



Shaping the organizational architecture for SME survival: A case of nascent small restaurants in Durban

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Abstract

This study explores how planning, leading and organising activities shaped the organisational architecture of the nascent small restaurants that survived the first five years of operating in Durban in South Africa. Twelve owners of nascent small restaurants in Durban were selected using purposive sampling and interviewed to gather data. Themes of how planning, leading and organizing shaped the components of the Mc Kinsey 7-S model in the restaurant were delineated using thematic analysis. The study reveal that the organisational architecture of the nascent restaurant relied on emergent and entrepreneurial planning in the creative use of staff and skills to exploit opportunities and contain disruptions to service. Engaging employees to model the desired values but also using them as an instrument to achieve specific goals depicted an ambidextrous style of leadership. Multiskilling of staff enhanced resilience to operational and customer changes while the empowerment of employees was undermined by trust deficit in the organisational architecture of the restaurant. Critical changes are imperative to re-align the organisational architecture of the restaurant and ensure that it enhances survival.

Keywords: Small enterprise management, organisational architecture, restaurant management, nascent restaurant, organisational alignment.

Introduction

The high organizational mortality of small and medium enterprises (SMEs) is worrisome to emerging entrepreneurs in South Africa. Vallie (2017) asserts that over 70 percent of the SMEs fail within the first five years of operation. This invokes the question of what pattern of management and organisational architecture are decipherable in the few SMEs which actually survive this critical stage of the organisational life cycle (OLC).

The OLC is traceable to the idea that firm progress is biological like in humans. Miller and Friesen's (1984) seminal work on the life cycle model suggest that there are five different life cycle stages (i.e. birth, growth, maturity, revival and decline). While scholars differ on the number of the stages, the fundamental agreement is that each of the stages is distinct, characterized by a unique configuration of contextual, strategic, and structural characteristics related to the organisation's internal environment (Galina, 2009:69). For example the small-sized enterprises are typified by the liability of newness, little time to build up capabilities and operational routines, but also experimentation of organizational structure and business strategies (Heine & Rindfleisch, 2013). The role of the owner in influencing the survival of the enterprise in the early stages is expressed in various ways. Loecher (2000:261-264) asserts



that the owner-manager has a “lifelong duty” while the “principle of unity of leadership and capital” compel them to influence all strategic decisions and assume responsibility for all financial liabilities in the SME.

Jensen and Luthans (2006:646) reveals that “creating and sustaining ... business ventures demands not only vision and financial capital, but also leading others to transform that vision and financial capital into a successful reality”. The restaurant as a complex organisation require not only leadership, but also planning and organizing of cross functional interdependencies in value-creating subsystems such as food procurement, food storage, food preparation and cooking, food service, and operational support (Rambe, 2018:181-182). The organizational complexity of a small restaurant may also be viewed using the organisational architecture to systematically understand not only the variety of constitutive elements (e.g. strategy, structure, staff, systems, skills, leadership styles, resources) but also the key internal interdependencies. Internal alignment in the organisational architecture is foundational for any organisation to achieve its desired results (Higgins, 2005).

In nascent restaurants, a pattern of dynamic and micro-level interactions and decisions made by people during the early life cycle stages reveal the nature of alignment or misalignment of the organizational architecture which affects strategic performance (Herrington & Kew, 2016:30-36; Nel, Williams, Steyn & Hind, 2018; Rambe, 2018:181-182).

However, it is interesting that the organisational architecture is missing in literature and research on restaurants and management in SMEs to illuminate the internal dynamics and variety of internal interdependencies which leads to the survival of nascent restaurants during the first five years (DiPietro, 2017; Oliveira, Filho, Nagano, Ferraudo & Rosim, 2015). In a similar vein, extant studies on entrepreneurship have also skirted the phenomenon of organisational architecture and its dynamic effect on SME survival. Instead, research has predominantly been reductionist to isolate individual mortality factors of SMEs. For example, Mtshali, Mtapuri, and Shamase (2017:1-5) isolated individual mortality factors or challenges of SMEs, which are often categorized into those related to small business owner-managers, nature and size of SMEs and the business environment. The pattern from the various micro-decisions and dynamic interactions of planning, leading, and organizing in the SMEs regarding each element of the organisational architecture are pivotal to uncover management practices not simply in the nascent small restaurants during the early stages of the OLC, but also contribute to the discourse on SME management.

Problem statement

Little is known about how different elements of an organizational architecture interact to weaken or enhance the survival of nascent small restaurants during the first five years of operation (Filho et al., 2017; Song Ng & Hung Kee, 2018:252-254). There is need to understand how elements within the restaurant as a system change over time due to management practices, generating patterns and trends evident in the organisational architecture of the few restaurants which survived (Omoregie, 2017).

Two previous studies are close but distinct from the current research on how management shapes the organisational architecture and survival of the nascent small restaurants overtime. First, a study by Nkosi, Bounds, and Goldman (2013) investigated the business and management skills required of emerging black retailers to survive in Soweto. However, there was no clarity on the stage in the life cycle of the emerging black retailers that were investigated in this study. Additionally, the retail context of this study is distinct from that of the small restaurants. Second, the study by Neneh and van Zyl (2012) focused on six selected business practices of owner-managers in SA to conclude that these have a positive and significant relationship with SME performance. Business practices (e.g. marketing) are specific and differ from the practices of management in general. For example, planning, organizing and leading are management practices that concern not just business but also non-business contexts.



Profoundly, the current study is interested in the research gap arising from lack of dynamic and systemic pattern of micro-level interactions and decisions of owners and other actors to explain how planning, leading, and organizing practices actually shape the organizational architecture of the nascent small restaurants to actually survive the initial five years in operation (Filho et al., 2017). In pursuit of this research gap, “the practice turn is a promising and sensitizing lens for understanding and theorizing management-in-action” and its impact on the organizational architecture of nascent, small-sized restaurants in Durban (Korica, Nicolini & Johnson, 2017:165-166). As many activities in SMEs are rarely documented, the focus on practices in SMEs is fruitful. In this light, the phenomenon of practice is critical to avoid “the dearth of data on what [restaurateurs] do - the skills, knowledge, and practices that comprise their... work- which leaves us with increasingly anachronistic theories and outdated images of work and how it is organized” (Nicolini & Johnson, 2017:151). Given the above, this study adopted the practice lens to enter the lived world of nascent restaurateurs in order to uncover the organizational architecture of small restaurants which actually survived the first five years in Durban and how it was shaped by management practices.

Research objective

The objective of this retrospective study was to explore how planning, leading, and organizing activities shaped the organizational architecture of some nascent small restaurants to survive the first five years of opening in the city of Durban. In this vein, the key research question was: How did the planning, leading, and organizing activities shaped the organizational architecture of the nascent small restaurants to survive the initial five years of operating in Durban?

Firstly, the article is significant as it brings to the fore an emic view of how management practices influence the survival of the nascent small restaurants during the initial five years when organizational mortality is very high. Secondly, the article has deduced an organizational architecture of the surviving nascent small restaurant informed by the lived experiences of various restaurateurs. This provides pragmatic insights on SME management in an African setting which prospective owner-managers and trainers of small restaurant may adopt to ensure business survival.

The article begins with a discussion on the basic issues of SME management. After that, it delves into the concept of internal interdependencies within an organizational architecture. The article progresses to present the research methodology and results of the study. Finally, there is a discussion of results, before proposing an organizational architecture, implications of the study and conclusion.

Literature review

This section reviews related literature on the SME management and the organisational architecture which is critical to achieve strategic performance. This review of literature is discussed under the two basic issues of SME management and the internal interdependencies in an organizational architecture as sub headings.

Two basic issues of SME management

The phenomenon of SME management is complex and difficult to define by any scholar, not simply because a small business is not a little big business. Actually, management in SME vary depending on the level of entrepreneurial orientation. Scholars such as Nieman and Nieuwenhuizen (2014:24) distinguish between owners who are managers from those that are entrepreneurial, based on the pattern of activities and decisions in managing the enterprise. In this respect, owners of SMEs who are managers focus on order, effectiveness, and efficiency of operations. They rarely pursue growth or innovation as the SME serve to maintain primarily the life style of the owner. In a different vein, owners are entrepreneurial if they are proactive, thrive on innovation, pursue calculated risks to exploit opportunities, focus on



strategic objectives (e.g. market target, market development, market position), and growth in terms of geography, market, and finance (Nieman & Nieuwenhuizen 2014:24). Given the above, it is pivotal to delve into three basic issues of SME management, namely the general scope and entrepreneurial dimensions.

General scope of management

Any scholarly endeavour to unpack the concept of management face the conundrum around the number and variety of management functions that generally constitute management. Drawing from a large organisational context, Henri Fayol in 1916 initially included planning, organizing, coordinating, commanding, and controlling as core elements of management (Voxted, 2017). Subsequently, Smith, Thorpe, and Jackson (2012) extended and re-defined the management functions to form the acronym of “POS CORB”-standing for planning, organizing, staffing, directing, coordinating, reporting, and budgeting. Despite the extant inconsistencies of what is management, five functions are recurrent in literature. These suggest that management is essentially about planning, leading, organizing, coordinating, and controlling, culminating in the PLOCC framework (Daft, 2016:6). In the light of inconsistencies, the current study adopted the definition of management as “(1) the pursuit of organizational goals efficiently and effectively by (2) integrating the work of people through (3) planning, organizing, leading, and controlling the organization’s resources” (Kinicki & Williams, 2018:5). However, for purposes of reporting the findings in this study, the focus is only on the first three functions on the PLOCC framework- planning, leading, and organizing. Below is a brief discussion of these three management functions.

Planning

Planning is a preparatory step that demands conceptual and forecasting skills to think about activities, steps, and pathways to achieve a desired future state (Kinicki and Williams, 2018). The complexity of planning is manifest through the variety of dimensions, which embrace the degree of formality, time horizon, level, and context of planning which may be strategic or tactical. Time as another key dimension of planning is about ensuring that meeting the short term guarantee long term viability. Thus, it relates to short, mid and long term direction of the plan.

Formal planning is methodical, scheduled, orderly, written, recorded, and disseminate its output to stakeholders. On the other hand, informal planning is the opposite and does not result in a written output specifying the strategy, goals, schedule, and budget. Formal and informal planning co-exists in many organisations.

In terms of level, planning occurs at three different levels. At the corporate level, planning relates to the overall organisation, but also how value is added to the constituent business units. The business-level planning is concerned with the way a business seeks to compete successfully in its particular market (Johnson, Whittington, Scholes, Angwin & Regner, 2017). The functional level of planning is concerned with how different parts of the organisation deliver the strategy effectively in terms of managing resources, processes, and people (Rahman, Othman, Yajid, Rahman, Yaakob, Masri, Ramli & Ibrahim, 2018).

The context or the environment (e.g. dynamic, stable) illuminate the deliberate or emergent nature of planning. Two types of planning occur in a stable environment, namely strategic planning and strategic venturing (Tovstiga, 2015:232). In a stable context, strategic planning is a deliberate process to specify the long term direction of an organisation. Lack of expertise, limited time budget for formal planning in the face of continual day-to-day operating problems, and distrust to share information with employees or outside consultants restrict strategic planning by SMEs. Strategic venturing is emergent and focuses on new-business creations that would meet the unmet, and unserved needs of customers in a stable markets.

In a dynamic context, strategic visioning and strategic learning are notable (Tovstiga, 2015:232). Strategic visioning is a deliberate process in an entrepreneurial firm to exploit



opportunities and possible future directions. As an emergent type of planning in a dynamic context, strategic learning involves the use of evaluation and reflection to help organizations or groups learn quickly from their work so that they can adapt their strategies in the dynamic competitive context in which they operate (Tovstiga, 2015:232). The assertion that SME engage in strategic thinking rather than strategic planning is not new. Other scholars are explicit that SME actually engage in strategic thinking which forces them to continuously think about the harsh reality of the business world, improvise workable solutions and leverage resources to change (Bouncken, Fredrich & Pesch, 2016:3610). Strategic foresight is key to exploring all possible organizational futures, but also challenges conventional thinking when making decisions.

Organising

The creation of effective authority and relationships among selected tasks, persons and workplaces (e.g. use of organizational chart) is key in working together efficiently towards common goals (Kinicki & Williams, 2018). The partition of a big task of the whole enterprise into smaller tasks of the subunits but also linkages between the smaller subunit tasks is a critical activity in organisation design (Burton, Obel & DeSanctis, 2011:4). Additionally, organizing also entails work specialization, clarifying the chain of command, delegation, line and type of authority but also the span of management.

The role of organizing is very important in the restaurant. Allocation of resources (e.g. physical, financial, human, and informational) across the organization (e.g. individual, teams, and functions) is key in organizing an enterprise (Daft, 2016). The number and type of employees needed for particular shift can be a critical function for the success of a restaurant.

Leading

Restaurateurs lead self and others to attain three leadership outcomes of Direction, Alignment, and Commitment (DAC) (Drath, McCauley, Paulus & Velsor, 2008). To achieve DAC, leaders use managerial or relational empowerment to influence and motivate employees (e.g. employee involvement in decision-making, open and honest communication). The psychological side of employee empowerment hinges on the intrinsic sense of self-determination, and self-efficacy to successfully perform activities and influence operational outcomes (Nassar, 2018).

Leading is not just about “guiding and directing on a course” but also “serving as a channel” to provide rewards in exchange for task accomplishment or transformation of others (Nahavandi, 2015:25). Leaders seek action-orientation, common goal achievement and relationship-based on influence of people (Nahavandi, 2015:27). As part of leading a SME, the securing of support from internal and external stakeholders, and use of undervalued talent are pivotal. Interestingly, some scholars assert that entrepreneurial leadership cultivate entrepreneurial individuals and teams which leverage their creative potential to identify opportunities and create value for an organisation and its stakeholders. This invokes questions of how SME management can be discussed without delving into the entrepreneurial dimension of this phenomenon.

Entrepreneurial management

While the notion of entrepreneurial SME management is new and elusive, one can decipher the three core issues proposed by Frank and Roessl (2015), namely organizational mind-set, organizational learning, and organizational implementation. First, organizational entrepreneurial mind-set is a prerequisite to recognize internal and external opportunities, deal with contradictions and threats despite insufficient resources (Frank & Roessl, 2015). In essence, SME need to pronounce opportunity orientation, proactivity, risk-taking, and innovation in pursuit of entrepreneurial management.



Second, organizational learning help the SMEs to react to changes or provide the resources needed (Frank & Roesl, 2015). This type of learning relates to the organisational level, connected personal learning, managing innovation, and maintaining flexibility. Lastly, organizational implementation requires organizational traditions, and norms of an entrepreneurial culture to guide the behaviour of employees and the owner in the SMEs. Outlining the path from the existing situation, change process and innovation leading up to the realization of the vision are key in organizational implementation (Frank & Roesl, 2015). Having discussed the phenomenon of entrepreneurial SME management, the next section focuses on the notion of organisational architecture.

Internal interdependencies within an organisational architecture

Internal interdependencies in an organizational architecture are critical for the survival of an organisation in that they bring to the fore two interesting issues. First, the systemic view of an organization takes cognizance of the various elements and complex relationships in the organisational architecture which influences organizational survival (Kanyangale & Dyasi, 2018). In this vein, an organizational architecture is defined as “the underlying model of the organization`s way of doing business” or its *modus operandi* (Louw & Venter, 2015:479). The organisational architecture is a blue print which clarifies what the business is all about, its common goal, the key drivers, and relationships between each of them as they reinforce each other. In a nutshell, the interdependent elements which constitute the organizational architecture are categorized as either “hard” (e.g. strategy, structure and systems) or “soft” elements (e.g. shared values, skills, staff and styles) (Higgins, 1985). Each of these seven interdependent factors are defined in the table below.

Table 1. Hard and Soft elements of the McKinsey 7-S framework

<i>Hard elements</i>	
Strategy	Purpose of an organization and pattern in a stream of actions to achieve identified goals over time.
Structure	The way in which tasks and people are specialized and divided, and in which authority is distributed, and also the basic grouping of activities and reporting relationships into organizational sub-units.
System	Formal and informal processes and procedures are used to manage the organization (e.g. management control systems, information systems, performance measurement and reward systems, quality control systems, and budgeting and resource allocation).
<i>Soft elements</i>	
Superordinate goals(shared value)	Long-term vision, and core or fundamental set of values that are widely shared in the organisation and which serve as guiding principles on what is important.
Skills	The organisation’s core competencies and distinctive capabilities, which are required by staff or possessed within the organisation as a whole – for implementing strategy effectively.
Staff	The number and type of employees, and their background, competencies and approaches to recruiting and developing people.
Style	The leadership style of top management and the overall operating style of the organization. This element encompasses the cultural style of the organization (e.g. dominant values and beliefs, norms, symbolic acts).

Source: Waterman, Peters, and Phillips (1980:10)

Second, the McKinsey 7-S model (Peters an Waterman, 1982) suggests that managers do more not only when they lead, plan and organize an enterprise, but especially when they achieve integrated harmony between hard and soft elements. An aligned nascent restaurant ensures cross functional coordination or alignment of numerous elements linked in an intricate arrangement to achieve expectations of its stakeholders, and the strategic performance. Figure 1 below reveals internal alignment in the web of interdependent elements and the interrelationships that are key for organizational survival.

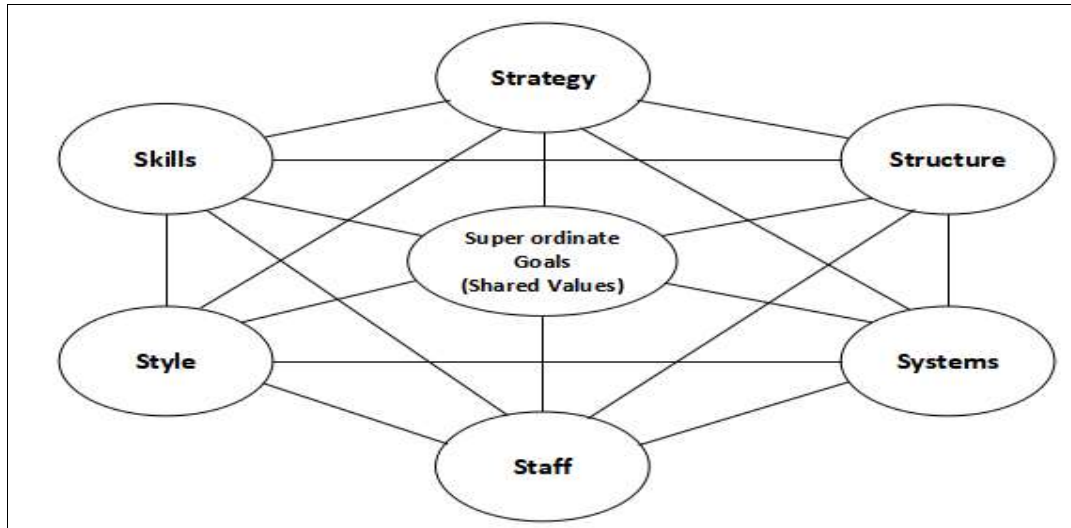


Figure 1. Interdependencies in the McKinsey 7-S Model Source: Louw and Venter (2010:515)

The seven elements identified by the McKinsey 7-S model as shaping the internal functioning of organizations in America in 1982 – are similar to those shaping the internal functioning of nascent small restaurants in Durban. Thus, the McKinsey 7-S model is relevant and applicable for exploring the dynamics and interdependencies, which enhance or impede the survival of nascent small restaurants.

The study draws from the practice perspective to fathom what nascent restaurateurs did in their respective small restaurants to survive the first five years. In this study, practices are ‘the done thing, in both the sense of accepted as legitimate and the sense of well-practiced through repeated doing in the past’ (Whittington, 2002:3). This is salient as SMEs do not document their micro level interactions, activities, and plans (Ifekwem & Adedamola, 2016). The practice lens is a fruitful way to understand micro-level interactions and decisions which depict management practices in SMEs (Jarzabkowski, Balogun & Seidl, 2007). The next section focuses on the research methodology used in this study.

Methodology

This phenomenological study adopted a social constructivist paradigm to gain a variety of lived and subjective reality of the nascent restaurateurs regarding how the practice of management actually shaped the elements in the organisational architecture of their nascent small-sized restaurants and enabled them to survive the first five years when the majority of competitors failed.

Sampling

Twelve nascent restaurateurs – 8 males and 5 females – were selected from independent small sit-down restaurants in Durban. Purposive sampling was useful to isolate nascent restaurants from a list of registered SMEs obtained from the department of business licensing in eThekweni municipality in Durban. First, the selection criteria had aspects on identifying the participating organisation: (1) less than 10 full-time employees at the end of the initial five years ; (2) older than five years but not beyond seven years for ease of recollection by participants; and (3) located in the central business district during the initial five years. Second, the selection criteria had aspects on identifying the participating individuals: (1) owner with hands-on experience of managing the restaurant over the first five years and (2) willingness to share in detail his or her lived experience as owner-manager. Participants were aged 33-



46 years and had an average of 6 years of experience in the restaurant business. The sit-down restaurant which participated in this study also prepared meals for take-away.

Data collection

Using semi-structured and in-depth interviews, data were collected from each of the twelve nascent restaurateurs. An interview guide helped participants to reflect on how activities of planning, leading, and organizing shaped the seven interdependent elements of the McKinsey 7-S model in the nascent small restaurants during the first five years in Durban.

Data analysis

Transcribed interview data were analysed using thematic analysis to depict the patterns of how planning, leading, and organizing activities shaped the organizational architecture of the surviving nascent small restaurants.

Research quality

Member check allowed participants to augment the accuracy of transcriptions. The audit trail of the research process and its findings provided in this study enhance dependability and transferability (Schwandt, 2015).

Results

The study revealed that the organisational architecture of the nascent restaurant relied on emergent and entrepreneurial planning in the proactive use of staff and skills to exploit opportunities and contain disruptions to service quality. Engaging employees to model the desired values but also using them as an instrument to achieve specific goals depicted an ambidextrous style of leadership. Multiskilling of staff was helpful in enhancing resilience to operational changes while the deficit of trust undermined the empowerment of employees in the nascent restaurants. Below are the detailed results.

Emergent and entrepreneurial planning

Eleven of the twelve nascent restaurateurs were explicit that their emergent and entrepreneurial planning shaped three aspects of the organizational architecture, namely staff, skills, and resources. For instance, one of the nascent restaurateurs reflected on how the opportunity-seeking element of planning was characterised by low scanning intensity focusing on events which changed the pattern of demand, and proactive and creative scheduling of various temporary staff, type of skills, and stock to exploit episodic opportunities such as months ends when many workers are paid.

Whenever there was a big event coming up, weekends and month ends, I could get temporary waiters, cleaners, and extra security to cope with demand. I would also double my stock to avoid stock out on the things we need especially in the kitchen. Sometimes I could get more security guards if there was a big event like Durban July (E5).

As a result of making sense of the environment, proactive orientation of planning was evident when the restaurateurs reconfigured resources such as staff, type of skills required, and resources in anticipation of disruptions to service quality as illustrated below:

I always thought ahead of scenarios of disruption, if the chef was gone....if the barman was sick what would happen? If many customers come, at once how could we work in the kitchen and dining to deal with that? I did not want changes in staff, skills, and resources to disrupt the quality of services in any of the shifts because I had no plan B (E 6).



It was predominant, that planning was emergent to deal with disruptions, the on-going change of processes and interactions with internal and external stakeholders such as suppliers to ensure continued provision of service as reflected below.

I was naïve....relaxed...no clear strategy other than high customer service. With no value about employee behaviour, theft became serious for me. I had to install cameras and be serious about stock inventory and control on every shift. I consulted with my suppliers and learned to order not too much ...I could get fresh foods daily and keep as little as possible (E4).

Ambidextrous style of leading

All the twelve nascent restaurateurs concurred that they were ambidextrous by not only engaging employees, but also by using people as an instrument to achieve particular ends. One of the restaurateurs elaborated how he engaged the individual employees to model the desired business values or ethos in the small restaurant.

I often engaged with my staff on a one-on-one to know them more. I would understand the person behind the uniform so that I influenced him or her better. This was important for every employee to walk the talk of friendly service and quality of food. Quality of service and food was our marketing tool (E1).

On the other hand, restaurateurs were instrumental in using people to access human and social capital required to exploit opportunities as exemplified below.

I went around tasting food so that I could identify and get a good chef to join me. She initially refused to join, as I was new. I had to use her friends to persuade her to come here. She created this popular menu we have today. Although she left to study further, I used to ask her to drop in at a token fee to monitor how we were doing until she got a job in Joburg (E3).

Organizing for efficiency and resilience amidst distrust

Ten of the twelve nascent restaurateurs concurred that the organizational architecture of the nascent small restaurants was configured by five key activities: tasks design; aligning of roles to employee skills; multiskilling of staff for resilience; managing high trust deficit and tension between standardization and emergent need for creativity to meet customer needs. First, task division, role clarity and allocation of tables to individual waiters and emphasis on teamwork were cardinal in clarifying expectations of individuals but also enhancing team efficiency as illuminated below.

The division of tasks in the kitchen helped for every individual to know what is expected on the shift...guided by the kitchen procedures. Waiters or waitresses worked by tables also with serving procedures from seating, refilling drinks, and serving of plates to working as a team. Without coordination of the processes and roles in every shift, my restaurant was going to fail long ago (E3).

Second, the practice of aligning employee skills with roles was key in influencing internal interactions and orientation towards customer centricity as inferred below.

I have an executive manager [name] who is my wife. She is a qualified social worker. The social skills of my wife were helpful in how staff collaborated...communicated with each other in the restaurant. She tried to help us see things from the customer in mind all the time (E1).

Third, nascent entrepreneurs hinged on multiskilling of employees to cope with unexpected changes in the small restaurants. One of the interviewees elaborated on how the locum system created multi-skilled employees who would perform different roles when necessary to



avoid disruptions. Multiskilling was a cost-effective and creative use of staff and skills which resulted in resilience.

The locum system made employees to get different skills and experience in different jobs. The waiter was excited to learn the work of a griller, others wanted to know the work of the barman, I would allow him to come and work as a barman when he is off duty. When a staff was sick...resigned or was fired, filling the gap was fast, easy and not costly. (E8).

Fourth, high trust deficits in the small restaurants impeded employee empowerment in the organizational architecture. In the backdrop of this, restaurateurs ensured that every employee was familiar with roles in a shift and accountable as a member of a shift.

We first discuss about activities and changes to the activities on any shift. The morning shift prepare the pantry, get the kitchen and dining areas ready for lunch. Right after last order, most of the shift crew start doing their closing duties to leave the restaurant clean. When I am away, some of the things are not done. How can one empower such people and remain in business? (E8).

Lastly, it is notable that while management through standardization (e.g. recipes, checklists) was cardinal to maintain the quality of service to existing customers, it also created difficulties for creativity to respond to new customer needs as exemplified below:

Our pap and the African cuisines are the best around here. Recipes help us a lot to have a standard, maintain quality. I know my restaurant cannot tailor make a portion of pasta but we try to work out something, even for vegetarians. It is not easy to create something new without a checklist (E6).

Discussion

First, it is noteworthy that the organisational architecture of the nascent restaurants which survived the first five years manifest emergent and entrepreneurial planning by restaurateurs to exploit existing resources, capabilities, and opportunities in the immediate milieu while anticipating and addressing disruption to service quality. In the entrepreneurial mode, nascent restaurateurs' active search and anticipation of episodic opportunities was complemented by proactive scheduling of a mix of staff (e.g. number and type of temporary staff), type of skills, and stock to meet business demand. With a short term horizon and low scanning intensity (e.g. events, disruptions), restaurateurs were responding to emerging opportunities and disruptions in the belief that they could continually create, acquire and redeploy the resources available in a creative and effective and efficient way.

In particular, this study has illuminated three patterns of how entrepreneurial planning shaped the organizational architecture of the nascent small restaurants. First, the strategy of the small restaurants combined the active search of exploitable opportunities in the immediate milieu and proactive orientation to leverage resources. Proactive behaviour was evident through acting early in anticipation of future demand, rather than reacting or waiting for something to work naturally. While the anticipatory approach and opportunity seeking behaviours comes with valuable results, they also entail increased stress of sensing the future and managing a mix of temporary and permanent staff and other resources to exploit emergent opportunities (Bouncken et al., 2016). Mbaka and Mugambi (2014:63) caution that, "unless [strategy] is suitably formed to represent a direction or goal, there is nothing to implement; and organizational members will be unable to work towards its realization". Profoundly, nascent restaurateurs were engaged in short-term thinking about operations, staffing, skills and resources to operate shifts and meet occasional opportunities. A study by Neneh and van Zyl (2012) concluded that strategic planning was not evident among SMEs in SA.



Second, there was social and tacit learning by nascent restaurateurs and organizational members in this study through interactions in shift planning meetings (Frank and Roesel, 2015). Tovstiga (2015:237-239) is explicit that strategic learning does not create a written plan but rather “prepared minds” capable of making sound strategic decisions that manifest an emergent strategy in a dynamic competitive context.

Lastly, emergent and entrepreneurial planning illuminates not only the significance of soft elements in the organizational architecture but also how entrepreneurial planning focused on extra skills and staff on a temporary basis. While entrepreneurial planning also related to stock, it is notable that more effort and focus was on staff and skills. Leveraging of resources such as temporary staff was also very key in how a restaurateur exploited opportunities (Johnson, Whittington, Scholes, Angwin & Regner, 2017). This underscores human resources as a basis to enhance business survival in a nascent restaurant.

Second, this study has revealed that the use of an ambidextrous style of leadership entailed the relational use of employees to model the desired values of service quality but also the transactional use of people to achieve specific goals. This suggests that task-oriented management is inadequate in a nascent restaurant. A healthy balance of transactional and transformational styles of leadership is salient in order to provide key values as a foundation and serves as an invisible force guiding interaction and motivation of temporary and regular employees in the nascent small restaurant. Finzi, Firth, and Lipton (2018:3) are fully aware that “leaders who successfully model ambidextrous leadership style embrace uncertainty, ambiguity, ambivalence, tension, and even conflict, but also evince comfort with discomfort”. However, some scholars caution restaurateurs that the predominant use of employees as objects may be detrimental to the restaurant business (Hattangadi, 2017:32-36). The ambidextrous style of leadership shaped the nature of interactions between employees and the restaurateur in the back drop of trust deficit. In instances when people are treated as objects, they are not likely to engage in organizational citizenship behaviours.

A thorough hiring process of trusted and right employees in terms of work ethics and customer service orientation is critical if members are to work as a team. Relational and psychological empowerment of employees give power and formal authority, share information but also ensure that employees accept and feel empowered. Personal influence and employee accountability are critical in creating value for the ultimate customers (Nassar, 2018). A model of employee empowerment as a win-win situation release, rather than ignore or underutilize employees’ experience, initiative, knowledge, and creativity in a small restaurant. While restaurateurs in this study involved their employees in decision making, they did not empower them because of distrust. Building trust is foundational for team members to learn how to help one another, help other team members realize their true potential, and create an environment that allows everyone to go beyond their limitations (Schroeder, Self, Jordan & Portis, 2015).

Third, it is notable that the organizational architecture of the nascent small restaurants was shaped by the activities of organising roles of employees, multi-skilling of employees, and dealing with the dialectic between standardization of work and creativity to meet unanticipated needs of customers. This is consistent with a study by Oliveira et al (2015) which characterised managerial work of small business owner-managers as structuring of activity and solving of conflicts.

Furthermore, nascent restaurateurs in this study ensured that there was a fit between employees’ skills and roles assigned to them to ensure individual efficiency and promote customer centricity which is critical for a nascent restaurant to survive. This resonates with Fayol who believed in “the right man in the right place” (Wren & Bredeian, 2009:219). Burton, Obel, and DeSanctis (2011: vix) assert that organizational “design is the diagnosis of misfits and the action to fix them”. The number and type of employees needed for a particular shift or occasional surge in demand was a critical function for the success of the small restaurant. In a different vein, the development and motivation of employees through multi skilling was also a cheaper way to achieve more with less especially from the distrusted employees while

ensuring that as many employees as possible were ready to easily take up roles of colleagues in the event that they were absent or had resigned. This invokes the notion of resilience-based on multi skilling of employees to absorb and develop situation-specific responses to disruptive surprises in the provision of service. This proactive approach to organisational resilience incorporates the aspect of anticipating disruption and devising a coping strategy in advance (i.e. prediction and prevention of potential service disruption before it occurs) (Connelly, Allen, Hatfield, Palma-Oliveira, Woods & Linkov, 2017:48).

Resilience is “the intrinsic ability [of a system] to prepare and plan for, absorb, recover from, and more successfully adapt to adverse events” (Connelly et al., 2017:48). It is one thing to recognize, after the fact, how resilient a restaurant is, while it is quite another to understand what the process requires prospectively. Lastly, while the organization through standardization (e.g. recipes, checklists) was cardinal to maintain the quality service to existing customers, it also created difficulties or tensions with creativity required by employees to respond to new needs (e.g. vegetarian meal, pasta). Tension and even conflict needs to be addressed in ways that are not destructive to the business, but build mutual trust and productive relationships. Maintaining a small but committed and motivated team of employees is critical in guaranteeing the survival of the nascent restaurant in a volatile economy. A transparent approach of engaging every employee in the discussion of problems and solutions is key to enhance commitment. Managers should ensure that employees have a clear understanding of the purpose and values of the business, but also receive regular feedback of how they contribute to the restaurant business.

This study has revealed that while the hard elements are critical in the organisational architecture of the nascent restaurant, it is predominantly the people-related elements (e.g. style, skill, staff, values) which formed the bedrock of organisational survival for nascent small restaurants as captured in figure 2 below.

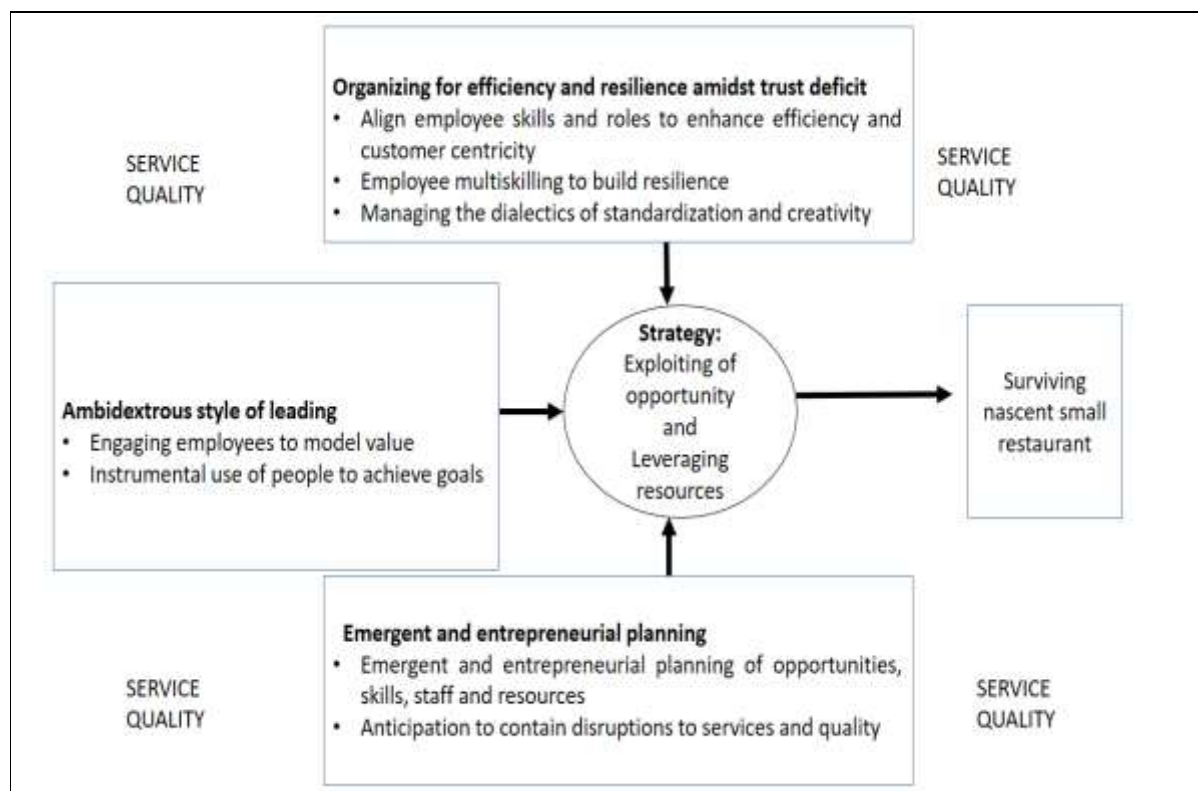


Figure 2. People-oriented organizational architecture of a surviving nascent small restaurant. Source: Author



Implications of the findings

Three key implications of the findings in this study are:

Integrative and entrepreneurial planning

Restaurateurs need to integrate emergent, entrepreneurial, and learning dimensions of planning if their nascent businesses are to survive the uncertainty and ambiguity of the early stages. The proactive aspect of planning is pivotal to facilitate what is essential to anticipate and re-configure resources and capabilities in advance as a way to explore and exploit opportunities. The emergent dimension of planning reinforces strategic learning in order to create “prepared minds” which use proactive behaviour within the restaurant to provide a clear strategic direction (Fank & Roessl, 2015). Strategic learning and the process of strategic planning should not only culminate in plans, but also in the legitimacy of the nascent small restaurants towards customers and external stakeholders such as financiers, suppliers, and government agencies. Planning by restaurateurs which focused predominantly on opportunities and softer issues of staff, style and skills in the organizational architecture is inadequate. To be more integrative, there is the compelling need for a holistic approach to equally clarify and share strategy, adopt supportive systems (e.g. procurement system, system of internal training of employees or mentorship) and reinforce shared values to provide the glue necessary for consistency and unity of action.

In pursuit of integrative and entrepreneurial planning, restaurateurs are implored to systematically and continuously re-align the soft and hard elements of the organisational architecture to enhance the survival of nascent small restaurants in the first five years of operations.

Leading an empowered restaurant

Without change to the sense of employee powerlessness, lack of influence and trust deficit, the nascent restaurants will not fully benefit from the organizational citizenship of its employees. With trust deficit, it is likely that employee productivity and loyalty were negatively affected in the nascent restaurant although they survived the initial five years in operation. There is a compelling need for greater employee participation and integration in order to cope with tasks as independently and responsibly as possible.

In efforts to empower the nascent restaurant, it is cardinal to recognize how psychological empowerment typified by self-determination, self-efficacy to take decisions and be accountable is inadequate. More importantly, there is a need for a culture of trust, sharing of appropriate information and effective communication systems are essential conditions for employee empowerment. The relational capital inherent in employee empowerment needs to be used carefully to enhance organizational resilience based on multi-skilled employees in the nascent small restaurants.

Ambidextrous leadership

The ability to simultaneously manage two seemingly contradictory approaches is critical for the survival of nascent restaurants in VUCA context of the first five years. In this study, nascent restaurateurs as ambidextrous leaders juxtaposed leadership styles which are relational but also instrumental to exploit people. Thus, the ambidextrous restaurateur is in the middle of the tensions associated with leading by using dialectic styles. As an individual leader, the restaurateur needs to be adept at leveraging transactional but also transformational behaviours. At the organizational level, this demands the organizational ability to iterate from conditions and social interactions of optimizing the current business operations while exploring opportunities to enhance the survival of an emerging restaurant. A well-articulated strong vision that embraces competing tensions, pursuit of the twin endeavours of exploitation and



exploration within every individual and team are foundational if ambidextrous leadership is to support collective efficiency and organisational survival (Tuan, 2017).

One of the major limitation of this study is the exclusive focus on the views of restaurateurs which provides a managerial perspective. Future research needs to also include diverse views of employees to provide a holistic picture of management practices and how they shape the organisational architecture. As the current study focused on urban restaurants, it is important that future research embrace management practices and the organisational architecture of nascent restaurants in rural settings as well to enrich our understanding. While entrepreneurs are worried about the high organisational mortality of SMEs in South Africa, researchers have a fertile opportunity to enrich the discourse of how management shape the organisational architecture of SMEs and enable them to ultimately survive.

Conclusion

This study set out to explore how planning, leading, and organizing activities shaped the organizational architecture of the nascent small restaurants and enabled them to survive the first five years. Results reveal that nascent small restaurants were emergent and entrepreneurial in their planning which integrated sensitivity to opportunity and strategic learning in re-aligning the organisational architecture. It is also notable that nascent restaurateurs designed tasks for team efficiency and aligned roles with employee skills but also reinforced proactive resilience based on multi-skilling of staff.

Further, nascent restaurateurs used ambidextrous leadership to juxtapose transactional and transformational behaviour in relating with employees in the restaurant. Although the nascent restaurants survived despite trust deficit which impeded employee empowerment, it is posit that a small team of empowered employees is useful to enhance organizational citizenship behaviour. This study has concluded that while planning, leading and organising activities shaped a people-oriented organisational architecture, there is also a need for more attention on hard elements such as strategy, system and structure to enhance the survival of nascent restaurants.

The current study is a key step to delve into contextualised, dynamic and systemic understanding of how SME management shapes the organisational architecture of nascent SMEs, not only in the restaurant industry but others as well so as to survive the first five years of operating in an African setting.

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