 I think that at one of the... (125/125)
1.82 I know what my biggest thing... (169/169)	5/73 I'm more on an organisational... (169/169)	7/82 And I said, you know, blood... (166/166)	10/104 I think that at one of the... (125/125)
1.83 I know what my biggest thing... (169/169)	5/74 I'm more on an organisational... (169/169)	7/83 And I said, you know, blood... (166/166)	10/105 I think that at one of the... (125/125)
1.84 I know what my biggest thing... (169/169)	5/75 I'm more on an organisational... (169/169)	7/84 And I said, you know, blood... (166/166)	10/106 I think that at one of the... (125/125)
1.85 I know what my biggest thing... (169/169)	5/76 I'm more on an organisational... (169/169)	7/85 And I said, you know, blood... (166/166)	10/107 I think that at one of the... (125/125)
1.86 I know what my biggest thing... (169/169)	5/77 I'm more on an organisational... (169/169)	7/86 And I said, you know, blood... (166/166)	10/108 I think that at one of the... (125/125)
1.87 I know what my biggest thing... (169/169)	5/78 I'm more on an organisational... (169/169)	7/87 And I said, you know, blood... (166/166)	10/109 I think that at one of the... (125/125)
1.88 I know what my biggest thing... (169/169)	5/79 I'm more on an organisational... (169/169)	7/88 And I said, you know, blood... (166/166)	10/110 I think that at one of the... (125/125)
1.89 I know what my biggest thing... (169/169)	5/80 I'm more on an organisational... (169/169)	7/89 And I said, you know, blood... (166/166)	10/111 I think that at one of the... (125/125)
1.90 I know what my biggest thing... (169/169)	5/81 I'm more on an organisational... (169/169)	7/90 And I said, you know, blood... (166/166)	10/112 I think that at one of the... (125/125)
1.91 I know what my biggest thing... (169/169)	5/82 I'm more on an organisational... (169/169)	7/91 And I said, you know, blood... (166/166)	10/113 I think that at one of the... (125/125)
1.92 I know what my biggest thing... (169/169)	5/83 I'm more on an organisational... (169/169)	7/92 And I said, you know, blood... (166/166)	10/114 I think that at one of the... (125/125)
1.93 I know what my biggest thing... (169/169)	5/84 I'm more on an organisational... (169/169)	7/93 And I said, you know, blood... (166/166)	10/115 I think that at one of the... (125/125)
1.94 I know what my biggest thing... (169/169)	5/85 I'm more on an organisational... (169/169)	7/94 And I said, you know, blood... (166/166)	10/116 I think that at one of the... (125/125)
1.95 I know what my biggest thing... (169/169)	5/86 I'm more on an organisational... (169/169)	7/95 And I said, you know, blood... (166/166)	10/117 I think that at one of the... (125/125)
1.96 I know what my biggest thing... (169/169)	5/87 I'm more on an organisational... (169/169)	7/96 And I said, you know, blood... (166/166)	10/118 I think that at one of the... (125/125)
1.97 I know what my biggest thing... (169/169)	5/88 I'm more on an organisational... (169/169)	7/97 And I said, you know, blood... (166/166)	10/119 I think that at one of the... (125/125)
1.98 I know what my biggest thing... (169/169)	5/89 I'm more on an organisational... (169/169)	7/98 And I said, you know, blood... (166/166)	10/120 I think that at one of the... (125/125)
1.99 I know what my biggest thing... (169/169)	5/90 I'm more on an organisational... (169/169)	7/99 And I said, you know, blood... (166/166)	10/121 I think that at one of the... (125/125)
2.00 I know what my biggest thing... (169/169)	5/91 I'm more on an organisational... (169/169)	7/100 And I said, you know, blood... (166/166)	10/122 I think that at one of the... (125/125)

**TOTAL  
QUOTATIONS  
FROM ROUND 1  
OF CODING =  
465**

## 9.8 Appendix 8: Atlas.ti 7 Quotation List after Round 2 of Coding

Quotation List from Round 2 of Coding											
1.1 I'm a managing director (65:53)	3.22 You have to be inspired in some (88:38)	6.5 I mean obviously it was a mass (89:99)	8.24 And that's what it's all about... (144:144)	10.20 You got to write down how much... (181:181)	12.31 do you know our whole menu... (152:152)	12.130 We knew we were on the road of... (427:427)					
1.2 I'm in front on the day to day ops... (63:63)	3.23 I wouldn't have been happy, but... (106:106)	8.6 There is a lot of risk aversion... (101:101)	8.25 Yeah you guys look after us... (144:144)	10.21 You got to get it down and then... (185:185)	12.32 We had restrictions on trading... (164:164)	12.131 you need to stop back. You see... (429:429)					
1.3 My role is overseeing that all... (65:65)	3.24 You've got to help people that's... (106:106)	8.7 There is a lot of risk aversion... (101:101)	8.26 As you know, we've got to... (145:145)	10.22 Whether it's a hard work or what... (187:187)	12.33 We had restrictions on assets (166:166)	12.132 You need to understand it from... (433:433)					
1.4 I found the company from north... (67:67)	3.25 and you've obviously had fund... (106:106)	8.8 The net was our series A equi... (103:103)	8.27 And I handle this, on the same... (150:150)	10.23 Today that got down and went... (191:191)	12.34 We had restrictions on bread (166:166)	12.133 we stopped innovation time... (439:439)					
1.5 the business starts as a new... (69:69)	3.26 Sometimes you have to actually... (108:108)	8.9 From that point of view you source... (103:103)	8.28 And of course, of course... (145:145)	10.24 I don't want you to be... (185:185)	12.35 We had restrictions on paper... (166:166)	12.134 I got complaints. I became an... (441:441)					
1.6 while doing a sales analysis (71:71)	3.27 you can't not fix it and you c... (108:108)	8.10 So we really as a management... (103:103)	8.29 And if you only create things... (154:154)	10.25 I've got the external factor... (191:191)	12.36 As we grew we needed to bring... (168:168)	12.135 Because the other time you're... (445:445)					
1.7 We cut it out because there was... (77:77)	3.28 And yeah, you tend... there's a... (108:108)	8.11 because we do private things... (103:103)	8.30 We luckily work well together... (154:154)	10.26 Therefore those three things... (196:201)	12.37 But we just no problem there... (168:168)	12.136 He is spreading himself. What... (447:447)					
1.8 I'm just turning over money... (81:81)	3.29 you've got to realize if you... (110:110)	8.12 So again it presents a very... (106:106)	8.31 I mean the people in the bottom... (156:156)	10.27 I see the need... the need as... (200:200)	12.38 It seemed that size (172:172)	12.137 computer is jumping up at a... (447:447)					
1.9 because they could turn around... (81:81)	3.30 So you've got to, you've got... (110:110)	8.13 So obviously when I first came... (107:107)	8.32 you must have enough buffer... (157:157)	10.28 I don't need for anyone to prove... (200:200)	12.39 You must remember we sold ours... (174:174)	12.138 service must be a given, price... (447:447)					
1.10 I think that's the most critic... (81:81)	3.31 It's not like you say to somebody... (114:114)	8.14 So I had to play a very... (107:107)	8.33 I'm online retail (104:104)	10.29 I don't believe I lacked any c... (207:207)	12.40 you got to remember something... (174:174)	12.139 you have a loyalty mail at a... (447:447)					
1.11 when we came in with a very... (81:81)	3.32 I'm going to stand in it... (114:114)	8.15 So it was very much about cost... (107:107)	8.34 non-executive director (108:108)	10.30 But then again if you... there... (207:207)	12.41 We drafted the type, there was... (173:173)	12.140 Consumers are becoming clever (449:449)					
1.12 I basically think now... (81:81)	3.33 often I mean, how often will... (114:114)	8.16 We then, like I said we took... (107:107)	8.35 And so they locked themselves... (150:150)	10.31 I had my Mexico, I just it's a... (209:209)	12.42 it was PD39 for the fish and... (184:184)	12.141 see what I'm saying to the... (449:449)					
1.13 Well, the growth was so rapid... (85:85)	3.34 I mean my old man said to me... (116:116)	8.17 So we were trying to keep... (107:107)	8.36 And they then built another... (160:160)	10.32 And then you got to go there and... (223:223)	12.43 I used to fill, I was filled... (186:186)	12.142 We brought in Grace to the... (455:455)					
1.14 we had to keep the family... (85:85)	3.35 it's never really been buddy and... (118:118)	8.18 So I got lost for probably... (107:107)	8.37 And one and I were at school... (164:164)	10.33 For the whole morning, I got... (227:227)	12.44 we just did everything what... (198:198)	12.143 I can't stand up on an... (461:461)					
1.15 I think the service, keeping... (87:87)	3.36 You've got to share expertise... (120:120)	8.19 Until later I kind of wrapped... (107:107)	8.38 Keeping in mind this is 2006... (164:164)	10.34 Although Spar those days was... (227:227)	12.45 if we didn't control the source... (200:200)	12.144 but we needed Grace to take... (461:461)					
1.16 being versatile enough to... (87:87)	3.37 You've got to share expertise... (120:120)	8.20 basically put myself back... (107:107)	8.39 I don't know you, you know... (166:166)	10.35 I don't know what you... (233:233)	12.46 We owned the product so we... (204:204)	12.145 We brought in Grace... (461:461)					
1.17 that ability to be able to... (87:87)	3.38 I think it's just, you know... (120:120)	8.21 So that was a very pivotal... (107:107)	8.40 I was very much a kind... (166:166)	10.36 I don't know the need of change... (237:237)	12.47 we had to own the first... (206:206)	12.146 You need to stop back... (463:463)					
1.18 it's different to having... (89:89)	3.39 Not just expertise, I think... (120:120)	8.22 So that was a very pivotal... (107:107)	8.41 I was very much a kind... (166:166)	10.37 I don't know what you... (237:237)	12.48 we owned all the stores, so... (208:208)	12.147 finally you need to understand... (465:465)					
1.19 you understand your business... (89:89)	3.40 there was no real direction... (120:120)	8.23 My wife, I think she... (107:107)	8.42 I can't believe that... (178:178)	10.38 I don't know what you... (239:239)	12.49 You know 20% who... (210:210)	12.148 I'm not stay anymore, I... (465:465)					
1.20 you need that flexibility... (91:91)	3.41 What we're trying to do is... (120:120)	8.24 Yeah, that's the way... (107:107)	8.43 I mean, I think the... (178:178)	10.39 I don't know what you... (241:241)	12.50 So finally we knew we had... (212:212)	12.149 now we fighting to get them... (466:466)					
1.21 I don't think I really... (91:91)	3.42 What we basically did there... (121:121)	8.25 So the other things, you... (109:109)	8.44 So, something that was an... (180:180)	10.40 I don't know what you... (243:243)	12.51 If we didn't own the... (214:214)						
1.22 And I don't think it's any... (93:93)	3.43 Since, since the current... (123:123)	8.26 So, something that was an... (180:180)	8.45 I don't know what you... (180:180)	10.41 I don't know what you... (243:243)	12.52 The price and the product... (214:214)						
1.23 you still working with... (93:93)	3.44 we had 100%... (123:123)	8.27 And then I think the... (180:180)	8.46 I don't know what you... (181:181)	10.42 I don't know what you... (243:243)	12.53 He going to both his price... (215:215)						
1.24 it's obviously challenging... (93:93)	3.45 We have made mistakes along... (123:123)	8.28 And then I think the... (180:180)	8.47 I don't know what you... (181:181)	10.43 Our businesses are not remote... (257:257)	12.54 we never allowed the price... (217:217)						
1.25 You need to listen to them... (93:93)	3.46 So what I strategically... (124:124)	8.29 the growth of what things... (111:111)	8.48 I don't know what you... (181:181)	10.44 I don't know what you... (257:257)	12.55 we need to fix our... (217:217)						
1.26 I was by lead by... (93:93)	3.47 So we purposefully look... (124:124)	8.30 So yeah, I mean the... (115:115)	8.49 I don't know what you... (182:182)	10.45 I don't know what you... (257:257)	12.56 We identified where the... (243:243)						
1.27 at the end of the day, its... (103:103)	3.48 So I prepared the... (124:124)	8.31 in October last year we had... (117:117)	8.50 I don't know what you... (182:182)	10.46 I don't know what you... (257:257)	12.57 But I'm not sure... (245:245)						
1.28 so they found a... (103:103)	3.49 I really, not a hell of a... (124:124)	8.32 I don't know what you... (117:117)	8.51 I don't know what you... (182:182)	10.47 I don't know what you... (257:257)	12.58 We paid position, we paid... (247:247)						
1.29 I believed in myself and... (107:107)	3.50 I'm in terms of... (120:120)	8.33 I don't know what you... (117:117)	8.52 And I don't know what you... (182:182)	10.48 I don't know what you... (257:257)	12.59 So there was 30-30-30-30... (247:247)						
1.30 And we went out and made... (107:107)	3.51 And I don't know what you... (122:122)	8.34 I don't know what you... (119:119)	8.53 And I don't know what you... (182:182)	10.49 I don't know what you... (257:257)	12.60 you must remember something... (247:247)						
1.31 let the consumer decide... (107:107)	3.52 I believe I think... (122:122)	8.35 I don't know what you... (119:119)	8.54 I don't know what you... (182:182)	10.50 I don't know what you... (257:257)	12.61 I don't know what you... (247:247)						
1.32 Yes failures can be... (111:111)	3.53 I'm increased because we had... (282:282)	8.36 I don't know what you... (119:119)	8.55 I don't know what you... (182:182)	10.51 I don't know what you... (257:257)	12.62 So I don't know what you... (246:246)						
1.33 Nothing ventured nothing... (111:111)	3.54 Because then people can... (284:284)	8.37 I don't know what you... (119:119)	8.56 I don't know what you... (182:182)	10.52 I don't know what you... (257:257)	12.63 So I don't know what you... (246:246)						
1.34 I think having... (111:111)	3.55 What a lot of people... (285:285)	8.38 I don't know what you... (119:119)	8.57 I don't know what you... (182:182)	10.53 I don't know what you... (257:257)	12.64 And we look in... (246:246)						
1.35 I try and keep my... (115:115)	3.56 I really close to that... (123:123)	8.39 I don't know what you... (119:119)	8.58 I don't know what you... (182:182)	10.54 I don't know what you... (257:257)	12.65 So I don't know what you... (246:246)						
1.36 so as a customer... (115:115)	3.57 And I don't know what you... (123:123)	8.40 I don't know what you... (119:119)	8.59 I don't know what you... (182:182)	10.55 I don't know what you... (257:257)	12.66 Those partners came in... (247:247)						
1.37 I think it's... (115:115)	3.58 I don't know what you... (123:123)	8.41 I don't know what you... (119:119)	8.60 I don't know what you... (182:182)	10.56 I don't know what you... (257:257)	12.67 I don't know what you... (247:247)						
1.38 a good thing... (117:117)	3.59 I don't know what you... (123:123)	8.42 I don't know what you... (119:119)	8.61 I don't know what you... (182:182)	10.57 I don't know what you... (257:257)	12.68 We knew where to go... (247:247)						
1.39 so you need to... (117:117)	3.60 I don't know what you... (123:123)	8.43 I don't know what you... (119:119)	8.62 I don't know what you... (182:182)	10.58 I don't know what you... (257:257)	12.69 we couldn't... (248:248)						
1.40 you don't keep up... (121:121)	3.61 I don't know what you... (123:123)	8.44 I don't know what you... (119:119)	8.63 I don't know what you... (182:182)	10.59 I don't know what you... (257:257)	12.70 whatever comes out... (248:248)						
1.41 the markets changed... (125:125)	3.62 Systems, INTERVIEWER: To... (350:352)	8.45 I don't know what you... (119:119)	8.64 I don't know what you... (182:182)	10.60 I don't know what you... (257:257)	12.71 Our expansion didn't... (249:249)						
1.42 I understand your... (127:127)	3.63 I don't know what you... (127:127)	8.46 I don't know what you... (119:119)	8.65 I don't know what you... (182:182)	10.61 I don't know what you... (257:257)	12.72 There's nothing about... (249:249)						
1.43 I'm a managing director... (65:53)	3.64 We have already... (364:364)	8.47 I don't know what you... (119:119)	8.66 I don't know what you... (182:182)	10.62 I don't know what you... (257:257)	12.73 What a clever... (249:249)						
1.44 I'm a managing director... (65:53)	3.65 We have already... (364:364)	8.48 I don't know what you... (119:119)	8.67 I don't know what you... (182:182)	10.63 I don't know what you... (257:257)	12.74 we used to... (249:249)						
1.45 I'm a managing director... (65:53)	3.66 We have already... (364:364)	8.49 I don't know what you... (119:119)	8.68 I don't know what you... (182:182)	10.64 I don't know what you... (257:257)	12.75 We had to... (249:249)						
1.46 I'm a managing director... (65:53)	3.67 We have already... (364:364)	8.50 I don't know what you... (119:119)	8.69 I don't know what you... (182:182)	10.65 I don't know what you... (257:257)	12.76 We had to... (249:249)						
1.47 I'm a managing director... (65:53)	3.68 We have already... (364:364)	8.51 I don't know what you... (119:119)	8.70 I don't know what you... (182:182)	10.66 I don't know what you... (257:257)	12.77 We had to... (249:249)						
1.48 I'm a managing director... (65:53)	3.69 We have already... (364:364)	8.52 I don't know what you... (119:119)	8.71 I don't know what you... (182:182)	10.67 I don't know what you... (257:257)	12.78 We had to... (249:249)						
1.49 I'm a managing director... (65:53)	3.70 We have already... (364:364)	8.53 I don't know what you... (119:119)	8.72 I don't know what you... (182:182)	10.68 I don't know what you... (257:257)	12.79 We had to... (249:249)						
1.50 I'm a managing director... (65:53)	3.71 We have already... (364:364)	8.54 I don't know what you... (119:119)	8.73 I don't know what you... (182:182)	10.69 I don't know what you... (257:257)	12.80 We had to... (249:249)						
1.51 I'm a managing director... (65:53)	3.72 We have already... (364:364)	8.55 I don't know what you... (119:119)	8.74 I don't know what you... (182:182)	10.70 I don't know what you... (257:257)	12.81 We had to... (249:249)						
1.52 I'm a managing director... (65:53)	3.73 We have already... (364:364)	8.56 I don't know what you... (119:119)	8.75 I don't know what you... (182:182)	10.71 I don't know what you... (257:257)	12.82 We had to... (249:249)						
1.53 I'm a managing director... (65:53)	3.74 We have already... (364:364)	8.57 I don't know what you... (119:119)	8.76 I don't know what you... (182:182)	10.72 I don't know what you... (257:257)	12.83 We had to... (249:249)						
1.54 I'm a managing director... (65:53)	3.75 We have already... (364:364)	8.58 I don't know what you... (119:119)	8.77 I don't know what you... (182:182)	10.73 I don't know what you... (257:257)	12.84 We had to... (249:249)						
1.55 I'm a managing director... (65:53)	3.76 We have already... (364:364)	8.59 I don't know what you... (119:119)	8.78 I don't know what you... (182:182)	10.74 I don't know what you... (257:257)	12.85 We had to... (249:249)						
1.56 I'm a managing director... (65:53)	3.77 We have already... (364:364)	8.60 I don't know what you... (119:119)	8.79 I don't know what you... (182:182)	10.75 I don't know what you... (257:257)	12.86 We had to... (249:249)						
1.57 I'm a managing director... (65:53)	3.78 We have already... (364:364)	8.61 I don't know what you... (119:119)	8.80 I don't know what you... (182:182)	10.76 I don't know what you... (257:257)	12.87 We had to... (249:249)						
1.58 I'm a managing director... (65:53)	3.79 We have already... (364:364)	8.62 I don't know what you... (119:119)	8.81 I don't know what you... (182:182)	10.77 I don't know what you... (257:257)	12.88 We had to... (249:249)						
1.59 I'm a managing director... (65:53)	3.80 We have already... (364:364)	8.63 I don't know what you... (119:119)	8.82 I don't know what you... (182:182)	10.78 I don't know what you... (257:257)	12.89 We had to... (249:249)						
1.60 I'm a managing director... (65:53)	3.81 We have already... (364:364)	8.64 I don't know what you... (119:119)	8.83 I don't know what you... (182:182)	10.79 I don't know what you... (257:257)	12.90 We had to... (249:249)						
1.61 I'm a managing director... (65:53)	3.82 We have already... (364:364)	8.65 I don't know what you... (119:119)	8.84 I don't know what you... (182:182)	10.80 I don't know what you... (257:257)	12.91 We had to... (249:249)						
1.62 I'm a managing director... (65:53)	3.83 We have already... (364:364)	8.66 I don't know what you... (119:119)	8.85 I don't know what you... (182:182)	10.81 I don't know what you... (257:257)	12.92 We had to... (249:249)						
1.63 I'm a managing director... (65:53)	3.84 We have already... (364:364)	8.67 I don't know what you... (119:119)	8.86 I don't know what you... (182:182)	10.82 I don't know what you... (257:257)	12.93 We had to... (249:249)						
1.64 I'm a managing director... (65:53)	3.85 We have already... (364:364)	8.68 I don't know what you... (119:119)	8.87 I don't know what you... (182:182)	10.83 I don't know what you... (257:257)	12.94 We had to... (249:249)						
1.65 I'm a managing director... (65:53)	3.86 We have already... (364:364)	8.69 I don't know what you... (119:119)	8.88 I don't know what you... (182:182)	10.84 I don't know what you... (257:257)	12.95 We had to... (249:249)						
1.66 I'm a managing director... (65:53)	3.87 We have already... (364:364)	8.70 I don't know what you... (119:119)	8.89 I don't know what you... (182:182)	10.85 I don't know what you... (257:257)	12.96 We had to... (249:249)						
1.67 I'm a managing director... (65:53)	3.88 We have already... (364:364)	8.71 I don't know what you... (119:119)	8.90 I don't know what you... (182:182)	10.86 I don't know what you... (257:257)	12.97 We had to... (249:249)						
1.68 I'm a managing director... (65:53)	3.89 We have already... (364:364)	8.72 I don't know what you... (119:119)	8.91 I don't know what you... (182:182)	10.87 I don't know what you... (257:257)	12.98 We had to... (249:249)						
1.69 I'm a managing director... (65:53)	3.90 We have already... (364:364)	8.73 I don't know what you... (119:119)	8.92 I don't know what you... (182:182)	10.88 I don't know what you... (257:257)	12.99 We had to... (249:249)						
1.70 I'm a managing director... (65:53)	3.91 We have already... (364:364)	8.74 I don't know what you... (119:119)	8.93 I don't know what you... (182:182)	10.89 I don't know what you... (257:257)	13.00 We had to... (249:249)						
1.71 I'm a managing director... (65:53)	3.92 We have already... (364:364)	8.75 I don't know what you... (119:119)	8.94 I don't know what you... (182:182)	10.90 I don't know what you... (257:257)	13.01 We had to... (249:249)						
1.72 I'm a managing director... (65:53)	3.93 We have already... (364:364)	8.76 I don't know what you... (119:119)	8.95 I don't know what you... (182:182)	10.91 I don't know what you... (257:257)	13.02 We had to... (249:249)						
1.73 I'm a managing director... (65:53)	3.94 We have already... (364:364)	8.77 I don't know what you... (119:119)	8.96 I don't know what you... (182:182)	10.92 I don't know what you... (257:257)	13.03 We had to... (249:249)						
1.74 I'm a managing director... (65:53)	3.95 We have already... (364:364)	8.78 I don't know what you... (119									

## 9.9 Appendix 9: Process of Merging / Renaming Codes in Atlas.ti 7



## 9.10 Appendix 10: Examples of Merged and Renamed Codes in Atlas.ti 7

Old Codes	New Merged & Renamed Codes
Ability Super Ability Dynamic Capability	Dynamic capability
Acknowledging people Empowering and uplifting people Nurture your business and people People People are needed for growth People skills Treating people well Understanding people	People skills
Ambiguity Bravery Risk Failure	Ambiguity
Back to basics Business principles Fundamental principles	Fundamental principles
Exciting Enjoyment Fun Energy Ambition	Ambition and energy
Confidence Self-efficacy	Confidence
Quality Service Price Quality, Service, Price	Value Proposition





## 9.11 Appendix 11: List of Old Descriptive Codes and New Conceptual Codes

	A	B
1	Original Atlas.ti 7 Codes	New Microsoft Excel Conceptual Codes
2	Adaptability to Change	Ability to overcome challenges posed by rapid growth
3	Advice to future leaders	Apply pressure for efficiency, innovation, and to get things done
4	Alignment of Values	Apply wisdom and moderation
5	Ambiguity	Be fair but firm with staff
6	Ambition and energy	Being open to learn
7	Applying Pressure	Build strong relationships
8	Arrogance	Celebrity opinions and comments
9	Be at the Heartbeat	Change is challenging and difficult
10	Business Model	Change is exciting and fun
11	Capital	Change is inevitable and necessary
12	Change	Change requires you to continuously respond and adapt
13	Communication and collaboration	Choose the business model and which markets to serve
14	Complacency	Communicate well
15	Confidence	Confidence & self-efficacy
16	Consistency	Currency and political instability
17	Culture	Drive, passion, ambition, and energy
18	Customer Centricity	Education
19	Dynamic Capability	Education and experience
20	External Factor	Emotional intelligence, humility, & respect
21	Focus	Enjoy working, working hard, and persevering
22	Fun	Ensure strong operational capabilities
23	Fundamental principles	Ensure that fundamental values and principles are enforced
24	Growth inhibitors and challenges	Establish collaboration and strong organizational culture
25	Hard Work	Funding and capital
26	How to be Successful	Having a systems focus
27	Humbleness	Letting go and adopting a more strategic role
28	Industry	Listening, thinking, and reflecting
29	Influence	Luck and timing
30	Innovation	Managing and working well with people
31	Integrity	Market maturity and acceptance of value proposition by the public
32	Leadership insight	Proactive planning
33	Leadership role changed when growing	Recruiting people and establishing management teams
34	Leadership role did not change when growing	Remain at the heartbeat of the organization
35	Letting Go	Retail outlet positioning
36	Nascent Entrepreneurship	Secure financial health and strong cash flow
37	Need for Change	Self-awareness
38	Open to Learning	Technological improvements and trends
39	Operational Capabilities	Trade restrictions
40	Passion	Understand the business
41	People Skills	Value proposition is accepted by customer & end consumer
42	Receptive to opportunities	Word of mouth
43	Recruitment	
44	Relationships	
45	Resilience	
46	Scaling the Business	
47	Self-Awareness	
48	Sensing the environment	
49	Storytelling	
50	Strategy	
51	Systems Thinking	
52	Trust	
53	Understand Business	
54	Well Networked	

## 9.12 Appendix 12: Complete List of New Conceptual Codes

	A	B
1	Research Question:	(All) ▾
2		
3		Count of Quote
4	Ability to overcome challenges posed by rapid growth	20
5	Apply pressure for efficiency, innovation, and to get things done	17
6	Apply wisdom and moderation	11
7	Be fair but firm with staff	5
8	Being open to learn	7
9	Build strong relationships	10
10	Celebrity opinions and comments	1
11	Change is challenging and difficult	10
12	Change is exciting and fun	10
13	Change is inevitable and necessary	10
14	Change requires you to continuously respond and adapt	24
15	Choose the business model and which markets to serve	7
16	Communicate well	9
17	Confidence & self-efficacy	20
18	Currency and political instability	1
19	Drive, passion, ambition, and energy	8
20	Education	1
21	Education and experience	7
22	Emotional intelligence, humility, & respect	22
23	Enjoy working, working hard, and persevering	19
24	Ensure strong operational capabilities	8
25	Ensure that fundamental values and principles are enforced	14
26	Establish collaboration and strong organizational culture	10
27	Funding and capital	6
28	Having a systems focus	11
29	Letting go and adopting a more strategic role	28
30	Listening, thinking, and reflecting	10
31	Luck and timing	2
32	Managing and working well with people	9
33	Market maturity and acceptance of value proposition by the public	3
34	Proactive planning	9
35	Recruiting people and establishing management teams	26
36	Remain at the heartbeat of the organization	9
37	Retail outlet positioning	3
38	Secure financial health and strong cash flow	11
39	Self-awareness	37
40	Technological improvements and trends	4
41	Trade restrictions	1
42	Understand the business	18
43	Value proposition is accepted by customer & end consumer	33
44	Word of mouth	1
45	<b>Grand Total</b>	<b>472</b>
46		
47	<b>41 rows of codes with a total of 472 quotations</b>	
48		
49		
50		
51		

### 9.13 Appendix 13: Interview List of Participants

<b>Company Name</b>	<b>Title of Participant</b>	<b>Date Interviewed</b>	<b>Time Interviewed</b>
Bragan Chemicals	Managing Director	19-Sep-16	12:00
Bragan Chemicals	Financial Director	19-Sep-16	12:00
Capuccinos	Chief Executive Officer	23-Sep-16	09:00
Chalmer Beef	Director	15-Sep-16	10:00
Equestria Pick n Pay	Managing Director	13-Sep-16	09:00
iCat Environmental	Owner Founder	14-Sep-16	12:00
Ocean Basket	Owner Founder	23-Sep-16	11:30
The Spar Group	Store Owner / Founder	22-Sep-16	10:30
Riverside Foods	Managing Director	07-Sep-16	20:00
Rossouw Poultry	Managing Director	09-Sep-16	09:00
U-Save	Senior Buyer	13-Sep-16	13:00
Yuppie Chef	Non-Executive Director	22-Sep-16	13:00
Zoona	Chief Financial Officer	16-Sep-16	16:00

## 9.14 Appendix 15: Ethical Clearance Approval Letter

Dear Mr Miltiades Cambanis

Protocol Number: **Temp2016-01587**

Title: **Perceived leadership competencies required to develop firm-level dynamic capabilities enabling transition from SME to big business**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker